



Doing Business in Cambodia: 2015 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Cambodia

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Market Overview

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Cambodia has experienced rapid economic growth over the last decade. Cambodian gross domestic product (GDP) grew at an average annual rate of over eight percent between 2000 and 2010 and over seven percent since 2011. It is expected to continue to grow at a similar rate over the next two years. Cambodia, however, remains one of the poorest countries in Asia. The country is still reliant on foreign aid, with donor support equivalent to approximately 39 percent of the government's budget in 2014. Despite the strong performance of the garment, tourism, and construction/real estate sectors, Cambodia remains an agrarian country. Approximately 80 percent of the Cambodian population is involved in agriculture on a full-time or part-time basis.

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 trading partner. Approximately 27 percent of Cambodia's total exports reach the United States – primarily garment and footwear products. In 2014, Cambodian exports to the United States were valued at \$2.84 billion. For the same year, U.S. exports to Cambodia were \$328 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. The United States and Cambodia began exploratory discussions on a Bilateral Investment Treaty (BIT) in May 2013 and these discussions are ongoing. Cambodia is also a member of the Association of Southeast Asian Nations (ASEAN) and the Asia Free Trade Area (AFTA).

Market Challenges

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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. Lack of respect for basic human rights, including media freedoms, freedom of expression, and freedom of assembly, continues to be a concern and has factored prominently in disputes over land rights. Limited enforcement of intellectual property rights, including the sale of counterfeit and pirated products, also remains a major concern for U.S. companies.

Market Opportunities

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Cambodia offers potential investment 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

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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. Please refer to Chapter 3 of the Country Commercial Guide for further information on access to the Cambodian market.

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Chapter 2: Political and Economic 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.

<http://www.state.gov/r/pa/ei/bgn/2732.htm>

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Using an Agent or Distributor

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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

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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

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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 Café, Krispy Kreme Doughnuts, Domino's Pizza, Dairy Queen, and Coffee Bean and Tea Leaf.

Direct Marketing

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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

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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

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Cambodia enacted a new 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.

Distribution and Sales Channels

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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 may obtain 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 now under construction.

Selling Factors/Techniques

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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. 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.

Electronic Commerce

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E-commerce is relatively undeveloped. Impediments to the development of e-commerce include inadequate internet infrastructure, low levels of internet use, and extremely limited credit card use. 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, is increasingly used as a medium for online shopping. A draft e-commerce law is currently under review by the Council of Ministers. The draft law has not been made public, and no timeline for passage has been announced.

Trade Promotion and Advertising

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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. Although newspaper advertising is often used, radio and television are the most effective means of reaching the Cambodian public. Billboards are present on many streets in Phnom Penh and are used in provincial capitals as well. Leaflets are also a popular advertising technique.

Pricing

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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.

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 Your Intellectual Property in Cambodia:

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 your 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, your U.S. trademark and patent registrations will not protect you 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 under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Granting or registering patents is generally based on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your 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 Cambodian law. A list of local lawyers is available on Embassy Phnom Penh’s website at http://cambodia.usembassy.gov/list_of_lawyers.html.

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 on a 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. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will 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 Cambodian 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 in Cambodia and the United States. 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 Resources

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 United States and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov/>.
- 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 <http://www.copyright.gov/>.
- 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 at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/business-tools/country-ip-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. The IP attaché who covers Cambodia is Peter N. Fowler, Regional Intellectual Property Attaché for Southeast Asia, U.S. Embassy Bangkok (E-mail: Peter.Fowler@trade.gov).

Due Diligence

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It is difficult to overstate the importance of conducting sufficient due diligence for the Cambodian market. Cambodia ranked 156 out of 175 countries in Transparency International's 2014 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

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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: hhn@bngkh.net / info@bnglegal.com

Website: <http://bnglegal.com>

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. Martin DeSautels, Regional Managing Partner

Tel: (855) 23 210 400

Fax: (855) 23 214 053

E-mail: cambodia@dfdlmekong.com

Website: <http://www.dfdl.com>

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

Website: <http://www.kpmg.com/KH/en/Pages/default.aspx>

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
Website: <http://www.morisonkak.com/>

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
Website: <http://www.pwc.com/kh>

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

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
Website: <http://www.sa-asia.com/home>

VDB Loi

Address: Level 6, Phnom Penh Tower, 445 Monivong Blvd., Phnom Penh
Contact: Mr. Potim Yun, Partner
Tel: (855) 23 964 430
Email: potim.yun@vdb-loi.com
Website: <http://www.vdb-loi.com>

Web Resources

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World Bank-International Finance Corporation Report: Doing Business in Cambodia 2015

Website: <http://www.doingbusiness.org/data/exploreconomies/cambodia/>

Cambodia Hotel Association

Website: <http://www.cambodiahotelassociation.com.kh>

Cambodian Postal Service

E-mail: info@mptc.gov.kh
Website: <http://www.mptc.gov.kh>

Telecom Cambodia – Cambodian Telephone Service
E-mail: sale_tc@camnet.com.kh
Website: <http://www.tc.com.kh>

Cambodian Yellow Pages
E-mail: info@yp.com.kh
Website: <http://www.yp.com.kh>

The Phnom Penh Post
Website: <http://www.phnompenhpost.com>

The National Bank of Cambodia
Email: info@nbc.org.kh
Website: <http://www.nbc.org.kh>

The Cambodia Microfinance Association
Website: <http://cma-network.org/drupal>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Agribusiness and Food Processing
- Architecture, Construction, and Engineering Services
- Tourism Infrastructure and Resorts
- Education
- Household Goods and Appliances
- Used Car and Automotive Parts
- Power Generation Equipment
- Fast Food and Beverage Franchises
- Pharmaceuticals, Medical Supplies, and Medical Equipment

Agribusiness and Food Processing

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Rice Production and Exports	2013	2014	2015
Total Paddy Rice Surplus for Export	4,828,832	4,709,036	4,836,180
Total Rice Surplus for Export	3,090,452	3,013,783	3,095,155
Total Export of Milled Rice	378,856	387,061	464,473

Unit: In Tons

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

Note: Figures for 2015 are unofficial estimates.

Roughly 80 percent of Cambodia's population (and 60-70 percent of the labor force, as defined by the Ministry of Planning) is engaged in the agriculture sector, which accounted for approximately 29.7 percent of GDP in 2014. 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 Cambodian government would like to export one million tons of milled rice by 2015, but estimated exports are likely to fall short of this goal. 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.

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There is significant potential to expand the production and processing of high yield varieties of rice, corn, and other crops. Several investment projects in palm oil, tapioca, rubber, and cassava are underway. Rice milling is also an emerging industry.

Opportunities

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Higher quality seeds, fertilizers, and other agricultural inputs and equipment would greatly benefit the agriculture sector, which currently relies on outdated and less productive methods of farming. 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

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Ministry of Agriculture, Forestry, and Fisheries: <http://www.maff.gov.kh>

Ministry of Industry and Handicraft: www.mih.gov.kh

Council for the Development of Cambodia: <http://www.cambodiainvestment.gov.kh>

Cambodia Rice Federation: www.crf.org.kh/

Architecture, Construction, and Engineering Services

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Construction Projects	2013	2014	2015
Total Value of Approved Construction Projects	2,800,000	3,200,000	3,648,000
Construction materials imported	182,570	296,030	338,320
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

Unit: USD thousands

Data Sources:

Approved construction projects: Ministry of Land Management, Urban Planning and Construction, and World Bank

Construction materials imported: Ministry of Economy and Finance

Note: Figures for 2015 are unofficial estimates.

Cambodia is in the process of rehabilitating its hard 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 \$12 billion to \$16 billion from 2013 to 2022. Infrastructure investment is state-led, and the public-sector capital investment rate as a percentage of GDP is approximately six percent per year. 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.

Sub-Sector Best Prospects

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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 Cambodian government has also announced a plan 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. Several large commercial and residential projects in Phnom Penh are underway, which present additional opportunities for architecture and engineering services and suppliers of construction materials and equipment.

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

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Prospects exist in road, commercial, and residential construction working with international donors and private companies. There is also a growing market for engineering service providers. Construction materials and heavy construction machinery are also needed to support this growing sector.

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World Bank: <http://www.worldbank.org/kh>

Asian Development Bank: <http://www.adb.org/cambodia>

Ministry of Public Works and Transport: <http://www.mpwt.gov.kh>

Ministry of Land Management, Urban Planning and Construction:
<http://www.mlmupc.gov.kh>

Council for the Development of Cambodia: <http://www.cambodiainvestment.gov.kh>

Phnom Penh Municipality: <http://www.phnompenh.gov.kh>

Cambodian Valuers and Estate Agents Association: <http://www.cvea.org.kh>

Cambodia Construction Association: <http://www.cca.org.kh/>

Tourism Infrastructure and Resorts

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Tourism Inflows	2013	2014	2015
Number of International Tourists	4,210,165	4,502,775	5,043,108
Number of American Tourists	184,964	191,366	197,107
Total Tourism Receipts (USD thousands)	2,547,000	2,736,000	2,939,000
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

Data Source: Ministry of Tourism

Note: Figures for 2015 are unofficial estimates.

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 4.5 million in 2014, 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. Earnings from the sector grew by around 8 percent to \$2.7 billion, over 16 percent of total GDP in 2014.

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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.

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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.

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Ministry of Tourism: www.mot.gov.kh

Ministry of Land Management, Urban Planning and Construction:
<http://www.mlmpc.gov.kh>

Council for the Development of Cambodia: <http://www.cambodiainvestment.gov.kh>

Cambodia Association of Travel Agents: <http://www.catacambodia.com/>

Cambodia Hotel Association: <http://www.cambodiahotelassociation.com.kh/>

Education

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Education Imports: Cambodian Students Studying Overseas

	2013	2014	2015
Total Imports	27,362	31,467	36,187
Imports from the U.S.	17,044	18,601	20,300
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

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).

Demand for education services is very high, as the majority of the population is still school-age and 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

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There is significant demand for all types of education. The overall quality of education, however, remains relatively low. 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

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

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Ministry of Education, Youth, and Sport: <http://www.moeys.gov.kh>

IDP Education Cambodia: www.idp.com/cambodia/aboutus

Household Goods and Appliances

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Imports of Household Goods and Appliances

Unit: USD thousands

Imports of Household Goods and Appliances	2013	2014	2015
Electrical, electronic equipment	739,767	915,520	1,133,028
Ceramic products	99,718	119,326	142,790
Furniture, lighting, signs, prefabricated buildings	64,133	61,741	64,828
Glass and glassware	21,631	28,860	38,505
Toys, games, sports requisites	14,852	27,062	49,310

Data Source: International Trade Center

Note: Data is based on partner reported data. Figures for 2015 are unofficial estimates.

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.

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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. There is also a potential market for items such as domestic water purification equipment. 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

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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

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Aeon Mall: <http://www.aeonmall.com/en/index.html>

Lucky Market Group: <http://www.luckymarketgroup.com>

Shopping Center Sorya Ltd.: <http://www.shoppingcentersorya.com>

Sovanna Shopping Center: <http://www.sovannashoppingcenter.com>

Used Car and Automotive Parts

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Vehicle and Motorbike Imports

Unit: USD thousands

Import of Vehicles, Motorbikes and Parts	2013	2014	2015
Total imports	621,802	745,750	894,407
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

Data Source: Ministry of Economy and Finance

Note: Figures for 2015 are unofficial estimates

Cambodia launched public bus transportation service in Phnom Penh in February 2014. While the number of passengers using public transportation is slowly increasing, the majority of people prefer to travel by motorbike or private car. 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. Local dealers estimate that Cambodia's demand for new vehicles is around 4,000 vehicles annually and the demand for second-hand cars is about 14,000 units annually. 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 has a local dealership and Chevrolet opened its first dealership in May 2013. The market also supports Mercedes, Ssanyong, Great Wall Motor, Hyundai, BMW, and Peugeot dealers as well as representatives of major Japanese companies including Toyota, Honda, Nissan, Subaru, and Mitsubishi. In early January 2013, a private Cambodian company, Heng Development Company, launched its electric car, the Angkor EV 2013.

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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.

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

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Ministry of Public Works and Transport: <http://www.mpwt.gov.kh/>

Automobile Association of Cambodia: <http://www.aac.com.kh>

Power Generation Equipment

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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. There is no single, integrated national electricity grid. In remote rural areas, the only source of electricity may be a small portable generator.

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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. The total electricity supply in 2014 was 4.87 billion kilowatt hours (kWh), a 20 percent increase compared to 2013. , By the end of 2014, 42.7 percent of households and 60.32 percent of villages were connected to an electrical grid. Almost 100 percent of households in urban areas are electrified, while the figure is less than 50 percent for rural households. Average annual per capita energy consumption increased from 215 kWh in 2012 to 236 kWh in 2013 (data for 2014 is not available). 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.

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

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World Bank: <http://www.worldbank.org/en/country/cambodia>

Asian Development Bank: <http://www.adb.org/cambodia>

Ministry of Mines and Energy: <http://www.mme.gov.kh>

Electricite du Cambodge: <http://www.edc.com.kh>

Electricity Authority of Cambodia: <http://www.eac.gov.kh>

Fast Food and Beverage Franchises

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Food and Beverage Imports

Unit: USD thousands

Imports of Food and Beverage	2013	2014	2015
Food and ingredients	119,043	171,881	248,172
Beverages	48,193	93,325	180,725
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

Data Source: Ministry of Economy and Finance

Note: Figures for 2015 are unofficial estimates

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 was 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 Café opened a franchise in Siem Reap in 2014. In 2015, Domino's Pizza opened a franchisee in Phnom Penh and Krispy Kreme Doughnut plans to open in Phnom Penh later this year.

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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.

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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.

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The Cambodia Restaurant Association:
<http://www.cambodiarestaurantassociation.com.kh/>

Lucky Market Group: www.luckymarketgroup.com

Medicine Imports

Unit: USD thousands

Import of Medicines	2013	2014	2015
Total imports	94,264	104,876	116,683
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

Data Source: Ministry of Economy and Finance

Note: Figures for 2015 are unofficial estimates

Medicine Registration by Type

Type of Registered Medicine	2013	2014
Modern medicine	1,591	953
Traditional medicine	51	26
Health supplements	182	104
Medical devices	353	207
Reagents	40	74
Total registrations	2,217	1,364

Data Sources: Ministry of Health

Note: The figure includes new registrations and renewals

Number of Product Registrations from 1994 to 2014

Categories	New Registrations	Renewal Registrations	Total
Imported health supplements	104	31	135
Imported medical devices	207	41	248
Imported modern medicine	906	714	1,620
Imported reagents	74	13	87
Imported traditional medicine	26	34	60
Local production of modern medicine	47	102	149
Local production of traditional medicine	0	0	0
Total	1,364	935	2,299

Data Sources: Ministry of Health

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.

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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.

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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.

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Ministry of Health: www.moh.gov.kh

Medicam: www.medicam-cambodia.org

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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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, and sporting goods. A complete listing of tariff rates can be found in the Customs Tariff of Cambodia 2012 report, available for purchase at the General Department of Customs and Excise. Additional regulations on tariff rates can be requested electronically through the Ministry of Economy and Finance homepage.

General Department of Customs and Excise website: <http://www.customs.gov.kh>
Ministry of Economy and Finance website: <http://www.mef.gov.kh>

Trade Barriers

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Cambodia's trade volume has increased significantly since the country's accession to ASEAN in 1999 and to the WTO in 2004. Since its WTO accession, Cambodia has been working on trade-related laws and regulations to comply with its WTO obligations. The Cambodian government has eliminated most non-tariff barriers to trade. In 2006, the United States and Cambodia signed a bilateral Trade and Investment Framework Agreement (TIFA). Discussion of a Bilateral Investment Treaty (BIT) between Cambodia and the United States is ongoing. Cambodia will benefit from the removal of duties on numerous tariff lines by 2015 under the ASEAN-China Trade, ASEAN-Japan, ASEAN-Australia-New Zealand, and ASEAN-Korea agreements.

Import Requirements and Documentation

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Cambodia adopted a new Customs Law in June 2007 to bring the country into conformity with the terms of GATT/WTO Codes on Customs Valuation. The General Department of Customs and Excise of Cambodia (Customs) 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. 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 improving its World Bank's Logistics Performance Index ranking from 129th in 2010 to 83rd in 2014. 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. For details on the import and export clearance procedures, please visit the General Department of Customs and Excise's website at <http://www.customs.gov.kh>.

U.S. Export Controls

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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: <http://developer.trade.gov/consolidated-screening-list.html>.

Temporary Entry

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A certain number of goods may be temporarily imported. These commodities need to be re-exported within a certain period as specified by the Cambodian Customs Law. 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 at <http://www.customs.gov.kh/SubDegreeEN/Prakas928EN.pdf>.

Labeling and Marking Requirements

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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 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 ISC website at <http://www.isc.gov.kh>.

Additional information about CamControl can be found at <http://www.camcontrol.gov.kh/>.

Prohibited and Restricted Imports

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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

Website: <http://www.interior.gov.kh>

National Laboratory for Drug Quality Control, Ministry of Health

Website: <http://www.moh.gov.kh>

Customs Regulations and Contact Information

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The government adopted a new 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

Website: <http://www.customs.gov.kh>

Standards

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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 Organizations

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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)
Website: <http://www.isc.gov.kh>

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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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.

Product Certification

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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

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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

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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)
Website: <http://www.isc.gov.kh>

General Directorate of Royal Gazettes and Computer Services, Office of the Council of Ministers
Website: <http://www.pressocm.gov.kh>

Labeling and Marking

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For information on standards related to this issue, see “Labeling and Marking Requirements” in Chapter 5: Trade Regulations, Customs, and Standards.

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Further information can be obtained from the website of the Institute of Standards of Cambodia at <http://www.isc.gov.kh>.

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

Trade Agreements

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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.

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Institute of Standards of Cambodia of Ministry of Industry and Handicraft
Website: <http://www.isc.gov.kh>

General Directorate of Royal Gazettes and Computer Services, Office of the Council of Ministers
Website: <http://www.pressocm.gov.kh>

General Department of Customs and Excise
Website: <http://www.customs.gov.kh>

Ministry of Interior
Website: <http://www.interior.gov.kh>

National Laboratory for Drug Quality Control, Ministry of Health
Website: <http://www.moh.gov.kh>

Bilateral Trade Department of Ministry of Commerce
Website: <http://www.moc.gov.kh>

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Openness to Foreign Investment

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Attitude toward Foreign Direct Investment

Cambodia began its transformation from a command economy to a free market economy in the late 1980s. It is now integrating into the regional and world trading framework. Cambodia joined ASEAN in 1999 and served as ASEAN chair in 2012. In 2001, the country joined the World Customs Organization, and in September 2004, it became a member of the World Trade Organization (WTO).

Cambodia's 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.

More information about investment and investment incentives in Cambodia may be found on the Council for the Development of Cambodia's website via the following link: <http://www.cambodiainvestment.gov.kh> .

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 2017. Cambodia's full trade policy review report can be found at: http://www.wto.org/english/tratop_e/tpr_e/tp353_e.htm

In response to the trade policy review recommendations, Cambodia has undertaken 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 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 Law on Public Procurement. In February 2015, the Ministry of Economy and Finance issue a sub-decree on the establishment, organization, and functioning of a procurement commission and unit;
- Creation of the Commercial Court as a specialized Court of First Instance

Ongoing or planned reforms include the following:

- Amendment to the Law on Standards.

Laws/Regulations of Foreign Direct Investment

As described more fully in Section 4 below, Cambodian courts are ostensibly independent, and the government has no right to intervene in private commercial disputes. Foreign investors, however, are generally reluctant to resort to the Cambodian judicial system to resolve commercial disputes because the courts are perceived as unreliable and susceptible to external political influence or bribery. To address these concerns, the Cambodian government has enacted the Law on Court Structure in July 2014 under which the Commercial Court was created, which it hopes will increase the judiciary's professionalism and discourage corruption and external political influence.

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 \$2 million was clarified in a sub-decree on the Establishment of the Sub-Committee on Investment in the Provinces-Municipalities of the Kingdom of Cambodia in February 2005. 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 with the Council for the Development of Cambodia and provincial/municipal investment sub-committees.

Cambodia is currently reviewing its investment laws and regulations in connection with the formation of the ASEAN Economic Community in 2015.

Industrial Promotion

The agricultural sector, which contributed an estimated 29.7 percent to Cambodia's GDP in 2014, is a key driver of the country's economy. As part of the government's policy to support the agriculture industry, materials and equipment used in agricultural production are exempt from import duties. While the government hopes these policies will increase milled rice exports to one million tons per year by 2015, exports were only 387,000 tons in 2014. On March 6, 2015, the Council of Ministers approved a new industrial policy, which is expected to launch in 2015, to further boost rice exports.

Limits on Foreign Control

There are few limitations on foreign control in Cambodia. Foreign investors may own 100 percent of their investment projects except in the sectors of cigarette manufacturing, movie production, rice milling, gemstone mining and processing, publishing and printing, radio and television, wood and stone carving production, and silk weaving. According to Cambodia's 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. The Law on Investment and the Amended Law on Investment state that the majority interest in land 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.

Privatization Program

Not applicable.

Screening of FDI

Foreign direct investment must be registered at the Ministry of Commerce, and investors must obtain operating permits from the relevant line ministries. If a foreign investor seeks investment incentives as a Qualified Investment Project, he/she must register and receive approval from the Council for the Development of Cambodia or the Provincial-Municipal Investment Sub-Committee. The application to the Council for the Development of Cambodia may be made either before or after registration at the Ministry of Commerce. More information about the Qualified Investment Project process may be found at: <http://www.cambodiainvestment.gov.kh/investment-scheme/investment-application-procedures.html>.

Competition Law

The government is in the process of drafting a competition law. The Ministry of Commerce expects to submit a draft Law on Competition to the Council of Ministers in May 2015.

Investment Trends

The total stocks of foreign direct investment registered capital and fixed assets in Cambodia from 1994 to 2014 were \$5.5 billion and \$29 billion, respectively. The average annual foreign direct investment inflow based on fixed assets during the last three years (2012 -2014) amounted to approximately \$1.2 billion. Annual foreign direct investment inflow based on fixed assets decreased by about 15 percent to \$1 billion in 2014.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	156 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	135 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	106 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 950	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

Table 1B: Scorecards

Measure	Year	Score
MCC Government Effectiveness	FY 2015	-0.01/49 percent
MCC Rule of Law	FY 2015	-0.1/40 percent
MCC Control of Corruption	FY 2015	-0.16/42 percent
MCC Fiscal Policy	FY 2015	-3.5/39 percent
MCC Trade Policy	FY 2015	72.2/62 percent
MCC Regulatory Quality	FY 2015	0.42/83 percent
MCC Business Start-Up	FY 2015	0.367/2 percent
MCC Land Rights and Access	FY 2015	0.69/65 percent
MCC Natural Resource Protection	FY 2015	100.0/100 percent
MCC Access to Credit	FY 2015	74/98 percent

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards> . Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

Conversion and Transfer Policies

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Foreign Exchange

There are no restrictions on the conversion of capital for investors. Cambodia's 1997 Law on Foreign Exchange states that there shall be no restrictions on foreign exchange operations through authorized banks. Authorized banks are required, however, to report the amount of any transfer equaling or exceeding \$100,000 to the National Bank of Cambodia on a regular basis.

Loans and borrowings, including trade credits, are freely contracted between residents and nonresidents, provided that loan disbursements and repayments are made through an authorized intermediary.

The Foreign Exchange Law allows the National Bank to implement exchange controls in the event of a foreign exchange crisis. In the event of such a crisis, the National Bank may impose certain temporary restrictions for a maximum period of three months on the activity or foreign exchange position of authorized intermediaries or on any loans in domestic currency extended to nonresidents. The Department of State is not aware of any cases in which investors have encountered obstacles in converting local currency to foreign currency or in sending capital out of the country.

Remittance Policies

Article 11 of the Law on the Amendment to the Law on Investment of 2003 states that Qualified Investment Projects can freely remit foreign currencies abroad, purchased through authorized banks, for the discharge of financial obligations incurred in connection with their investments. These financial obligations include:

- Payment for imports and repayment of principal and interest on international loans;
- Payment of royalties and management fees;
- Remittance of profits; and
- Repatriation of invested capital in case of dissolution.

Financial Action Task Force (FATF) status

Cambodia has committed to work with FATF and the Asia Pacific Group (APG) to address its strategic Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) deficiencies. The FATF's website states that Cambodia has made significant progress in improving its AML/CFT regime and notes that Cambodia has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in June 2011. Cambodia is therefore

no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Cambodia will work with APG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Expropriation and Compensation

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Land rights are a contentious issue in Cambodia, complicated by the fact that most property holders do not have legal documentation of their ownership rights as a result of the Khmer Rouge era. 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, construction of facilities for research and exploitation of natural resources, and construction of 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 expected to be submitted to the legal affair council of the Ministry of Economy and Finance by mid-2015. The Department of State is not aware of any cases in which Cambodia has expropriated a U.S. investment.

Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Most investors are generally reluctant to resort to the Cambodian judicial system to resolve commercial disputes because the courts are perceived as unreliable and susceptible to external political influence or bribery. Both local and foreign businesses report frequent problems with inconsistent judicial rulings, corruption, and difficulty enforcing judgments. For these reasons, most commercial disputes are currently resolved through negotiations facilitated by the Ministry of Commerce, the Council for the Development of Cambodia, the Cambodian Chamber of Commerce, or other concerned institutions.

Cambodia adopted a Commercial Arbitration Law in 2006. In 2010, the government provided for the establishment of the National Commercial Arbitration Center (NCAC), Cambodia's first alternative dispute resolution mechanism, to enable companies to resolve commercial disputes more quickly and inexpensively than through the court system. The NCAC was officially launched in March 2013 and is now ready to accept cases. Three laws related to the judicial system were enacted in July 2014: 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. Under the Law on Court Structure, the Commercial Court, established as one of the four specialized Courts of First Instance, will have jurisdiction over all commercial matters, including insolvency cases. The Commercial Chambers will hear all appeals arising out of the Commercial Court.

Bankruptcy

Cambodia's 2007 Law on Insolvency was intended to provide collective, orderly, and fair satisfaction of creditor claims from debtor properties and, where appropriate, the rehabilitation of the debtor's business. The Law on Insolvency applies to the assets of all business people and legal entities in Cambodia. The 2015 World Bank's Doing Business Report ranks Cambodia 84 out of 189 in terms of the ease of resolving insolvency, a dramatic increase from 2014 when it was ranked 163 out of 189.

Investment Disputes

Government's report on the record of investment disputes is not available.

International Arbitration

International arbitration is available for Cambodian commercial disputes. In March 2014, the Supreme Court of Cambodia confirmed a 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.

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

ICSID Convention and New York Convention

Cambodia is a member of the International Center for Settlement of Investment Disputes (ICSID). 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.

Duration of Dispute Resolution

Due to corruption and an overly bureaucratic system, investment/commercial disputes may take years to resolve.

Performance Requirements and Incentives

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WTO/TRIMS

To date, Cambodia has not notified the WTO of any measurements that were inconsistent with the Trade Related Investment Measure (TRIMS) requirements.

Investment Incentives

All investments need to be registered with the Ministry of Commerce. Cambodia's Law on Investment and Amended Law on Investment also provide a mechanism for investment incentives (there are varying types of incentives) that meet specified criteria. Investors seeking an investment incentive must submit an application to the Cambodian Investment Board, the division of the Council for the Development of Cambodia charged with reviewing investment applications. 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 \$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. Investors who wish to apply are required to pay an application fee of seven million riel (approximately \$1,750), which represents the administrative fees for securing necessary approvals, authorizations, licenses, or registrations from all relevant ministries and entities, including stamp duties. Under a 2008 sub-decree, the Council for the Development of Cambodia is required to seek approval from the Council of Ministers for investment proposals that involve an investment of capital of \$50 million or more, politically sensitive issues, the exploration and exploitation of mineral or natural resources, or infrastructure concessions. The Council for the Development of Cambodia 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 may be found at the following link:<http://www.cambodiainvestment.gov.kh/investment-scheme/investment-incentives.html>

Research and Development

The government does not have any restrictions on foreign firms participating in government financed and subsidized research and development programs. The government has public procurement procedures that companies can follow.

Performance Requirements

Under Cambodian law, most foreign investments and foreign investors will be affected by 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 10 percent), and import duties (0 to 35 percent).

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.

Data Storage

Cambodia does not have any forced localization policy that obligates foreign investors to use domestic contents in goods or technology. Cambodia also does not have any requirements for foreign IT providers to turn over source code.

The General Department of ICT in the Ministry of Post and Telecommunications oversees ICT related policy in Cambodia.

Right to Private Ownership and Establishment

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There are no limits on the rights of foreign and domestic entities to establish and own business enterprises or to compete with public enterprises. Only Cambodian citizens or legal entities, however, have the right to own land. Under the 2001 Land Law, foreign investors may secure control over land through Economic Land Concessions (ELCs), long-term leases, or renewable short-term leases. In May 2012, the government issued a moratorium on granting new ELCs. Since that time, however, there have been several new ELCs granted, which the government justified by stating that any ELC in which the parties were in private negotiations or had reached an agreement “in principle” prior to the directive could continue through to issuance. In October 2012, Prime Minister Hun Sen reiterated his support for the moratorium on new ELCs. In 2014, the Minister of the Environment canceled 23 ELCs totaling approximately 90,000 hectares of land, ostensibly for failing to develop the land pursuant to the terms of the ELC.

Qualified investors approved by the Council for the Development of Cambodia have the right to own buildings built on leased property. The law, however, is unclear as to whether buildings from qualified projects can be transferred between foreign investors or whether foreign investors can own buildings built through projects not approved by the Council for the Development of Cambodia.

In 2010, Cambodia adopted a law allowing limited foreign ownership in multi-story buildings from the second floor up, such that ownership may not exceed 70 percent of the area of all private units of the co-owned building. Foreigners are not authorized to acquire ownership rights in buildings located within 30 kilometers of the land borders of Cambodia, except in Special Economic Zones or other areas, as determined by the government.

Protection of Property Rights

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Real Property

Mortgages exist and the 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. As noted above, Cambodia also allows foreign ownership in multi-story buildings from the second floor up. Cambodia was ranked 100th out of 189 economies for ease of registering property in the 2015 World Bank Doing Business Report.

Intellectual Property Rights

Cambodia has adopted legislation concerning the protection of intellectual property rights, 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, 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. In January 2014, Cambodia enacted the Law on Geographical Indications, recognizing geographical indications of local and foreign products. Infringement of IPR is pervasive, particularly related to software, compact discs and 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, digital video discs (DVD), 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. 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 National Intellectual Property Rights Committee is planning to create two new sub-committees: a sub-committee on IPR enforcement and a sub-committee on the education and dissemination of IPR rules and regulations. The sub-decree on the establishment of the two sub-committees is under review by the Council of Ministers.

Cambodia was 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 at: http://www.wipo.int/directory/en/details.jsp?country_code=KH.

Resources for Rights Holders

Contact at Mission:

Mr. Peter N. Fowler

Regional IP Attaché

Telephone number: (662) 205-5913

Email address: Peter.Fowler@trade.gov

Country resources:

American Chamber of Commerce Cambodia

Email address: ed@amchamcambodia.net

Website: www.amchamcambodia.net

List of local lawyers: http://cambodia.usembassy.gov/list_of_lawyers.html

Transparency of Regulatory System

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There is no pattern of systematic discrimination by the government against foreign investors in Cambodia. Numerous issues of transparency in the regulatory regime arise, however, from the lack of legislation and capacity of key institutions. Investors often complain that the decisions of Cambodian regulatory agencies are inconsistent, arbitrary, or corrupt. Cambodia has indicated a desire to discourage monopolistic trading arrangements in most sectors, but it has yet to pass the Law on Competition as part of its WTO accession obligations. The Ministry of Commerce expects Cambodia to enact competition legislation by 2015. Under the most recent draft, a National Committee on Competition would be established.

In late 2014 and early 2015, the Ministry of Economy and Finance issued two new tax regulations that have raised concerns in the business community. Although the meaning of these regulations is not entirely clear, they appear to impose Cambodian residency requirements on the chairman of the board of directors (and possibly company directors, owners, shareholders, and managers) for an enterprise doing business in Cambodia. Registration appears to require that board chairmen, business owners, and organization presidents go in person to the tax authorities to have their photos and fingerprints taken. The new residency requirements could present two problems to offshore directors of Cambodian companies. The first is that a Cambodian family book, residential book, or residential certificate may be difficult to obtain, particularly if the company official does not live in Cambodia. It may also mean that such individuals, as Cambodian residents for tax purposes, are subject to tax on their worldwide income.

The Cambodian government does not use regulation of capital markets to restrict foreign investment. Banks have been free to set their own interest rates since 1995, and increased competition between local institutions has led to a gradual lowering of interest rates from year to year. Domestic financing, however, is still difficult to obtain at competitive interest rates. The average annual interest rate on loans in U.S. dollars stood at 12.45 percent in August 2014. A law addressing secured transactions, which includes a system for registering such secured interests, was promulgated in May 2007. Most loans are secured by real property mortgages or deposits of cash or other liquid assets, as provided for in existing contract and real property laws. In 2013, loans and deposits grew by 25.8 percent and 12.2 percent, respectively. The ratio of non-performing loans stood at 2.7 percent at the end of 2013, an increase of 0.3 percent compared to 2012. Figures for 2014 are not yet available.

As of December 2014, the banking system in Cambodia consisted of 35 commercial banks; nine specialized banks (banks set up to finance specific turn-key projects such as real estate development); 39 licensed microfinance institutions, of which seven were licensed microfinance deposit taking institutions; and 38 registered rural credit operators. The National Bank has also granted licenses to three financial leasing companies, four third-party processor companies (Wing, Western Union, Money Gram, and AM GSM), and one Credit Bureau Company to improve transparency and credit risk management and encourage more lending to small-and medium-sized enterprise customers.

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. 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. No bonds, however, have been issued since 2007, and Prime Minister Hun Sen said in 2008 that the government did not plan to issue bonds in the near future. In 2007, the government also passed the Law on the Issuance and Trading of Non-government Securities.

Money and Banking System, Hostile Takeovers

In March 2014, Moody's Investors Service affirmed Cambodia's government issuer rating at B2 with a stable outlook. The rating was based on Cambodia's healthy economic growth outlook and a stable external payment position, which balanced structural weaknesses.

In 2008, the National Bank raised the minimum capital reserve requirements for banks from \$13 million to \$37.5 million. By the end of 2013, total assets in the banking system (commercial and specialized banks) had reached \$12.7 billion, an increase of 17 percent compared with 2012 and equivalent to 75 percent of GDP. The infusion of capital from newly created banks and additional customer deposits were the primary drivers underlying the growth.

Competition from State Owned Enterprises

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Cambodia has four main state-owned enterprises: Electricité du Cambodge, which is in charge of producing and distributing power nationwide; Phnom Penh Water Supply Authority, which is responsible for water treatment and supply; Rural Development Bank, which services and refinances loans to licensed financial institutions, commercial banks, specialized banks, micro-finance institutions, associations, development communities, and small- and medium-sized enterprises that take part in rural development in Cambodia; and Green Trade Company, which manages Cambodia's national reserve of rice through purchases and sales made at market prices. In March 2015, the Cambodian government, through the Ministry of Mines and Energy, announced that the government is exploring a possibility of establishing a national oil company to invest in the oil and gas sector.

OECD Guidelines on Corporate Governance of SOEs

Each state-owned enterprise 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. State-owned enterprises 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, Ministry of Economy and Finance, and the National Audit Authority.

Sovereign Wealth Funds

Cambodia does not have a sovereign wealth fund.

Corporate Social Responsibility

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Corporate social responsibility is a new concept to Cambodia and is not widely understood by local businesses or consumers. The vast majority of corporate social responsibility programs in Cambodia are run by U.S., European, or Australian companies.

OECD Guidelines for Multinational Enterprises

The government neither encourages nor discourages foreign and local enterprises to follow corporate social responsibility principles. Although Cambodia has a number of laws related to labor and employment rights, consumer protection, and environmental protection, enforcement is often inadequate and corruption remains a significant issue for many companies.

The Cambodian government has not enacted any laws or adopted any regulations concerning corporate governance, accounting, and executive compensation standards to protect the interests of shareholders. Companies operating in Cambodia are not required to publicly disclose information related to corporate governance, accounting, or executive compensation, and Embassy Phnom Penh is unaware of any NGOs in Cambodia that focus on private sector public disclosure.

Political Violence

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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. Embassy Phnom Penh is unaware of any incidents of political violence directed at American or other Western interests.

Following the July 2013 national elections, the opposition Cambodia National Rescue Party (CNRP) refused to take its seats in the National Assembly due to electoral irregularities. In July 2014, the CNRP reached an agreement with the ruling Cambodian People's Party to enter the National Assembly, ending a tense year marked by numerous protests in Phnom Penh, including the largest peaceful political demonstrations ever held in the country, but also labor protest violence that left up to six dead and scores injured. In February 2015, after months of closed-door discussions, the two sides reached formal agreement on specific changes to the country's key electoral laws. The proposed changes and the opacity of the deal-making, however, disappointed many CNRP supporters and civil society. The electoral amendments were signed into law by King Sihamoni on March 26.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official in international business, for example to secure a contract, should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock

exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, available in PDF at: <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. For more detailed information on the FCPA generally, see the Department of Justice FCPA website at: <http://www.justice.gov/criminal/fraud/fcpa/>.

Other Instruments: It is U.S. government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (negotiated under the auspices of the OECD), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Cambodia is a party to the UN Convention and endorsed the Action Plan of the ADB/OECD Anti-Corruption Initiative for Asia-Pacific in 2003.

OECD Antibribery Convention: The Antibribery Convention entered into force in February 1999. As of January 2015, there are 41 parties to the Convention, including the United States (see <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Antibribery Convention obligates the parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA. Cambodia endorsed the Action Plan of the ADB/OECD Anti-Corruption Initiative for Asia-Pacific in 2003, but it is not a party to the OECD Convention.

UN Convention: The UN Convention entered into force on December 14, 2005, and there are 174 parties to it as of March 2015 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Cambodia has been a party to the UN Convention since 2007.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of January 2015, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) and the follow-up mechanism created in 2001 (MESICIC) has 31 members (see http://www.oas.org/juridico/english/mesicic_intro_en.htm). Cambodia is not a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions on Corruption: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). See http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp. As of January 2015, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=173>; <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=174>). Cambodia is not a party to the Council of Europe Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Cambodia does not have an FTA with the United States.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas.

The U.S. and Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel, and reported through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" website at tcc.export.gov/Report_a_Barrier/index.asp. Potential violations of the FCPA can be reported to the Department of Justice via email to FCPA.Fraud@usdoj.gov.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa and general information is contained in Chapter 9 of the publication *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, at <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the General Counsel, U.S. Department of Commerce, website, at <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>. More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Cambodia's 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 third round of asset and debt declaration took place during the month of January 2014. The Anti-Corruption Unit, which was also formed in 2010, has launched several high-profile prosecutions against public officials, including members of the police and judiciary.

Cambodia ratified the UN Convention against Corruption in 2007 and endorsed the Action Plan of the Asian Development Bank/Organization for Economic Cooperation and

Development (OECD) Anti-Corruption Initiative for Asia-Pacific in 2003. Cambodia is not a party to the OECD Convention on Combating Bribery.

Business people, both local and foreign, have identified corruption, particularly within the judiciary, customs service, 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. Civil servants' low average base salary, which is about \$105 per month, may contribute to corruption and conflicts of interest among government employees. Although salaries have increased by 20 percent annually over the last few years, these wages remain below the level required to maintain a suitable quality of life in Cambodia. 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. Similarly, the process for awarding government contracts is not transparent and is susceptible to corruption.

Resources to report corruption in Cambodia:

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 number: +855-23-223954
- Email address: info@acu.gov.kh

NGO point of contact:

- Preap Kol
- Executive Director
- Transparency International Cambodia
- Telephone number: +855-23-214430
- Email address: info@ticambodia.org

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press releases are available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa> and <http://www.justice.gov/criminal/fraud/fcpa/guidance/>

- The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at: <https://www.sec.gov/spotlight/fcpa.shtml>. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.
- General information about anticorruption and transparency initiatives, relevant conventions and the FCPA, is available at the Department of Commerce Office of the General Counsel website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>
- The Trade Compliance Center hosts a website with anti-bribery resources, at <http://tcc.export.gov/Bribery>. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>. See also Antibribery Recommendation <http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm> and Good Practice Guidance Annex for companies: <http://www.oecd.org/daf/anti-bribery/44884389.pdf>.
- GRECO monitoring reports can be found at: http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp
- MESICIC monitoring reports can be found at: http://www.oas.org/juridico/english/mesicic_intro_en.htm
- The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at <http://businessethics.apec.org/>, and the APEC Anti-Corruption and Transparency Working Group, at <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx>. For more information on APEC generally, <http://www.apec.org/>.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at: <http://www.transparency.org/research/cpi/overview>. TI also publishes an annual

Global Corruption Report which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents, and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/research/gcr>.

- The World Bank Institute's Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2013, for six dimensions of governance (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption). See <http://info.worldbank.org/governance/wgi/index.aspx#home>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>. See also the World Bank Group *Doing Business* reports, a series of annual reports measuring regulations affecting business activity, available at: <http://www.doingbusiness.org/>
- The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2014>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which typically assesses anti-corruption and good governance mechanisms in diverse countries. (The 2012 and 2013 reports covered a small number of countries as the organization focused on re-launching a modernized methodology in mid-2014.) For more information on the report, see <https://www.globalintegrity.org/global-report/what-is-gi-report/>.

Bilateral Investment Agreements

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Bilateral investment treaties 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 bilateral investment agreements with Austria, Australia, China, Croatia, Cuba, Czech Republic, France, Germany, Indonesia, Kuwait, Japan, Laos, Malaysia, the Netherlands, Democratic People's Republic of Korea, Pakistan, the Philippines, Singapore, Republic of Korea, Switzerland, Thailand, Vietnam, and the Organization of the Petroleum Exporting Countries (OPEC). Future agreements are planned with Algeria, Bangladesh, Belarus, Belgium-Luxembourg Economic Union, Bulgaria, Myanmar, Egypt, Hungary, Israel, Iran, Libya, Macedonia, Malta, Qatar, Russia, Turkey, the United Kingdom, and Ukraine.

In July 2006, Cambodia signed a Trade and Investment Framework Agreement with the United States to promote greater trade and investment in both countries and provide a forum to address bilateral trade and investment issues. In August 2012, the United States and Cambodia agreed to begin exploratory discussions on a potential bilateral investment treaty. Those negotiations are ongoing.

Bilateral Taxation Treaties

Cambodia does not have a bilateral taxation treaty with the United States.

OPIC and Other Investment Insurance Programs

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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. With most investment contracts written in U.S. dollars, there is little exchange rate risk. Even for riel-denominated transactions, the fact that Cambodia has adopted a managed floating exchange rate regime based on the U.S. dollar means that exchange rates are likely to remain stable. 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 Bank) provides financing for purchases of U.S. exports by private-sector buyers in Cambodia on repayment terms of up to seven years. Ex-Im Bank support typically will be limited to transactions with a commercial bank functioning as an obligor or guarantor. The Ex-Im Bank will, however, consider transactions without a bank undertaking on a case-by-case basis.

Labor

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Approximately 65 - 70 percent of the labor force, as defined by the Ministry of Planning, is engaged in agriculture. Around 600,000 people, the majority of whom are women, are employed in the garment and footwear sector. An additional 500,000 Cambodians 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 1975-79 Khmer Rouge period, workers with higher education or specialized skills are few and in high demand. The Cambodia Socio-Economic Survey conducted in 2013 found that about 27 percent of the labor force had completed an elementary education. Only 3.65 percent of the labor force had completed post-secondary education. The 2014-2015 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.

Cambodia's 1997 Labor Code protects the right of association and the right to organize and bargain collectively. Specifically, the law provides for the right of private-sector workers to form and join trade unions of their own choice without prior authorization, the right to strike, and the right to bargain collectively. 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 ten percent of the total number of Cambodian workers.

Unresolved labor disputes 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 law requires trade unions to file their charters and lists of their officials with the MOLVT. The Bureau of Labor Relations is responsible for facilitating the process of union registration and certification of "most representative status" for unions, which entitles a union representing a majority of workers in a given enterprise to represent all the workers in that establishment.

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. 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.

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.

In October 2014, the tripartite Labor Advisory Committee decided to increase the minimum wage to \$128, effective from January 1, 2015. There is no minimum wage for any other industry. Labor leaders continue to advocate for an increase to \$160, and the government has established a commission to review the minimum-wage level and report to the Labor Advisory Committee.

The labor law stipulates that a worker is entitled to indemnity if he/she is 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. Poor

enforcement is due to a lack of capacity, corruption, and a lack of political will on the part of the government. As a result, strikes are common in some sectors. Unions, for their part almost never observe the legally required prerequisites before initiating strikes. Collective labor disputes between employers and employees may be resolved through conciliation and arbitration by the Arbitration Council, which is an independent, national institution with quasi-judicial authority under Cambodian labor law.

The U.S. government, the International Labor Organization, 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 level of textile quota the United States granted to Cambodia. Under the terms of that agreement, the U.S. government committed to increase the size of Cambodia's textile export quota if the country 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 International Labor Organization, 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 International Labor Organization'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. Since March 2014, monitoring reports summarizing compliance issues, tracking trends, and analyzing progress in Cambodia's garment and footwear industries are available online.

Foreign-Trade Zones/Free Ports

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To facilitate the country's development, the Cambodian government has shown great interest in increasing exports via geographically defined special economic zones. 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. Since issuing the sub-decree, the Cambodia Special Economic Zones Board has approved 36 special economic zones, 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, car and motorcycle assembly, and electrical equipment manufacturing.

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

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	16,911	2014	16,367	www.worldbank.org/en/country
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)	2014	84.5	2013	63	
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	2013	-1	http://bea.gov/international/factsheet/factsheet.cfm?Area=607
Total inbound stock of FDI as % host GDP	2014	0.5%	2012	0.38%	U.S. FDI stock in Cambodia: USD 54 million (USTR source). GDP in 2012: USD 14,038 million (ADB source)

Local Source: Ministry of Economy and Finance (MEF), Council for the Development of Cambodia (CDC)

Table 3: Sources and Destination of FDI

According to International Monetary Fund data, total foreign direct investment in Cambodia amounted to \$2.69 billion in 2013, the latest data available. Data for China and Japan, which have substantial investments in Cambodia, was not available. In this data set, the Republic of Korea was the leading source of investment (44 percent of total investment). The other top four foreign direct investment countries in Cambodia were Malaysia, Thailand, France, and Denmark. The number of Cambodian investments outside the country was quite small compared to inward foreign direct investment. In 2013 (the latest figures available from IMF), outward foreign direct investment was \$475 million, with 71 percent of total investment going to China. Two other major countries were Singapore (\$97 million), which has increased by 26 percent compared to 2012, and the Philippines (\$26 million).

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	2,694	100%	Total Outward	475	100%
Republic of Korea	1,183	44%	China, P.R.: Mainland	337	71%
Malaysia	577	21%	Singapore	97	20%
Thailand	500	19%	Philippines	26	5%
France	222	8%	Czech Republic	6	1%
Denmark	137	5%	Thailand	6	1%

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

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

All the figures in the below tables are provided by the country of origin of the investments. Official data are not available.

The total value of portfolio investment assets was \$2.42 billion in 2013, the latest figures available. Among the top five partners, Korea remained the largest holder of equity securities with 31 percent and debt securities with 71 percent. Thailand and France were still the second and third largest holders of equity securities and debt securities.

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total	Equity Securities			Total Debt Securities				
All Countries	2,422	100%	All Countries	1,335	100%	All Countries	1,087	100%
Republic of Korea	1,186	49%	Republic of Korea	414	31%	Republic of Korea	772	71%
Thailand	506	21%	Thailand	244	18%	Thailand	262	24%
France	222	9%	France	195	15%	France	27	2%
China	337	14%	China	337	25%	Philippines	26	2%
Denmark	137	6%	Denmark	137	10%	N/A	N/A	N/A

Source: IMF Coordinated Portfolio Investment Survey

Contact Point at Post

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- David Myers
- Economic Officer
- No. 1, Street 96, Sangkat Wat Phnom, Phnom Penh, Cambodia
- Phone: (855) 23 –728 401
- Email: CamInvestment@state.gov

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
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- [U.S. Banks and Local Correspondent Banks](#)
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How Do I Get Paid (Methods of Payment)

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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.

How Does the Banking System Operate

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Cambodia's banking sector is rapidly expanding, with 35 commercial banks, nine specialized banks, 39 microfinance institutions of which seven are microfinance deposit-taking institutions, and 38 registered microfinance operators. Four banks – Cambodia Public Bank, Acleda Bank, Canadia Bank, and ANZ Royal – account for 57.5 percent of all bank deposits. In 2014, total assets of the banking sector were approximately \$16.2 billion, of which loans accounted for about 56.4 percent. Loans made to the services, wholesale, and retail sectors accounted for over 50 percent of total loans. There has been an increase in the use of banking and finance systems as deposit and credit growth accelerated rapidly in 2014. Cambodia's bank deposit to GDP ratio was around 59 percent in 2014.

Foreign-Exchange Controls

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Under the 1997 Foreign Exchange Law, there is no restriction 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. The current exchange rate is approximately \$1=4,050 riel. 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. 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 of 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 the Customs authorities at the 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.

U.S. Banks and Local Correspondent Banks

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

Angkor Capital Bank Plc.

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

E-mail: info@angkorcapitalbank.com

Acleda Bank Plc.

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

E-mail: enquiry@acledabank.com.kh

ANZ Royal Bank

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

E-mail: ccc@anz.com

Campu Bank

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

E-mail: campupnh@campubank.com.kh

Canadia Bank

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

E-mail: canadia@canadiabank.com.kh

Foreign Trade Bank

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

E-mail: ftb@camnet.com.kh

Project Financing

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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 average interest rate on deposits in U.S. dollars was 4.3 percent in 2014 and 3.4

percent in 2013. The average interest rate on loans in U.S. dollars was approximately 11.4 percent in 2014, compared to 10.8 percent in 2013. 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. In 1966, Cambodia became a member of the ADB. As of 31 December 2014, Cambodia has received \$2.11 billion in ADB loans, grants, and technical assistance in a variety of sectors, but 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 2014, the Bank of China's total assets in Cambodia were \$641 million; deposits and loans were \$534 million and \$261 million, respectively.

Web Resources

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

<http://www.export.gov/tradefinanceguide/index.asp>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccs/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Multilateral Investment Guarantee Agency: <http://www.miga.org>

Asian Development Bank: <http://www.adb.org/countries/cambodia/main>

International Monetary Fund: <http://www.imf.org/external/country/KHM/index.htm>

World Bank: <http://www.worldbank.org/en/country/cambodia>

Aceda Bank Plc: <http://www.acledabank.com.kh>

ANZ Bank: <http://www.anzroyal.com>

Campu Bank: <http://www.campubank.com.kh>

Canadia Bank: <http://www.canadiabank.com>

Foreign Trade Bank: <http://www.ftbbank.com>

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Business Customs

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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. Cambodians are open, approachable and friendly. 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

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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 <http://travel.state.gov>. Travelers should also consult the U.S. Embassy's current Consular Information Sheet, available at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1080.html.

U.S. citizens may register online with the Department of State to obtain updated information on travel and security within Cambodia at <https://travelregistration.state.gov/ibrs/ui/>.

Visa Requirements

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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 <http://evisa.mfaic.gov.kh>. 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 \$30 for tourist visas and \$35 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 \$45 for one month, \$75 for three months, \$155 for six months, and \$285 for one year. These fees are 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 \$180. 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 \$5 per day, while for overstays of over 30 days, the charge is \$6 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 at <http://www.embassyofcambodia.org/>.

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: <http://travel.state.gov/visa/>

(<http://cambodia.usembassy.gov/visas.html>.)

Telecommunications

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Telephone (landlines as well as cell phones), fax, internet, and telegram services are available in Cambodia. International telephone charges are relatively expensive compared to other countries in the region. Cell phone service covers most areas throughout the country and is provided by several companies, including Mobitel (<http://www.mobitel.com.kh>), SMART (<http://www.smart.com.kh>), and Metfone (<http://www.metfone.com.kh>). 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 a wireless system is provided in most major hotels and is free of charge in many restaurants and cafés.

Transportation

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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. Metered taxi service is available in Cambodia. Motorcycle-taxis (locally known as moto-dups), three-wheeled motor taxis (known as tuk-tuks), and cyclos are popular forms of transportation. The U.S. Embassy does not recommend using moto-dups or cyclos 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 <https://travelregistration.state.gov/ibrs/ui/>.

Cambodia has an international and commercial deep water port at Sihanoukville (<http://www.pas.gov.kh>).

Language

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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.

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 almost non-existent. 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 at http://cambodia.usembassy.gov/medical_information.html.

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 at <http://wwwn.cdc.gov/travel/default.aspx>. For information about outbreaks of infectious diseases abroad, consult the World Health Organization's (WHO) website at <http://www.who.int/en>. Further health information for travelers is available at <http://www.who.int/ith/en>.

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 http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html.

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 2015

January 1	International New Year's Day
January 7	Victory over Genocide Regime
February 3	Meaka Bochea Day
March 8	International Women's Day
April 14-15-16	Khmer New Year
May 1	International Labor Day

May 2	Visaka Bochea Day
May 6	Royal Plowing Ceremony
May 13-15	Birthday of His Majesty Preah Bat Samdech Preah Boromneath Norodom Sihamoni, King of Cambodia
June 1	International and Cambodian Children's Day
June 18	Birthday of Her Majesty the Queen-Mother Norodom Monineath Sihanouk of Cambodia
September 24	Constitution Day
October 11-12-13	Pchum Ben
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 9	Independence Day
November 24-25-26	Water Festival
December 10	International Human Rights Day

Temporary Entry of Materials and Personal Belongings

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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 a listing of goods allowed for temporary entry:

1. Display or exhibition goods
 - a. Display or exhibition goods for a trade fair or conference
 - b. Goods necessary to display machines or equipment
 - c. Construction equipment and ornaments
 - d. Advertising equipment for the display of foreign goods such as film and sound equipment
 - e. Translation equipment, film and video equipment, and cultural or scientific films for use at an international conference
2. Technical equipment for use by technicians, experts, or other professionals (such as computers, phone, fax machines, cameras, voice recorders, and LCDs), apart from machinery used in manufacturing, packaging, or natural resource exploitation.
3. Containers, packages, samples of goods (with no commercial value), or other imports related to, but not part of, commercial transactions when sold or purchased
4. Goods for educational purposes, including scientific components
5. Sports equipment and sportswear
6. Equipment for advertising and attracting tourists to visit other countries

7. Personal effects/belongings
8. Goods imported for humanitarian use/purposes
9. Means of transport of persons or goods for commercial use, such as any vehicle, aircraft, road vehicle, or railway rolling stock.

Additional details on temporary entry can be found at the Customs and Excise Department's website at <http://www.customs.gov.kh/SubDegreeEN/Prakas928EN.pdf>.

Web Resources

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Cambodian Immigration Department: <http://www.cambodia-immigration.com/>

Royal Embassy of Cambodia in Washington, D.C.:
<http://www.embassyofcambodia.org/visa.html>

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts

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U.S. AND CAMBODIAN CONTACTS

A – Royal Government of Cambodia

1 - Key Cambodian Government Agencies

Council for the Development of Cambodia (CDC)

Address: Government Palace, Sisowath Quay, Sangkat Wat Phnom, Phnom Penh, Cambodia

Contact: H.E. Mr. Sok Chenda Sophea, Secretary General

Tel: (885) 23 427 597 / (855) 23 428 954

Fax: (855) 23 360 636

E-mail: info@cambodiainvestment.gov.kh

Website: <http://www.cambodiainvestment.gov.kh> / <http://www.cdc-crdb.gov.kh>

Ministry of Commerce

Address: Lot 19-61, MOC Road (113B Road), Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh, Cambodia

Contact: H.E. Sun Chanthol, Senior Minister

Tel: (855) 23 866 088; (855) 23 866 478

Fax: (855) 23 866 188; (855) 23 866 425

E-mail: moccab@moc.gov.kh

Website: <http://www.moc.gov.kh>

Ministry of Mines and Energy

Address: No. 79-89, Pasteur road (51), Sangkat Psaa Thmey 3, Khan Daun Penh, Phnom Penh

Contact: H.E. Suy Sem, Minister

Tel: (855) 23 219 574

Fax: (855) 23 219 584

E-mail: info@mme.gov.kh

Website: <http://www.mme.gov.kh>

Ministry of Industry and Handicraft

Address: No. 45, Norodom Blvd, Phnom Penh, Cambodia

Contact: H.E. Cham Prasidh, Senior Minister

Tel: (855) 23 211 141

Website: www.mih.gov.kh

Ministry of Public Works and Transport

Address: Preah Norodom Blvd., Phnom Penh, Cambodia

Contact: H.E. Tram Iv Tek, Minister

Tel: (855) 23 427 845

E-mail: info@mpwt.gov.kh

Website: <http://www.mpwt.gov.kh>

Ministry of Agriculture, Forestry and Fisheries

Address: No. 200, Preah Norodom Blvd., Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia

Contact: H.E. Ouk Rabun, Minister

Tel: (855) 23 726 128; (855) 23 726 129

Fax: (855) 23 217 320

Website: <http://www.maff.gov.kh>

Ministry of Posts and Telecommunications

Address: Corner Street 13 and 102, Sangkat Wat Phnom, Phnom Penh, Cambodia

Contact: H.E. Prak Sokhon, Minister

Tel: (855) 23 724 809; (855) 23 428 246

Fax: (855) 23 426 011

E-mail: info@mptc.gov.kh

Website: <http://www.mptc.gov.kh>

Ministry of Tourism

Address: Lot 3A, St. 169, Veal Vong Commune, Prampi Makara District, Phnom Penh, Cambodia

Contact: H.E. Thong Khon, Minister

Tel: (855) 23 884 974 (Department of Administration & General Affairs)

(855) 23 885 039 (Department of Marketing & Promotion)

E-mail: info@tourismcambodia.org

Website: <http://www.tourismcambodia.org>

Ministry of Economy and Finance

Address: No. 60, Street 92, Sangkat Wat Phnom, Phnom Penh, Cambodia

Contact: H.E. Aun Pon Moniroth, Minister

Tel: (855) 23 724 664

Fax: (855) 23 427 798

E-mail: admin@mef.gov.kh

Website: <http://www.mef.gov.kh>

General Department of Customs and Excise

Address: No. 6-8, Preah Norodom Blvd., Sangkat Phsar Thmei III, Khan Daun Penh, Phnom Penh

Contact: H.E. Kun Nhem, Director General

Tel: (855) 23 214 065

Fax: (855) 23 214 065

E-mail: info-pru@customs.gov.kh

Website: <http://www.customs.gov.kh>

Municipality of Phnom Penh

Address: No. 69, Preah Monivong Boulevard, Sangkat Srah Chak, Khan Daun Penh, Phnom Penh

Contact: H.E. Pa Socheatevong, Governor

Tel: (855) 23 722 054

Fax: (855) 23 725 626

Public Relations and International Cooperation Office (for foreigners)

Tel: (855) 23 430 681

Fax: (855) 23 430 681

E-mail: info@phnompenh.gov.kh

Website: <http://www.phnompenh.gov.kh>

The National Bank of Cambodia

Address: No. 22-24, Preah Norodom Blvd., Phnom Penh, Cambodia

Contact: H.E. Chea Chanto, Governor; Mr. Kim Vada, Director of Bank Supervision Department

Tel: (855) 23 722-221 / (855) 23 722 563

Fax: (855) 23 426 117

E-mail: info@nbc.org.kh

Website: <http://www.nbc.org.kh>

General Department of Taxation

Address: No. 522-524, Corner Russian Federation & Mao Tsetong Blvd, Sangkat Toek Laak I, Khan Tuol Kork, Phnom Penh

Contact: H.E. Kong Vibol, Director General

Tel: (855) 23 886 708

E-mail: gdt@tax.gov.kh

Website: <http://www.tax.gov.kh>

2 – Cambodian Government Offices in the United States

Royal Embassy of Cambodia

Address: 4530 16th Street, NW, Washington, D.C., 20011

Tel: (202) 726 7742

Fax: (202) 726 8381

Contact: H.E. Mr. Chum Bunrong, Ambassador

E-mail: camemb.usa@mfa.gov.kh

Website: <http://www.embassyofcambodia.org>

Permanent Mission of the Kingdom of Cambodia to the United Nations

Address: 327 East 58th Street, New York, N.Y., 10022

Tel: (212) 336 0777 / (212) 759-7129

Fax: (212) 759 7672

Contact: H.E. Tuy Ry, Ambassador

E-mail: cambodia@un.int

Website: <http://www.cambodiaun.org>

B – U.S. Government Contacts

United States Embassy Phnom Penh

Cambodian Mailing Address: No. 1, Street 96, Phnom Penh, Cambodia

Tel: (855) 23 728 000

Fax: (855) 23 728 600

Website: <http://cambodia.usembassy.gov>

Economic/Commercial Officer: Mr. David Myers

Tel: (855) 23 728 401

E-mail: MyersDR3@state.gov

Economic/Commercial Specialist: Mr. Yuk Sothirith

Tel: (855) 23 728 116

Fax: (855) 23 728 800

E-mail: YukS@state.gov

Commercial Specialist: Ms. Chann Sokros

Tel: (855) 23 728 158

Fax: (855) 23 728 800

E-mail: ChannS@state.gov

U.S. Department of Commerce, International Trade Administration

Address: 1401 Constitution Ave NW, Washington, D.C., 20230

Tel: (800) USA-TRAD(E)

Website: <http://www.ita.doc.gov>

United States Commercial Service, U.S. Embassy Bangkok

Address: 3rd Floor, Room 302, GPF Witthayu Tower A, 93/1 Wireless Rd., Bangkok 10330, Thailand

Contact: Dean Matlack, Acting Senior Commercial Officer

Tel: (66) 2 205 5280

Fax: (66) 2 255 2915

E-Mail: Dean.Matlack@trade.gov

Website: <http://export.gov/thailand>

Export-Import Bank of the United States

Address: 811 Vermont Ave. NW, Washington, D.C., 20571

Tel: 800 565 3946 / (202) 565 3946

Fax: (202) 565 3380

Website: <http://www.exim.gov>

Overseas Private Investment Corporation

Address: 1100 New York Avenue NW, Washington, DC, 20527

Tel: (202) 336 8400

Fax: (202) 336 7949

E-Mail: info@opic.gov

Website: <http://www.opic.gov>

C – Multilateral Contacts

Asian Development Bank

Address: 6 ADB Avenue, Mandaluyong City 1550, Metro Manila, Philippines

Tel: (63) 2 632 4444

Fax: (63) 2 636 2444

Website: <http://www.adb.org>

Asian Development Bank – Cambodia Resident Mission

Address: No. 29, Suramarit Boulevard, Sangkat Chaktomuk, Khan Daun Penh, Phnom Penh

Tel: (855) 23 215 805 / (855) 23 215 806 / (855) 23 216 417

Fax: (855) 23 215 807

Website: <http://www.adb.org/carm>

International Finance Corp. – U.S. Office

Address: 1850 I (Eye) St. NW, Room I-11-063, Washington, D.C., 20433

Contact: Mr. Morgan Landy, Cambodia Investment Officer

Tel: (202) 473 9350

Fax: (202) 676 0820

Website: <http://www.ifc.org>

International Finance Corp. – Cambodia Office

Address: 5th Floor, Phnom Penh Tower, No. 445, Monivong Blvd, Phnom Penh, Cambodia

Tel: (855) 23 863 200

Fax: (855) 23 863 239/240

Email: shor@ifc.org

Website: <http://www.ifc.org>

Multilateral Investment Guarantee Agency

Address: 1818 H St. NW, Washington, D.C., 20433, USA

Tel: (202) 458 2538

Fax: (202) 522 2630

Email: migainquiry@worldbank.org

Website: <http://www.miga.org>

D – Local Business Associations

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

Website: <http://www.ccc.org.kh>

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

Website: <http://www.cata.org.kh>

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

Website: www.cca.org.kh

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

Website: <http://www.camfeba.com>

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

Website: <http://www.cambodiahotelassociation.com.kh>

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

Website: <http://www.gmac-cambodia.org>

Federation of Cambodian Rice Millers Associations

Address: National Road No.5, Prey Kone Sek Village, Sangkat O'char, Battambang City, Battambang Province, Cambodia

Contact: Mr. Ny Lyheng, Managing Director

Tel: (855) 12 932 388 / (855) 88 932 3888

E-mail: lyhengny@yahoo.com

Federation of Cambodian Rice Exporters

Address: Cambodian Chamber of Commerce building, No. 7D, Russian Federation Blvd, Sangkat Boeung Kak II, Khan Toul Kork, Phnom Penh, Cambodia

Tel: (855) 89 222 013

Email: info@fedocrex.com

Website: <http://www.fedocrex.com>

E- Local Professional Services

Professional services, local law firms, and U.S. law firms are listed alphabetically below:

BNG Legal

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

Contact: Mr. Naryth Hour Hem, Managing Director

Tel: (855) 23 217 510 / (855) 23 212 740 / (1) (503) 96 78009 (US) / (852) 8191 5059

(Hong Kong) / (81) (50) 5806 5665 (Japan)

Fax: (855) 23 212 840 / e-Fax: (1) (503) 828 9033 (US)

E-mail: hnh@bngkh.net / info@bnglegal.com

Website: <http://www.bnglegal.com>

DFDL Mekong Legal and Tax Advisers

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

Contact: Mr. Martin DeSautels, Regional Managing Partner

Tel: (855) 23 210 400

Fax: (855) 23 214 053

E-mail: cambodia@dfdlmekong.com

Website: <http://www.dfdlmekong.com>

KPMG Cambodia Limited

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

Contact: Michael Gordon, Senior Partner

Tel: (855) 23 216 899

Fax: (855) 23 217 279

E-mail: kpmg@kpmg.com.kh

Website: <http://www.kpmg.com.kh>

Morison Kak & Associé

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

Contact: Mr. Key Kak, Chairman

Tel: (855) 23 218 994

Fax: (855) 23 218 993

E-mail: mka.audit@morisonkak.com

Website: <http://www.morisonkak.com>

PWC

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

Contact: Kuy Lim, Partner

Tel: (855) 23 218 086

Fax: (855) 23 211 594

E-mail: lim.kuy@kh.pwc.com

Website: <http://www.pwc.com/kh>

Sarin & Associates (Law Firm)

Address: 104, Confederation de la Russie Blvd (110), Siriland Tower

Contact: 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

Sciaroni and Associates (Legal Advisors)

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

Contact: Mr. Bretton Sciaroni, Senior Partner

Tel: (855) 23 210 225

Fax: (855) 23 213 089

E-mail: info@sa-asia.com

Website: <http://www.sa-asia.com>

VDB Loi

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

Contact: Mr. Potim Yun, Partner

Tel: (855) 23 964 430

Email: potim.yun@vdb-loi.com

Website: www.vdb-loi.com

F– Foreign Business Associations

AMCHAM Cambodia

Address: No. 34, Sothearos Blvd, Sangkat Chey Chum Neas, Khan Daun Penh, Phnom Penh, Cambodia

Contact: Mr. Bretton G. Sciaroni (Chairman)

Tel: (855) 15 333 715 / (855) 17 666 529

E-mail: admin@amchamcambodia.net / ed@amchamcambodia.net

Website: <http://www.amchamcambodia.net>

Australian Business Association of Cambodia (ABAC)

Address: No. 20, Kramuon Sar (St.114), Corner Street 67, in ANZ Royal Bank

Contact: Mr. Derek Nayes, Vice President

Tel: (855) 12 385 157

E-mail: abacambodia@gmail.com

Website: <http://www.abaccambodia.com>

British Chamber of Commerce in Cambodia (BritCham)

Address: Room number 153, Building A, Phnom Penh Center, Sihanouk (St. 274), corner of Sothearos (St. 3), Phnom Penh, Cambodia

Contact: Darren Conquest, Chairman

Paul Glew, Vice Chairman

Mobile: (855) 12 831 950

E-mail: executivedirector@britchamcambodia.org

Website: <http://www.britchamcambodia.org>

European Chamber of Commerce in Cambodia (EUROCHAM)

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

Tel: (855) 23 964 141

E-mail: info@eurocham-cambodia.org

Website: <http://www.eurocham-cambodia.org>

French Cambodian Chamber of Commerce

Address: No. 33E2, Sothearos (Street 3), Corner of Preah Ang Makhak Vann (Street 178), Khan Daun Penh, Phnom Penh, Cambodia

Contact: Mr. Daniel Zarba, Director

Tel/Fax: (855) 23 221 453

E-mail: ccfc@ccfcambodge.org

Website: <http://www.cfcambodge.org>

International Business Chamber of Cambodia (IBC)

Address: 12th floor, Phnom Penh Tower, No. 445, Monivong Blvd, Phnom Penh

Contact: Mr. Bretton G. Sciaroni, Chairman

Tel: (855) 23 964 455

E-mail: admin1@ibccambodia.com / info@ibccambodia.com

Website: <http://www.ibccambodia.com>

Japanese Business Association of Cambodia

Address: 2F, Phnom Penh Tower, No. 445, Monivong Blvd. (St.93/232), Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh, Cambodia

Contact: Mr. Kiyotaka Doho, General Secretary

Tel: (855) 12 725 503

E-mail: jimukyoku@jbac.info

Website: <http://www.jbac.info>

Korea Trade Center (KOTRA)

Address: Commercial Section Embassy of the Republic of Korea, PGCT Center, Street 274, Phnom Penh

Tel: (855) 23 214 465 / (855) 23 999 099

Fax: (855) 23 999 097

E-mail: kotraphn@gmail.com

Website: <http://www.kotra.or.kr>

Malaysian Business Council of Cambodia (MBCC)

Address: No. 87, Street 294, Boeng Keng Kong 1, Phnom Penh, Cambodia

Contact: Mr. Teh Sing, President

Mobile: (855) 16 836 222

E-mail: mbcc.secretariat@gmail.com

Website: <http://mbccambodia.org>

Taiwan Commercial Association in Cambodia (TCAC)

Address: No. 1E, Street Ongtaminh, Sangkat Kakab, Khan Po Senchey, Phnom Penh, Cambodia

Contact: Mr. Lin Chih Long, President

Mr. Chen KC, Secretary

Tel: (855) 12 956 399 / (855) 23 982 222

E-mail: tcac2011@hotmail.com

Thai Business Council of Cambodia

Address: No. 196, Preah Norodom Blvd., Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia

Contact: Ms. Ora Nooch Pakarat, President

Mobile: (855) 16 958 065

E-mail: admin@tbcccambodia.org / secretary@tbcccambodia.org

Website: <http://tbcccambodia.org>

U.S.-ASEAN Business Council

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

Contact: Mr. Daniel Henderson

Tel: (1) 202 289 1911

E-mail: mail@usasean.org

Website: <http://www.usasean.org>

Market Research[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

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Chapter 10: Guide to Our Services

SelectUSA:

SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring.

The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).

SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:

Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
 - SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.
- Ombudsman Services: SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as, such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link:

<http://selectusa.commerce.gov>

National Export Initiative:

The President's National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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