

Based on information collected up to January 2003

1. TARIFF MEASURES

The legal framework of the national import tariffs is based on the Law of Import and Export duties of 15 September 1989 with subsequent modifications and decisions of the Ministry of Economy and Finance, the most recent Decision on the Implementation of Customs Tariff, being No. 002 of 14 September 1997.

Structure of the tariff schedule

Cambodia applies an eight-digit tariff nomenclature based on the Harmonized System. The seventh and eighth digits are harmonized to ASEAN practice. The tariff schedule has been simplified in 1993 to a four-band system (technically 12) which covers the vast majority of items.

11 Statutory custom duties

12 MFN duties

All duties are applied on an Ad Valorem basis; rate of 7% is levied on raw materials such as cement, iron, tile and bricks, and items considered essential to daily life, including meats, fruits, tea, vegetable oil, sugar, soap, shoes, eye glasses, clothing, and bicycles. Machinery and equipment are subject to a rate of 15%; finished goods, including televisions, radio, cassette players, paints, and household furnishing are subject to a 35% rate. Luxury goods, wine, cigarettes, perfumes, weapons, and cosmetics, fuels, perfumes, vehicle wheels are dutiable at 50%. Rates of 90% apply to vehicles with a motor capacity more than 2,000cc and not exceeding 3,000cc, whereas, rates of 120% apply to motor vehicles with a motor capacity exceeding 3,000cc. Furthermore, a few products are dutiable at rates outside the ban, and they include wristwatches levied at 10%; gas oil, diesel, lubricants, and clocks at 20%, and petrol levied at 45%.



Temporary reduced duties

16 Temporary reduced duties

Duty exemption is granted to import of agricultural equipment and inputs, school materials and equipment, pharmaceutical products, and sporting goods. Duty and tax-free exemptions are extended to companies that import raw materials, intermediate goods, and spare parts, if they export at least 80 percent of their finished products. In addition, diplomatic missions, and project qualifying for import exemptions, benefit from tariff exemptions. The Prime Minister may decide ad hoc exemptions when there is a political or economic crisis or a compelling reason of national interest. In addition, Sub-Decree No. 88 ANK-BK dated 29 December 1997 grants tax incentives

to the Agro-Industry or manufacture and processing of food and related products to the following goods: beverages, fats and oils, sugar confectionery, meat and dairy products, preserved fruits and vegetables, grain mill products, bakery products, and animal feed products.



Preferential duties under trade agreements

19.2 Regional and subregional agreements

Cambodia belongs to the Association of Southeast Asian Nations (ASEAN) together with Brunei, Indonesia, Laos, Malaysia, the Philippines, Thailand and Vietnam. ASEAN was formed to promote economic, social, cultural and scientific ties, as well as trade and monetary policies. Other areas of cooperation among ASEAN members, include harmonization of standards, reciprocal recognition of tests and certification of products. In 1992, members called for the formation of an ASEAN Free Trade Area.

In December 1998, members agreed to implement the AFTA by 1 of January 2002. In this regard, the six original founding members of ASEAN, i.e. Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, would advance the implementation of AFTA from 2003 to 2002, by reducing tariff rates on all goods made with at least 40 percent ASEAN content to 5 percent or less, and to 0 percent by 2010. Vietnam which joined ASEAN in 1995 would implement its tariff reductions to 0-5% by 2003; Laos and Myanmar which joined the group in 1997, will complete the reductions by 2005. Cambodia joined ASEAN in 1999 and will complete the tariff reductions by 2010. No common external tariff is planned; tariff rates on imports from non-ASEAN countries will continue to be determined individually.

In addition to intra-ASEAN trade and ties, ASEAN aims at strengthening links with other preferential trade regimes in the region, for example, the high-level task force between the AFTA and the Closer Economic Relations (CER, i.e. a trade agreement between Australia and New Zealand), established to study the feasibility of settling an AFTA-CER free-trade agreement by 2010. ASEAN is pursuing similar agreements with other regional groupings such as the Southern Common Market (MERCOSUR), and the Southern African Development Community (SADC).

With the ASEAN Industrial Cooperation Scheme AICO, final products as well as raw materials, and semi-finished goods may be imported at preferential rate of maximum 5%.

The following developments occurred in the ASEAN: Greater Mekong Subregion (GMS) Summit, the first summit took place on 3 November 2002 in Phnom Penh, Cambodia, with the leaders of the six Mekong Subregion Countries i.e. Cambodia, China, Lao PDR, Myanmar, Thailand and Vietnam. The group was founded 10 years ago in an attempt to foster trade, and boost other economic issues.

And the 8th ASEAN Summit was held in Phnom Penh, Cambodia from 4 to 6 November 2002. During this meeting several free trade plans were developed involving 14 Asian countries, i.e. the 10 Asean members such as Cambodia, Brunei, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam, China, India, Japan and the Republic of Korea. The objectives of these free-trade plans are to quicken the pace of trade liberalization and foster multilateralism in the region.



19.3 Bilateral agreements

Cambodia grants preferential tariff treatment only to its fellow ASEAN Members.

A new trade initiative between the ASEAN and the U.S.A. has been set up as the Enterprise for ASEAN Initiative (EAI), which objectives aim at developing the Southeast Asian region, and enhance close U.S. ties with ASEAN. The EAI offers bilateral free trade agreements (FTAs) between the United States and individual ASEAN countries, by determining jointly the launching of FTA negotiations.

Cambodia and the United States signed a trade agreement in October 1996; the agreement provides for reciprocal MFN tariff treatment and other measures to enhance trade.

Cambodia through the framework of ASEAN, maintains a commercial and economic cooperation agreement with the European Union. The agreement provides for most favoured-nation treatment and studies to remove trade barriers, create new trade patterns, and recommend trade promotion measures.



2. PARA-TARIFF MEASURES

Additional taxes and charges

22.9 Additional charges n.e.s.

A customs fee of 15,000 Riels is levied per import declaration for services rendered.

An intervention fee for PSI (preshipment inspection) service is levied according to the following schedule:

- A fee of .8% ad valorem of the FOB value applies to all goods except for bulk petroleum products.
- A fee of 30 cents, US, per metric ton applies to bulk petroleum products only.
- And a minimum fee of US\$210 assessed per intervention will be applied if the ad valorem or the tonnage rates are not correct.

A registration fee of US\$200 is paid by the importer to the Ministry of Health, for each registered pharmaceutical and medical material in accordance with the Ministry of Health Prakas No. 254 of 13 June 1996. And a registration fee of US\$30 is paid by the importing company to the Ministry of Agriculture, Forestry and Fisheries for each registered agricultural input.



Internal taxes and charges levied on imports

23.1 General sales taxes

A standard rate of 10 percent value-added tax rate applies to all supplies except exports and non-taxable goods and farmers selling their own forming products. VAT exemption is extended to public postal services, hospital, clinic, medical and dental services and the sale goods related to,

government public transportation system, insurance and primary financial services; imports of articles for personal use which are tax free, non profit activities, diplomatic, consular missions, international organizations and agencies of technical cooperations. VAT exemption covers the following imports: all kind of fertilizer for use in the agriculture, all kind of plant seeds, parts of cut branches of tree for growing, animal medicines for the health and to prevent the animals from diseases, animal foods and additional animal foods including vitamins, animal breeding stock including wild animal, small tractors and their spare parts for family use, animal grinding machines, equipment for growing seeds and hatching eggs; pump of the pumping machine. VAT import exemption is ruled by Prakas No. 303 MEF.TD of 23 June 2001.

VAT was introduced on 1 January 1999.



23.2 Excise taxes

Specific duties are levied at a rate varying between 10% to 30% on some types of cars, car spare parts, and buses and trucks. And rate of 10% is set on motorcycles, soft drinks, beers, wine and spirits, cigarettes and other tobacco products, gasoline and lubricating oil. In the beginning of 2002, the 3% tax levied on imported alcohol and tobacco, has been extended to domestically produced goods.



23.9 Internal taxes and charges levied on imports n.e.s.

Small taxpayers, i.e. estimated taxpayers or provinces with annual turnover under the required VAT threshold are not subject to its payment, but to a payment of a 2% turnover tax.



3. PRICE CONTROL MEASURES

31.1 Minimum import prices

Minimum import reference prices apply to imports of gasoline and gas oil, motor vehicles, motorcycles, cigarettes, and gold bars.



4. FINANCE MEASURES

41.9 Advance payment requirements n.e.s.

Prepayment requirement of the preshipment inspection services; a fee of 1% of the total declared shipment must be prepaid to the National Bank of Cambodia in order to finance the inspection service.



49 Finance measures n.e.s.

All proceeds from exports by state-owned enterprises must be repatriated and sold to or deposited with the Foreign Trade Bank of Cambodia (FTBC);

in addition, private sector entities must repatriate and hold export proceeds in accounts with resident commercial banks.



6. QUANTITY CONTROL MEASURES

Most imported goods may enter Cambodia without an import licence. However, import licensing requirements are set on a small number of products in order to safeguard human health, consumer or environmental welfare and national security.

61.2 Licence for selected purchasers

Only pharmacist or pharmaceutical company registered with the Ministry of Commerce and authorized by the Ministry of Health, and agricultural technician and his company registered with Ministry of Commerce and authorized by the Ministry of Agriculture, Forestry and Fisheries, are eligible for licence application and importation of pharmaceuticals and medical materials, and agricultural inputs.



61.71 To protect human health

An import licence from the Ministry of Health, is required for the importation of pharmaceuticals and medical material, including raw pharmaceutical materials, bulk and finished products; the licensing is maintained under the Law on Drug Management of May 1996, and "Prakas No. 82 on Drug Import-Export Procedures" of 31 March 1999.



61.74 To protect environment

Agricultural inputs including raw materials, semi-and finished products are subject to imports licensing maintained under Law on Drug Management of 9 May 1996 and the Sub-Decree on Standards and Management of Agricultural Materials of 28 October 1998. Agricultural import license is issued by the Ministry of Agriculture, Forestry and Fisheries (MAFF).



61.78 To ensure national security

Licences for firearms, weapons, explosives, vehicles, machinery for military purposes, are obtainable from the Ministry of National Defense.

Import licence for gold and silver is issued by the Central Bank.



Prohibitions

63.71 To protect human health

63.72 To protect animal health and life

A temporary ban of three months initiated in 2001 against the importation of meats, meat products and associated dairy products from the EU is

extended periodically whenever required. The measure has been introduced to protect human and animal health from the spread of E.U. existing diseases.



63.74 To protect environment

The following list of pesticides is banned to use in Cambodia: Aldicarb, Aldrine, Lindane, Calcium asenate, Camphenchlor, Chlordane, Chlordimefor, Chlorfenvinphos, Chlormephos, Cynthoate/Tartan, Cyhexatin, DDT, etc... A detailed list of these prohibitions can be found annexed to WT/ACC/KHM/12 of 29 July 2002.



63.76 To control drug abuse

Import prohibitions are in force as regards narcotic drugs and poisons.



66.9 Export restraint arrangements n.e.s.

An agreement has been reached with Canada restraining the export of certain Cambodian textile products to that market; and the United States has imposed quantitative restraints on imports of gloves from Cambodia.



8. TECHNICAL MEASURES

Technical regulations

Standards are formulated and enforced by the Institut National de la Normalisation et de la Propriété Industrielle
INNORPI

81.10 Product characteristics requirements

The standards used in Cambodia are generally voluntary but some kinds of product standards are mandatory. The established mandatory standard is related to the protection of standards such as national security requirement, the prevention of deceptive practices, protection on human health or safety, animal or plant life or health, or the environment.

CAMCONTROL, as a unit of the Ministry of Commerce is charged with standards setting. In addition, Cambodian government has passed a law on product quality in May 2000.



81.11 To protect human health

The Ministry of Health, Department of Drugs and Food, require registration for the following drug samples: tablets-sachets-capsules, syrups-oral solutions-elixirs, oral drops, ampoules, ampoules for injection,

perfusions>100ml, freeze-dried drug-powder for injection, serum-vaccines; local forms of external use, lotions, gels, creams, ointments, liniments, powder, transmucous application, eye drops, ophthalmic ointments, nasal drops, ear drops, aerosol spray, suppositories, ovules, and gynaecologic tablets.



81.12 To protect animal health and life

Imports of live animals, and animal sub-products require a health certificate.



81.13 To protect plant health

Imports of certain agricultural goods, including fruits and vegetables, citrus and rose plants and seeds, baled cotton and seeds, and onion seeds, require a phytosanitary certificate, in accordance with Government Sub-Decree No. 98 of October 1983 of imported and exported plant products, the Plant Protection and Phytosanitary Inspection within the Ministry of Agriculture.



81.3 Labelling requirements

Labelling requirement by the Ministry of Commerce for Foodstuffs which must bear the following information: name of goods, producer name and address, source, quantity, batch number, production and expiration dates, ingredients, directions for use, if necessary.



81.5 Testing, inspection and quarantine requirements

Sanitary and phytosanitary inspection requirements for the importation of live animals and animal sub-products, plants and plant products.

An analysis certificate is required for the importation of Pharmaceuticals and medical materials, and for agricultural inputs.



82 Pre-shipment inspection

On 14 of August 2000, Cambodia signed with the Société Générale de Surveillance (SGS) an agreement to resume preshipment inspection as of October 2000, under a Comprehensive Import Supervision Scheme (CISS) Programme.

The implementation of Pre-shipment Inspection Services is regulated by Prakas No. 599 SHV of 31 August 2000.

Since 1995, shipments valued at more than \$5,000 require preshipment inspection;.Exceptions from preshipment inspection apply to precious stones and precious metals, objects of art, explosives and pyrotechnical products, ammunition and weapons, live animals, current newspapers and periodicals, household and personal effects including used vehicles, parcel post or commercial samples, gifts of foreign governments or international organizations to foundations, charities and recognized humanitarian

organizations, gifts and supplies to an embassy, legation, consulate general or consulates and to the United Nations Organization and its specialized agencies, imported for their own needs, and cigarettes.

