



Doing Business In Cambodia: A 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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This Country Commercial Guide (CCG) presents a comprehensive look at Cambodia's commercial, economic, and political environment. The CCG was established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. CCGs are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

Cambodia is a developing country with a market economy. The Constitutional Monarchy was re-established in 1993 after more than 20 years of civil war and communist rule. There have been national elections every five years since the Paris Peace Accords, in 1993, 1998 and 2003. Coalition governments between the Cambodian People's Party and the royalist FUNCINPEC party emerged from both the 1993 and 1998 elections. On November 30, 1998 a government with Hun Sen, of the Cambodian People's Party, as Prime Minister was sworn in. The 1998 coalition government pledged to devote its full energies to accelerating economic development in Cambodia through the implementation of an ambitious economic and political reform program.

A third round of national elections took place in July 2003 with three parties, the CPP, FUNCINPEC and the Sam Rainsy Party, winning seats in the National Assembly. Negotiations on the formation of a government continued for approximately a year following the July 2003 elections. The CPP and FUNCINPEC agreed on the formation of a new coalition government that took office in July 2004, with Hun Sen as Prime Minister and Prince Norodom Ranariddh as President of the National Assembly. Prince Ranariddh resigned from this position in March 2006 and other FUNCINPEC officials were removed from their government positions, but the CPP-FUNCINPEC coalition remained in power as of the drafting of this guide in May 2006

Bilateral and multilateral donors support and closely monitor the government's reform program and periodically convene meetings of the Consultative Group (CG) of donors to review progress in reform. The IMF, World Bank and Asian Development Bank are all active in Cambodia. Donors have been a driving force behind the development efforts of Cambodia as its financial support accounts for at least 50% of the government budget.

Significant gaps in the nation's legal and institutional frameworks limit business confidence in Cambodia, but there are opportunities for U.S. exporters and investors. The Cambodian government currently offers a generous package of incentives to foreign investors and imposes few restrictions on imports from abroad. Cambodia enjoys Normal Trade Relations (NTR) and GSP benefits from the United States and many other trading partners such as European Union (EU). Cambodia is a member of ASEAN.

Cambodia began the process of seeking membership in the World Trade Organization (WTO) in 1994. At the WTO Conference in Cancun in September 2003, Cambodia received an invitation to join the WTO. Cambodia is now a member of WTO. It is working to fulfil its obligations including adoption of required business legislation.

Since 1998, the U.S. has been Cambodia's largest trading partner and one of the largest donors, albeit through indirect assistance. In 2005, exports to the U.S. constituted at least 65 per cent of Cambodia's total exports, which was made possible by the expansion of garment exports to the U.S. Official U.S. assistance to Cambodia amounted to \$36 million in 2002, up from \$17.5 million in 1999. U.S. official assistance to Cambodia in FY 2006 has been pledged at some \$62 million. U.S. assistance, most provided through USAID, has focused in recent years on social sectors (health and education), good governance (civil society, judicial reform, human trafficking, human rights and democracy-building) and economic growth (including natural resource management and private sector development).

Cambodia offers potential investment opportunities in agriculture and agro-industry, infrastructure, light industries, tourism and hotel development, real estate redevelopment and information technology. (Insert text here)

Market Trend

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Cambodia is a least-developed country with a market economy and a stated policy of integrating itself further into the world economy. GDP in 2005 was (about \$5.4 billion, or \$390 per capita, marking Cambodia as one of the poorest countries in the world. In terms of purchasing power parity, this is estimated as equal to the standard of living purchased by \$2200 per year in the United States.

Once one of Southeast Asia's most stable and prosperous countries, Cambodia's social and economic institutions were severely disrupted by the agrarian collectivist policies of the Khmer Rouge regime from 1975-79 and the period of communist central planning that followed under the Vietnamese-backed People's Republic of Kampuchea. The Cambodian government officially adopted market economics in 1989, but it was not until after the 1991 Paris Peace Accords and the opening up of the economy to the rest of the world that the economy began to grow.

From 1993 to 1996 Cambodia's GDP grew at an average rate of 6.1 percent in real terms, climbing from \$3.0 to \$3.9 billion. However, growth slowed substantially in mid-1997 following factional fighting in Phnom Penh in July and the onset of the Asian financial crisis. GDP increased by just one percent in real terms in 1997 and 1998. The economic slowdown, coupled with continued high population growth, led to a decline in Cambodia's per capita GDP from \$316 in 1996 to \$255 in 1998.

Political stability returned to Cambodia in late 1998 with the establishment of a second coalition government and real economic growth resumed at a staggering rate of 11.4 percent in 1999, exceeding government expectations. The real growth rate for 2000 slowed to 7.2 percent. GDP growth further declined to 3.7 percent in 2001 due in part to

the impact of the September 11 terrorist attacks on Cambodia's tourism industry and the worldwide economic slowdown.

Starting in 2002, GDP growth started to pick up pace and has showed great resilience over the last five years in spite of the global economic slowdown and adverse weather conditions affecting agricultural output. The SARS outbreak in Asia, fears of terrorism and anti-Thai riots in Phnom Penh in January 2003 hurt tourism. The year-long protracted political deadlock from July 2003 to July 2004 and the phasing out of the textile and apparel quota at the end of 2004 also affected the economy adversely. Nevertheless, the growth rate increased from 5.3 percent in 2002 to an estimated 10 percent in 2004, jumping to 13.4 percent in 2005, largely due to a bumper agricultural harvest.

Since 1993, the Royal Government of Cambodia has undertaken a program of economic reform, aided by the IMF, World Bank, ADB, UNDP and other bilateral and multilateral donors. Even during the period of political disruption and poor economic performance in 1997-98, the government maintained macroeconomic stability through generally tight monetary and fiscal policies. Although inflation increased from its 1995 low of 3.5 percent, it remained under control, with the exception of 1997 (9.2 percent) and 1998 (13.3 percent).

Generally, since 1999 inflation has been within manageable limits. The MEF reported that there was zero inflation in 1999. In 2000, Cambodia witnessed 0.8 percent deflation, stemming from lower food prices and a stable exchange rate; deflation in 2001 was 0.7 percent. The low levels of inflation since 1999 were largely attributed to maintenance of fiscal discipline and prudent monetary policy. It should be noted that Cambodia has one of the most heavily dollarized economies in the world, so the government has only limited flexibility on monetary policy.

Cambodia's currency has been relatively stable since 1993, with the exception of a sharp depreciation in 1997-98. The annual average exchange rate for 2000 was 3,880 Riels/US\$1; in 2003, the Riel depreciated approximately three percent. Maintaining a stable exchange rate is a priority of Cambodian economic macroeconomic policies. The Cambodian government continues to pursue a managed float exchange rate regime. The National Bank of Cambodia has intervened in the exchange regime by auctioning U.S. dollars to stabilize the domestic currency when it dangerously depreciates against the US dollars.

As noted above, Cambodia's economy is heavily dollarized, with the U.S. dollar accounting for at least 70 percent of the nation's total liquidity (M2), equivalent to some 15 percent of GDP in 2005. As of October 2005, foreign currency deposits represented 95.8 percent of the total deposits in Cambodia's commercial banks, excluding provincial branches of the central bank, and these deposits remain the main engine behind broad money growth. Some attention has been paid to the issue of de-dollarization by both the Cambodian government and the international community. However, the Cambodian government has declared that it does not plan an official policy to de-dollarize the economy. Even if it decided to pursue this goal, it is questionable whether the move would be successful.

The Cambodian government's reform program is highly detailed and closely monitored by the donor community. The subject of good governance has been a major theme of

the reform process since 1999, and the government has produced a document to improve governance in the country called the Governance Action Plan (GAP). The GAP addresses issues such as civil service, judicial, and legal reform, improving the quality of public services, and attacking corruption. It was disseminated in 2001 and the government continues to implement the GAP. To show the government's seriousness in fighting graft, improving good governance is the centerpiece of the latest government development plan "the Rectangular Strategy". Additional areas under donor scrutiny are forest management, military demobilization and revenue collection.

Reform results have been mixed. Improvements in governance are lagging, with implementation of existing procurement regulations and much needed legal and judicial reform still years away. For example, the government has yet to enact the Anti-Corruption Law repeatedly promised to international donors.

Cambodia made significant progress toward reducing the size of its military in the earlier phase. A pilot demobilization program in May 2000 was the first step in a three-year effort to reduce the armed forces by over 30,000 soldiers in order to free funds for increased social sector spending. The demobilization and reintegration of 30,000 soldiers was estimated to cost \$42 million, to be financed largely by international donors including the World Bank, ADB and Japan. By the end of 2001, 16,500 troops had been demobilized. This equates to an 11.5 percent reduction of the Cambodian military. However, for the time being, the demobilization has been suspended for a number of reasons, including malfeasance on the part of the Cambodian government.

The government improved its revenue collection through the successful – though limited - implementation of a value added tax (VAT) starting in early 1999. The new VAT accounted for an average of 27 percent of total domestic revenue over the last four years. In absolute terms, it has been increasing steadily.

Cambodia total domestic revenue has not reached the target 12 percent, which remains low even by developing country standards. As a result, Cambodia remains heavily reliant on foreign assistance particularly for its capital expenditure and other development activities.

In October 1999, Cambodia secured the first installment of an \$81.6 million IMF Poverty Reduction and Growth Facility Loan, with the last installment made in 2003. Under this program, the IMF assessed the government's performance as being broadly satisfactory, but it suggested that revenue administration, expenditure management, and forestry and agriculture reforms be strengthened.

The World Bank approved a Structural Adjustment Credit worth \$30 million in February 2000. Disbursement of the final portion of the Structural Adjustment Credit was made in December 2003. As part of the annual donor-Cambodian Consultative Group process, donors pledged \$601 million in March 2006 to support the Cambodian government's reform program for the coming year.

Together with increasing domestic consumption triggered by limited domestic industrialization, Cambodia's external merchandise trade balance has been deteriorating in recent years. The trade deficit shot up from \$533 million in 2003 to \$1031 million in 2005. Cambodia's major imports include petroleum products, cement and other

construction materials, vehicles, tobacco, and broad ranges of consumer products including agricultural products.

Garments dominate Cambodia's exports, accounting for over \$1.5 billion in 2003 and \$1.9 billion in 2004, or 80 percent of total exports. Some 72 percent of Cambodian garment exports go to the U.S. The garment industry has been Cambodia's greatest success, growing from seven factories exporting \$4 million in textiles in 1994 to over 200 factories in 2005. The industry now employs nearly 300,000 workers, nearly 90 percent of whom are young women, and the sector generates and injects wages of \$18 million per month into the economy, particularly in rural areas.

Other principal Cambodian exports include timber and wood products, latex and rubber, rice and fishery products. There is no official data regarding the unrecorded exports of these products, but the figures could be significant. Cambodia also exports an unrecorded amount of rice and other agricultural produces to neighbouring Vietnam and Thailand.

Cambodia and the U.S. have full and expanding trade relations. The U.S. lifted the embargo on trade with Cambodia on January 2, 1992. After legislative action by Congress in September 1996, Normal Trade Relations (NTR) were established between the U.S. and Cambodia in October 1996 upon the signing of a comprehensive Agreement on Trade Relations and Intellectual Property Rights Protection.

President Clinton subsequently designated Cambodia as a Least Developed Beneficiary Developing Country under the U.S. Generalized System of Preferences (GSP) program on May 30, 1997. Cambodia and the U.S. signed a three-year bilateral textile agreement (BTA) on January 21, 1999. This provided export quotas for 12 categories of textile and apparel products. The BTA included provisions for quota increases based on Cambodian labor conditions meeting international standards; the passage of new labor laws and improvements in working conditions resulted in a quota increase that enhanced the growth of Cambodian apparel exports to the U.S. The agreement was extended in 2001 for a further three years and concluded at the end of 2004 when the worldwide quota system was removed.

Through the BTA, Cambodia has successfully linked the growth of its garment sector with internationally recognized labor standards. As a result, Cambodia enjoys a favourable reputation among socially conscious corporate buyers and consumers. The BTA was the driving force behind the unqualified success of the garment sector in Cambodia. The conclusion of the Multi-fiber Arrangements in 2004 initially caused concern over the possible demise of the sector and its effect on the economy. Due in part to the safeguards imposed by the US on China's exports of garments, Cambodia's garment sector witnessed a robust performance, with exports reaching a record high of \$2.1 billion in 2005.

U.S. exports to Cambodia are likely to remain modest for the near term. The U.S. exported approximately \$20 million worth of goods to Cambodia in 1999, and by 2003, U.S. exports had increased to a still modest but record high of \$58 million and in 2005 to some \$70 million. U.S. exports to Cambodia include new and used vehicles, civilian aircraft, cotton, pharmaceutical products, printed materials, spare parts, cigarettes and edible products.

A key objective of the Cambodian government's reform program is to improve Cambodia's attractiveness as a destination for foreign direct investment (FDI) in order to enhance economic growth. Although Cambodia's current law on Investment establishes an open and liberal foreign investment regime, FDI dropped substantially with the political instability of 1997, and has never fully recovered. FDI was recorded at \$142 million in 2000 and gradually dropped to \$121 million in 2004. In 2005, for the first time in five years, FDI increased to \$216 million.

The Council for the Development of Cambodia (CDC), the government's investment agency, approves requests from firms wishing to take advantage of investment incentives. CDC reports that new investment commitments of this type dropped to only \$448 million in 1999 and plummeted to \$235 million in 2002, compared to an average of over \$800 million per year between 1995 and 1998. By 2003, FDI had dropped to under \$100 million with most investment now going exclusively into the garment sector. Official explanations for the decline in project applications range from poor infrastructure and inappropriate allocation of garment quotas to the lingering regional financial crisis. Corruption, particularly within the judiciary, is the real likely culprit.

The removal of funds tied to inactive projects from investment statistics shows that the level of funds actually entering Cambodia, as opposed to that merely promised, is significantly less than the official FDI figures imply. According to the CDC, fixed asset investments promised from 1994 through 2005 totalled \$7.7 billion; those associated with active companies is estimated to be at some \$2.5 billion. In essence, only a fraction of the value of FDI approved by the Cambodian government was ever actually invested in Cambodia

Investment patterns show that the hotel and entertainment industry accounted for 31 percent of investment from 1994 to 2005. The garment sector accounted for just over 9.0 percent. Agricultural investment projects accounted for only 5.1 percent of all accepted proposals.

American investment in Cambodia to date has been modest. The largest investor is ChevronTexaco (now Chevron), which has constructed a chain of Caltex service stations, a terminal in Sihanoukville and is proceeding with exploration of oil and gas reserves. The US-based Colony Capital, LLC invested in purchase of Raffles Le Royal Hotel. Northbridge Associates has established an international school and residential property on the outskirts of Phnom Penh. There are currently some 100 U.S. companies or firms representing U.S. products and services operating in Cambodia.

Cambodia has vigorously pursued economic integration regionally and internationally. It is a member of ASEAN and the ASEAN Free Trade Area (AFTA). It has not yet completed its program to reduce tariffs as required by AFTA. Cambodia has, however, firmly committed to reducing import tariffs to the range of 0-5% by 2015 and other tariff lines of sensitive agricultural products by 2017 within the framework of the Common Effective Preferential Tariff Agreement (CEPT).

Cambodia began the process of accession to the World Trade Organization (WTO) in 1994. It received an invitation to join the WTO at the September 2003 Cancun Ministerial, which made Cambodia the first least developed country to receive an

invitation to join the WTO since its creation in 1995. In 2004, the National Assembly ratified the invitation and it is now a member of the WTO. Cambodia has committed to bring its legal regime into compliance with the principles of the WTO. Cambodia is now behind its commitment schedule to pass necessary legislations to be a member, in part due to the post-election political deadlock and other political wrangling. Most laws, however, are either in draft form or awaiting approval.

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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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Many Cambodian firms wish to become agents or distributors of U.S. companies, since U.S. goods and services are well received here.

The Law on Commercial Enterprise, promulgated in 2005, provides a comprehensive legal framework for the establishment and operation of business organization forms. The types of businesses include limited liability company, branch office, representative office, partnership and sole proprietorship. All forms of investments in Cambodia must be registered with the Ministry of Commerce as one of the permitted forms.

Limited liability company refers to a company in which liability of shareholders is limited to capital contribution. It is the most common business form. The establishment requires a minimum capital at \$1000. It can be 100% Cambodian-owned, 100% foreign-owned or any combination.

Another legal form of business that can be established by eligible investors is a representative office, which is primarily designed to facilitate sourcing local goods and services and collecting local information for the home company. A representative office can also serve as a channel for promoting and marketing products. Such an office can be well suited for American firms wishing to gain entry to the Cambodian market.

Using agents and distributors is one of the most efficient and effective ways to sell US product in Cambodia. The local agents and distributors could help facilitate and expedite the market entry with their market knowledge and established network. Local agents are accustomed to local business practices and requirements. They are the people who know how to deal with bureaucratic inertia.

US companies should, however, conduct sufficient due diligence on potential local agents or distributors to ensure they have necessary conditions and qualifications for

business deals. Commercial agreements must well document the rights and obligations of each party and stipulate dispute resolution for example.

One way to locate or seek help to identify Cambodian agents, partners or distributors is to contact the Phnom Penh Chamber of Commerce (<http://www.ppcc.org.kh/>), American Cambodian Business Council or International Business Club. Another channel to find local partners are through local business associations such rice miller association.

Establishing an Office

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The Council for the Development of Cambodia (CDC) approves applications for investment incentives pursuant to the amended Investment Law adopted on February 4, 2003. The Cambodian Investment Board (CIB), a division of the CDC, is responsible for accepting and reviewing applications for investment incentives.

Investors seeking incentives (see Chapter 7 of this guide for details) should file an application together with an investment proposal with the CIB. Included should be an application fee of approximately \$1,750 representing the processing fees. Under the amended law, investors are no longer required to pay a deposit to guarantee their investment.

From the date of submission of the application, the CIB has three working days to issue a Conditional Registration Certificate or a Letter of Non-Compliance to investors. If the CIB fails to issue the Conditional Registration Certificate or Letter of Non-Compliance within three working days, then the Conditional Registration will be taken to have been approved.

A Final Registration Certificate must be issued within 28 working days of the issuance of the Conditional Registration Certificate. A Final Registration Certificate will be revoked if the investor does not carry out an investment activity within six months of the receipt of all the required documents or the investor obtained a Final Registration Certificate through fraud or misrepresentation.

Upon receipt of an agreement in principle from the CIB, the investor prepares registration forms for filing with the Ministry of Commerce. The Ministry of Commerce issues the formal business license (legal entity).

Investors not seeking incentives or not establishing companies in promoted sectors fall outside of the jurisdiction of the CDC, and must register companies solely with the Ministry of Commerce. The promoted sectors included agriculture and agro-processing industries, manufacturing, exported-oriented industries, infrastructure development, hotels (international standard) and environmental protection activities.

U.S.-trained attorneys who wish to establish offices in Cambodia are required by terms of the bar statute, passed in June 1995, to affiliate with an attorney licensed in Cambodia. The number of attorneys licensed in Cambodia is very small.

Franchising

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Cambodia has currently no special laws regulating franchises. The Commercial Enterprise Law has a provision to cover the franchises. Cambodians businesses are eager to become a franchisee of U.S. brand-name companies.

Direct Marketing

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Cambodia is flooded with foreign-made products, particularly those from neighbouring countries. The main attractions of the foreign products are their perceived superior quality, reliability and status. The perceived quality also depends on the country of origin. Products from developed countries such as US and Japan are perceived as having high quality. Products from the U.S. are highly thought of and popular in Cambodia; they are often seen as a positive sign of status and quality. As a result, a wide variety of U.S products, often purchased through U.S. wholesale outlets and shipped for resale in Cambodia, are available in Cambodian markets.

There is little direct marketing of U.S. products in Cambodia. Direct marketing techniques such as telemarketing and door-to-door sales are new concepts to Cambodian consumers. E-commerce is relatively undeveloped, although two local banks have begun to issue credit cards in order to facilitate purchases made via the Internet. Some of the impediments to the development of e-commerce include inadequate internet infrastructure (low level of internet users) and extremely limited credit card users.

With a population of an estimated 14 million, the Cambodian market is small and the annual per capita GDP of under \$390 is low. Income is substantially higher in urban areas, but the potential market for imports remains small. Informal estimates of annual per capita GDP in terms of purchasing power in the United States tend to be equivalent to approximately \$2,200.

Despite Cambodia's low population base, a key investment attraction is Cambodia's strategic regional location within the Mekong region. There is significant cross border trade between Cambodia and its neighbours, Thailand, Vietnam and Laos. Cambodia is a member of ASEAN, which has some 500 million consumers and is a member of the ASEAN Free Trade Area, although it has not yet completed all of the implementing provisions.

Cambodia receives assistance from the international community in the rebuilding of its economy. Significant opportunities exist to participate in or to win publicly funded or donor-funded projects, particularly in projects to rebuild Cambodia's infrastructure.

Joint Ventures/Licensing

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Joint ventures are common, but no special laws apply. Joint ventures with the government exist; the government contributes a majority share, generally in real estate, while the foreign joint venture partner, with a minority share, brings cash or equipment to the deal. The government percentage fluctuates widely.

Distribution and Sales Channels

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There are three widely used distribution channels. Wholesalers import goods and then sell the goods to retailers. In some cases, the wholesalers provide delivery service, credit, and warranties to small shops or stands in the local markets. Some sellers reach consumers through their own retail shops or via vans traveling throughout the country. Finally, sellers who have no retail shops sell directly to customers by advertising in newspapers, and on radio and television.

Legitimate importers may obtain exclusive rights to import products of particular brand names from the Ministry of Commerce. Cambodia places virtually no restriction on foreign participation in import/export and distribution sector.

In addition to the traditional markets, Cambodia's retail landscape is undergoing rapid transformation. Cambodia witnessed a growth of western-style mini-marts, convenient stores and supermarkets, though their customers are mostly urban middle and elites and expatriates. Some of the western-style markets in Phnom Penh are Lucky Market, Super Pencil, Thai Huot Market and Bayon Market.

Selling Factors/Techniques

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The adult literacy rate in Cambodia was 74 percent in 2004. Approximately 85 percent of the population lives in rural areas. Print media is unlikely to be the most effective method to reach potential consumers. Broadcast advertising is likely more effective as it is widely disseminated. Foreign companies make use of trade fairs as well as print and broadcast advertising. Foreign companies from Thailand and Vietnam have organized a number of trade fairs, which have gained increasing popularity.

Awareness of brands is still limited and low in Cambodia although brand loyalty has increasingly become a trend for durable products and health-related products among the elite class. In general, as most of Cambodians are poor, prices still are the most important criteria for consumers.

Trade Promotion and Advertising

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Advertising and trade promotion are important marketing tools in Cambodia. Local vendors use a variety of advertising methods. Special promotional campaigns might be conducted at local markets, shops, restaurants, Internet cafés and movie theaters to reach the public. Giving gifts, discount coupons or lucky draws for items including money, gold, motorcycles, cars or electrical appliances, as part of commercial promotion is a worthwhile sales technique. Cambodian companies themselves often use these methods successfully to introduce a new product to the public.

Although newspaper advertising is often used, radio and television are more effective means of reaching the Cambodian public. Khmer language newspapers are often linked to political parties, and press runs for the smaller publications are very limited. As mentioned above, the ability of the print media to reach the substantial portion of the population living outside urban areas can be quite limited.

Published in the capital, the major dailies are distributed to the larger provincial cities. Ratings and market share of various broadcast outlets and programs are not routinely determined, since no local equivalent of Nielsen or Arbitron exists. Instead, stations commission occasional small surveys to determine audience size and programming preferences, and university students sometimes do similar studies as academic projects.

According to a recent survey on radio programming conducted by the International Republican Institute (IRI), local FM 105 is the most listened radio station in Cambodia, followed by FM 95, FM 90.5 and FM 90.

Billboards are present on many streets in Phnom Penh and are used in provincial capitals as well. Leaflets and mobile loudspeakers are also popular advertising and campaigning techniques, especially among political parties.

Following is a brief listing of major newspapers, business journals and radio and television stations:

Newspapers:

A) Phnom Penh Post (English language)

Address: 10A, Street 264, Phnom Penh

Mobile: (855) 15-912-480

Fax: (855) 23-426-568

Email: michael.pppost@bigpond.com.kh

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

B) Cambodia Daily (English language)

Address #129, Street 228, Phnom Penh

Phone: (855) 23-426-602/490

Fax: (855) 23-426-573

Email: editor@cambodiadaily.com

C) Cambodge Soir (French language)

Address: 26, Street 302, Phnom Penh (P.O. Box 627)

Mobile: (855) 15-833-415 or 12-815-990

Phone: (855) 23-362-654

Fax: (855) 23-362-654

Email: cambodgesoirpnh@online.com.kh

E) Reasmey Kampuchea (Khmer language)

Address: 476, Preah Monivong Blvd., Phnom Penh

Phone: (855) 23-362-881 or 23-362-472 or 12 992 222

Fax: (855) 23-362-472

Email: rasmei_kampuchea@yahoo.com

F) Koh Santepheap Daily (Khmer language)

Address: 165E0, Street 169, Phnom Penh

Phone: (855) 23-983-025 or 11-820-800

Email: kohsantepheap@camnet.com.kh

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

Radio Stations:

A) National Radio of Cambodia

Address: #106, Street Preah Kosamak , Phnom Penh

Mobile: (855) 18-810-184 or 16-819-517

Phone: (855) 23-723-369 or 23-368-140

Fax: (855) 23-427-319

B) Radio Station FM 97 Mhz

Address: 69, Street 360, Phnom Penh

Mobile: (855) 17-810-063 or 18-811-979

Fax: (855) 23-427-459

C) Radio Station FM 98 Mhz

Address: 165, Borey Keyla, Phnom Penh

Phone: (855) 23-366-061 or 062

Fax: (855) 23-366-063 or 064

D) Radio Station FM 99 Mhz

Address: 41, Street 360, Phnom Penh, Cambodia

Mobile: (855) 12-813-699

Tel/fax: (855) 23-212-376

E) Phnom Penh Municipality Radio Station FM 103 Mhz

Address: 2, Russian Federation Blvd., Phnom Penh

Mobile: (855) 12-808-849 (Chan Sarak)

Tel/fax: (855) 23-360-800

F) Radio Station FM 105 (Beehive Radio)

Address: 44G, Street 360, Phnom Penh

Mobile: (855) 15-916-502

Tel/fax: (855) 23-210-439

Email: sbk@online.com.kh

Website: <http://www.sbk.com.kh/index.htm>

G) Radio Station FM 90.5 (Taprom Radio)

Address: # 27B1, Street 472, Phnom Penh

Tel/fax: (855) 12 931 985

H) Love FM English 97.5

Address: # 2, Russian Blvd, PP 12251

Tel: (855) 16 975 975

Fax: (855) 23 360 800

Email: lovefm@everyday.com.kh

Website: <http://www.lovefm.ws/>

Television Stations:

A) National TV (TVK) of Cambodia

Address: Information Ministry Compound, 62 Monivong Blvd., Phnom Penh

Mobile: (855) 12-935-905 (Him Sourng)

Phone: (855) 23-724-149
Fax: (855) 23-426-407
Email: tvk@camnet.com.kh
Website: <http://www.tvk.gov.kh>

B) IBC TV Cambodia (Royal Military TV Station)
Address: 165, Borey Keyla, Phnom Penh
Phone: (855) 23-303-925
Fax: (855) 23-884-245
Email: micatv5@online.com.kh
Website: <http://www.ch5cambodia.com/>

C) TV9 (Khmer Television 9)
Address: 18, Street 562, Phnom Penh
Mobile: (855) 12-858-142
Fax: (855) 23-368-212
Email: tv9cambodia@hotmail.com
Website: <http://www.tv9.com.kh>

D) Apsara Television 11
Address: 69, Street 57, Corner Street 360, Phnom Penh
Mobile: (855) 12-949-414
Tel: (855) 23-303-001/303-002
Fax: (855) 23-214-302
Email: apsaratv@camnet.com.kh
Website: <http://www.apsaratv.com.kh>

E) Phnom Penh Municipality TV-3 Station
Address: 2, Russian Federation Blvd., Phnom Penh
Mobile: (855) 12-808-849 (Chan Sarak)
Tel/fax: (855) 23-360-800
Email: tv3@camnet.com.kh
Website: www.tv3.com.kh

F) Bayon TV 27
Address: Ta Khau, Kandal
Mobile: (855) 15-850-714
Tel: (855) 23- 983-435
Fax: (855) 23-363-795
Email: bayontv@camnet.com.kh
Website: <http://www.bayontv.com.kh/>

G) CTN (Cambodian TV Network)
Address: National Road # 5, Khum Prek Ho, Srok Takmao
Tel: (855) 12 800 966
Fax: (855) 12 999 421
Email: glenfelgate@camgsm.com.kh
Website: <http://www.ctncambodia.com/>

Sales Service/Customer Support

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After-sales service and customer support are new concepts in Cambodia and will be important to both current and future sales of products in Cambodia. The limited in-country supply of spare parts for some brands of automobiles has contributed to the failure of those makes to increase market share against brands whose parts are more readily available. The arrival of company certified maintenance facilities for specific product lines, particularly for electronic equipment, indicates that the local market is beginning to evolve away from a “fix-it shop” approach to a more formal system of repair.

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

Protecting Your Intellectual Property

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Cambodia has passed a trademark law and patent and copyright legislation. The Ministry of Commerce registers trademarks. The Ministry requires appropriate documentation for registration of a trademark. The Ministry of Industry, Mines, and Energy registers patents and trademarks for locally manufactured goods (thus duplicating the Ministry of Commerce in this regard). The Ministry of Culture and Fine Arts controls copyrights for printed material, music, motion pictures, and videos; the Ministry’s approval is required for production and sale of movies and videos. Enforcement of existing legislation is still weak, although some action has been taken against attempts to import counterfeit goods or locally produced goods.

Some effort to combat the availability of illegal optical media has been made, but it has been largely limited to locally produced products. The Cambodian legal system is not pro-active, generally waiting for victims to ask for assistance. In essence, foreign producers will have to ask for and largely fund themselves a sustained effort by Cambodian authorities for stop the distribution and sale of bootleg materials. In 2005, at the request of the Philip Morris Company, the police raided a factory producing counterfeit Marlboro and L&M cigarettes. Local producers often complain about the difficulty in obtaining cooperation from the authorities without paying money. Corruption and a weak judicial system have made enforcing IPR regulations inconsistent at best.

Local Professional Services

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Some of the local law firms or US law firms affiliated with Cambodian attorneys as required by the bar statute can be contacted through the following entities (listed alphabetically):

A) BNG – Advocates & Solicitors
Address: #84, Street 217 (Monireth)
Tel: (855) 23-217-510
Fax: (855) 23-212-840

Email: hnh@bngkh.net
Website: www.bngkh.net

B) Dirksen Flipse Doran & Le (DFDL)
Contact Person: Mr. Martin DeSautels
Address: #45, Preah Suramarith Blvd., Phnom Penh
Mobile: (855) 12-815-274
Tel: (855) 23-360-545 or 23-428-726
Fax: (855) 23-428-227
Email: info@dfdl.com.kh
Website: www.dfdl.com.kh

C) KPMG Cambodia Limited
Contact person: David King, Director
2, Street 208, Sangkat Boeung Prohit
Tel: (855) 23 216 899
Fax: (855) 23 216 405
Email: davidking@kpmg.com.kh
Website: www.kpmg.com

E) PriceWaterhouseCoopers Ernst & Young
#124, Norodom Blvd.
Tel: (855-23) 218-086
Fax: (855-23) 428-076
Contact: Mr. Senaka Fernando and Mrs. Sally Relph
Email: senaka.fernando@kh.pwc.com or jean.loi@kh.pwc.com
Website: www.pwcglobal.com

F) Sarin & Associates
Contact Person: Mr. Denora Sarin
Address: #3, Street 334, Phnom Penh, Cambodia
Mobile: (855) 12 828 007/ 12 804 501
Fax & Phone: (855) 23-882-943
Email: sarin-associates@camnet.com.kh

G) Sciaroni and Associates (Legal Advisors)
56, Samdech Sothearos Blvd, Phnom Penh
Tel: (855-23) 362-670 / 210 225
Fax: (855-23) 362-671
Contact: Mr. Bretton Sciaroni
Email: info@sa-cambodia.com
Website: www.sa-cambodia.com

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

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Architecture, Construction, and Engineering Services

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After over 25 years of war, Cambodia is beginning to reconstruct its devastated infrastructure, principally with assistance from international donors. Given the extent of the collapse of infrastructure elements such as the road network, construction and engineering services will be in great demand for the foreseeable future. Public works and transportation are a high priority for the Cambodian government and donors alike.

The Japanese government, World Bank, and Asian Development Bank are especially active in road 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 is no money in the national budget to perform these activities, Cambodia has offered BOT concessions for the provincial airports as well.

The government has shown a willingness to grant rights of operation and maintenance of already paved roads to private sector companies due to a shortage of public funding. A local company, AZ Distribution, has been awarded a contract by the government to maintain and operate the U.S.-built National Route 4.

Cambodia has witnessed a major boom in construction over the last few years. Indications are that the residential and commercial construction industry will continue to experience rapid growth. Imported equipment and materials amount to roughly \$90 million in 2005. This figure may be understated as a result of significant smuggling of construction materials. The main sources of construction materials are Thailand, Vietnam and China, but high quality American materials and fixtures, such as ceramic sanitary ware, enjoy a market with Cambodia's urban elite and foreign residents.

Household Goods and Appliances

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Although increasing in number, the small Cambodian urban elite is willing to pay for quality. Numerous American food and consumer products, from condiments to cleansers, are available in Phnom Penh's expanding number of supermarkets. U.S. appliances such as refrigerators and washing machines are sold as well. They sell well against the poor quality goods widely available in Cambodia, but they still have not achieved a large market share. As the economy grows and families in urban areas enjoy more disposable income, there is also potential 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 Cambodian markets. 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.

Used Cars and Automotive Parts

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Automobile ownership is rapidly increasing in Cambodia, almost entirely in urban areas. Of the estimated 190,000 passenger cars now on the road, the vast majority are imported second-hand vehicles. The most popular models are 4-wheel drive vehicles and mid-sized Japanese sedans; the latter are usually U.S.-made models. As Cambodians drive on the right, right-hand drive vehicles from Thailand and Japan are less popular, although the government has lifted a ban on already-imported vehicles. Cambodia will make an effort to curb the flow or further commercial importation of right-hand drive cars to Cambodia.

In 2004, the value of cars imported was estimated at \$40 million. The US export accounted for some 70% of total. However, the actual size of the automobile market is difficult to estimate due the routine occurrence of smuggling and theft from Thailand. In 2005, U.S. exports of used and new passenger cars totalled \$31 million, an increase of 35% from 2004. The number of companies selling used cars in Phnom Penh appears to increase. There are few local companies selling brand-new cars. Ford has a local dealership, and the market also supports a Peugeot dealer as well as representatives of all major Japanese companies such as Toyota, Nissan and Mitsubishi.

Automobile parts and accessories from the U.S. are available in Cambodian markets, particularly for Toyota vehicles. Limited availability of parts for other companies' models has created a market in which customers often choose Toyotas because parts are

available and affordable. This further reduces the incentive for companies to stock non-Toyota components. 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.

Power Generation Equipment

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Cambodia's public utilities are unreliable, expensive and cover only the major cities. Power in provincial cities is priced even higher than the \$0.21 per kilowatt-hour in Phnom Penh. In rural areas, the only source of electricity is often an automobile battery charged by an entrepreneur with a small portable generator. There is tremendous demand in Cambodia for diesel generators for use as back up power, on-site industrial power plants, and power generation in rural areas not served by public utilities. One Cambodian government source estimates that there are 25,000 privately owned generators in Phnom Penh alone. Power generation capacity in Phnom Penh was 93 MW in 2000, and only reached 110 MW in 2003. A new power plant completed in 2005 brings a total power capacity of around 150 MW to the Phnom Penh area, but will still not be able to meet rapidly growing demand.

The Ministry of Industry, Mines and Energy has also prepared a detailed energy development plan involving the proposed construction of several thermal power plants. As with other types of infrastructure development, the government does not have funding for such facilities, but U.S. suppliers should check World Bank and ADB web sites 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; however, one such facility currently under development experienced difficulty in gaining government sanction.

In short, there are many competing actors in the power generation field in Cambodia with the WB and ADB pursuing their own agenda to increase the power supply. There may not be as much room for private investors in this sector, as the Cambodian government and the international financial institutions will likely dominate the sector for some years to come. Major discoveries of natural gas in Cambodian waters in the Gulf of Thailand, might quickly change this equation. The Cambodian government would likely need private investors to help commercialise and monetize any such major find. Chevron Oil is in the process of completing exploratory drilling in its Block A in the Gulf of Thailand. If it proves commercially viable, as is widely expected, it plans to begin commercial exploitation in 2009 or 2010.

The Ministry's master plan for projected investment in the power sector calls for \$150 million for 1999-2003, and up to another \$1 billion between 2004 and 2016. There is likely to be a huge opportunity for US businesses in the investment in supplying equipment and construction of power plants once the transmission lines are put in place.

Fast Food and Beverage Franchises

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Fast food and beverage franchises are conspicuously absent from Cambodia. Despite Cambodia's poverty, there may be a sufficiently large urban middle class in Phnom Penh, at least, to support such businesses. The few local enterprises emulating U.S.-style fast food restaurants are popular and busy. In 2005, the Thai-based brand Pizza Company, based on the U.S. Pizza Hut, opened its first franchise in Phnom Penh and is in the process of expanding operations.

The U.S. Embassy has received numerous inquiries from local businesses about joint-venture possibilities with well-known U.S. franchises. Both 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 which 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.

Drugs, Medical Supplies and Medical Equipment

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The Ministry of Health is the single largest purchaser of drugs, medical supplies and medical equipment, but the proportion of health care provided by the private sector is increasing. Only companies licensed by the Ministry of Health may import drugs, medical supplies or medical equipment.

Since US-made drugs are well perceived here, there is great potential for increasing the market share. Local major pharmaceutical importers are eager to import US-made products. U.S. products only account for about \$2 million of Cambodia's \$60 million pharmaceutical market. Oral and injectable drugs account for at least 70 percent of pharmaceutical sales. In addition to the formal market, there is a large parallel market of smuggled (and often counterfeit) pharmaceuticals. The Ministry of Health has conducted consumer awareness campaigns on counterfeit drugs from time to time.

Banking

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In the future, there may be limited opportunities for U.S. commercial banks to operate in Cambodia, particularly in partnership with local banks. There is no U.S. presence in the industry now. Banking activity in Cambodia is currently slowly improving (bank lending

to the private sector is less than 11 percent of GDP) and public confidence in local banks is low, albeit improving over recent years. High reserve requirements limit the availability of funds for disbursement as loans. However, efforts to reform the banking sector may present opportunities. With assistance from the IMF, Cambodia drafted and passed a new "Law on Banking and Financial Institutions" in late 1999.

The National Bank of Cambodia has liquidated banks unable to meet the new law's requirements and re-licensed those banks that are in compliance. As a result, the number of commercial banks in Cambodia was reduced from 31 to 15. Some relatively strong domestic banks are likely to seek foreign partners who can bring capital and expertise to their operations.

Most Cambodian banks engage principally in trade finance, but there will hopefully be an expansion of domestic lending as confidence in the banking sector and economy further increases. There is a market for money transfer services in Cambodia to meet the needs of foreign investors, expatriates and Cambodian families receiving remittances from abroad; the large Cambodian community in the United States may provide a source of the latter form of business. Remittances from Cambodian overseas are estimated at some \$150 million in 2005.

Agricultural Sectors

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With a low population density and abundant arable land, conventional wisdom is that Cambodia's comparative advantage is in the agricultural sector. As of 2005, some 70 percent of Cambodia's population was engaged in agriculture. As a matter of policy, the Cambodian government encourages investment in agriculture, diversification of agricultural products, market information and investment in improved irrigation and water control. However, the government lacks funds to promote such activities on a large scale. Most of the demand for water pumps, well-drilling machines, tractors, tilling equipment, rice milling, drying, and packaging equipment, fertilizers, insecticides, and seed currently comes from NGOs and private agro-business investors.

There is significant potential to expand the production of high yield varieties of rice and other crops, and several investment projects in oil palm, tapioca, rubber, cotton and cashew plantations are underway. The increasing number of plantations has created opportunities for the establishment of processing plants to add value to basic products for export and domestic consumption. The current high cost of operation may, however, mean a limited opportunity for establishment of processing plants.

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Import Tariffs

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Import licenses have been abolished, with the exception of those required for firearms and pharmaceuticals. Permission to import is required from relevant government agencies depending on the nature of the commodity. For example, firearm licenses may be obtained from the Ministry of Interior and pharmaceutical licenses from the Ministry of Health.

- Ministry of Interior
Address: #275, Preah Norodom Blvd., Phnom Penh, Cambodia
Tel: (855) 23-214-682
Fax: (855) 23-214-683
Website: <http://www.interior.gov.kh>
- National Laboratory for Drug Quality Control, Ministry of Health
Address: #36, Jok Dimitrov, Phnom Penh
Contact Person: Mrs. Nam Nivanna, director
Tel/Fax: (855) 23-880-732 or Tel: 23-882-945

Among other special requirements are: food and pharmaceuticals shall have a 50 percent minimum remaining shelf life at the time of inspection. In addition, pharmaceuticals shall have a minimum 18 months remaining shelf life.

Trade Barriers

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As a member of the WTO, Cambodia has been working to bring its all trade-related laws and regulations in compliance with the WTO principles. The Cambodian government has so far eliminated most non-tariff barriers to trade. Import licenses are required for firearms and pharmaceuticals. Export licenses are required for antiquities, rubber, and timber.

As of January 2000, Cambodia amended its regulations to allow foreign investors to own import and export businesses.

Import Requirements and Documentation

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Cambodian customs requires importers and exporters to lodge declarations accompanied by documents such as a bill of lading/airway bill, packing list, or invoice and insurance, inspector report of finding, if applicable, and other documents if required. Lodgement fees for imports and exports are \$40.

For more information on the import and export clearance procedures, exporters or importers are encouraged to contact Cambodian Department of Customs and Excise at the following contact address:

Department of Customs and Excise
Contact person: Dr. Kun Nhem, Deputy Director
#6-8, Norodom Blvd, Phnom Penh
Tel & Fax: (855) 23 214 065
Email: customs@camnet.com.kh or info@customs.gov.kh
Website: <http://www.customs.gov.kh>

As part of WTO accession, Cambodia has drafted a revised Customs Law to bring the country into conformity with the terms of GATT/WTO Codes on Customs Valuation. The Law is in draft form and awaiting approval.

U.S. Export Controls

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No license or permission is required to export goods out of Cambodia with the exception of logs, sawn timber, precious metals and stones, cultural properties and antiquities that all require special export licenses or authorization from the relevant government offices.

Temporary Entry

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Cambodia has established temporary entry procedures for a certain number of goods. In general, these commodities can be temporarily imported and re-exported within certain periods as specified by Customs. Commodities can be granted exemption from payment of import duty and/or taxes, but importers should contact Customs to ensure re-export within the fixed period.

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 pesticides. Government regulations also prohibit the importation of used computers and spare parts, household waste (discarded from dwellings, public buildings, factory, market, hotel, business building, restaurant, transport facilities, recreation sites etc.) and hazardous waste (for example PCB waste from discarded air conditioners).

In an effort to curb the spread of bird flu, Cambodia has also issued a regulation banning the import of poultry products.

Customs Duties

Importers have to pay three types of duties and taxes, customs import duties with an ad-valorem rate, special tax for certain goods and VAT, before the imported goods are released. All imported goods are subject to a 10% flat rate of VAT.

Under the ASEAN Free Trade Area (AFTA), Cambodia is obligated to reduce tariffs each year and by 2010 the country's duty rates will need to be between 0% to 5% depending on the goods being imported. In the meantime, customs duties have been reduced from twelve to a four-band system, with rates ranging from 0 to 35 percent, as follows:

- 0% duty rate is for goods that government policy provides as exempt from duty.
- Raw materials and primary products carry a tariff of 7 percent.
- Capital goods, machinery and equipment carry tariffs of 15 percent.
- Finished products, alcohol, petroleum products, vehicles and precious metals and stones carry a tariff of 35 percent.

The following items are exempt from import duties: Agricultural equipment and inputs, school materials and equipment, pharmaceutical products and sporting goods, but importers of these products must still pay value-added tax (VAT) of 10 percent.

Duties are generally not levied on exports except for the following restricted export products: natural rubber, unprocessed or uncut precious stones, processed wood and fish and crustaceans, molluscs and other aquatic products. Taxes to be paid for by the exporter are as follows:

- Duty rates of 2%, 5% and 10% for natural rubber (Cambodia temporarily uses cascade rates for this product).
- Duty rates of 5% and 10% for processed wood (depending on level and type of processing).
- Duty rate of 10% for fish and other aquatic products and uncut stones.

For complete listings of tax rates of all items, please consult the Customs Tariff of Cambodia 2004, which is available for sale at the Department of Customs and Excise. The tariff schedule for 2004 is based on WCO-HS version 2002 and is fully consistent with ASEAN Harmonized Tariff Nomenclature (AHTN).

Customs Valuation: As a member of the WTO, Cambodia will phase out the current valuation system and fully implement the WTO customs valuation by January 2009.

Because of lack of resources, Cambodia currently operates a Pre-shipment Inspection (PSI). Any exported goods shipped in a container and which cost over \$4,500 must undergo pre-shipment inspection.

Starting May 2, 2006, Cambodia replaced the Societe Generale de Surveillance (SGS) with a new inspector, BIVAC International of Bureau Veritas Group. The new agreement was signed between the government and the company in February 2006. Under the PSI program, importers will have to pay fees for PSI service. Importers and exporters are advised to contact Department of Customs or BIVAC International concerning fees payment for the service and goods exempted from PSI and/or refer to the Regulation on the Implementation of PSI Services at <http://www.customs.gov.kh/regulation.pdf>.

The following is a list of goods generally exempted from pre-shipment Inspection (PSI).

- Imports with a FOB value below \$4,500
- Precious stones and metals
- Objects of arts
- Explosives and pyrotechnic products
- Ammunition, weapons implements of war
- Live animals
- Postal shipment and commercial samples
- Household and personal effects
- Grants in kind
- Goods shipped for government use under government order
- Gifts and supplies to diplomatic and consular missions

Standards

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Overview

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The country currently has no body of law governing standards for imported and exported goods. The Sub-decree on Industrial Standards, passed in 2001, provided the basis for rules and procedures for adopting a new standard, technical regulations and conformity assessment procedures. The Law on Industrial Standards is in draft form pending approval.

Cambodia is currently working on the establishment of standards and other technical measures based on international standards, guidelines and recommendations. With external assistance, Cambodia is working on a new product certification scheme conforming to the requirement of ISO/IEC Guide 65.

The responsibility for establishing industrial standards and certifications resides with the Department of Industrial Standards of Cambodia (ISC) (www.isc.gov.kh) of the Ministry of Industry, Mine, and Energy. The Ministry of Health is charged with prescribing standards, quality control, distribution and labeling requirement for medicines.

Camcontrol (the Cambodia Import Export Inspection and Fraud Repression Department)(www.camcontrol.gov.kh), a unit of the Ministry of Commerce, is charged with the enforcement of quality and safety of products and services through the establishment of standards and labeling requirements.

Camcontrol does not currently have a mechanism for industry participation in this process. Cambodia passed a law on product quality in May 2000. The Ministry of Commerce requires foodstuffs to have a label including the following information: name of the goods, producer name and address, source, quantity, batch number and production date, expiration date, ingredients, directions for use (if necessary) and the license provided by any authorizing institution (if required for local products).

Cambodia has created a National Codex Committee to set industrial standards. It is now in the process of preparing national standards for a number of important commodity items including rice, corn and soya beans. The Committee is under the Ministry of Commerce.

Camcontrol has in the past confiscated shipments of items deemed not in compliance with the above standards. Camcontrol does run some programs to educate both vendors and consumers about hazardous products and the danger of harmful chemical substances in foodstuffs.

Camcontrol
Ministry of Commerce
Address: #50, Street 144, Phnom Penh, Cambodia
Contact Person: Mr. Mak Pich Rith, Director
Tel/Fax: (855) 23-426-166
Tel: (855) 12 845-610
Email: camcontrol@camnet.com.kh
Website: <http://www.camcontrol.gov.kh>

Cambodia will fully implement the TBT Agreement by January 2007 and SPS Agreement by January 2008 as part of Cambodia's WTO accession. Cambodia is committed to implementing a "Risk Management Strategy" for inspection of imported and exported goods. In March 2006, Cambodia issued a sub-decree (on Trade Facilitation through Risk Management) to implement the scheme.

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 has ratified the ASEAN Framework Agreement on Mutual Recognition Arrangements.

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With GDP per capita of some \$330 in 2004, Cambodia is a developing economy. It began the transformation from a command economy to the free market in the late 1980s.

It has now integrated into the regional and world trading framework. Cambodia joined ASEAN in 1998 and in September 2004, became a member of the World Trade Organization (WTO). It has shown interest in participating in other international trading arrangements, including APEC.

Cambodia is behind schedule in fulfilling its WTO commitments to pass necessary business legislation, partly as a result of the one-year political deadlock after the 2003 election. However, the government has either completed drafts of most of the required laws or is waiting for their approval by the National Assembly. Since the re-establishment of a constitutional monarchy in 1993, the economy has grown steadily, except for a period between mid-1997 and late 1998 when Cambodia suffered political instability and the Asian financial crisis affected business activity. The economy began to rebound in late 1998 with the establishment of a new coalition government. Cambodia's macroeconomic performance has been relatively stable. Real GDP averaged 7.1 percent in the 1994-2004 period. In 2004, the revised economic growth figure was 7.7 percent. For 2005, the growth rate was initially forecast to fall to 1.9 percent, mainly due to the uncertain future of the garment sector following the expiration of the multifiber agreement. However, the growth rate has been revised to 7.0 percent, as the garment sector has not been negatively affected as was previously feared. In 2006, the GDP growth is likely to grow at about the same rate as that of 2005. The year-on-year inflation has been within the acceptable range. In 2005, the inflation rate was 6.7 percent, which was the highest in five years. The rising price of fuel was one of the major factors contributing to inflation. Foreign Direct Investment (FDI) has until the recent year

declined. In 2005, FDI is estimated at \$216 million, up from \$121 million in 2004. Corruption has been singled out as one of the most serious deterrents to private investment. Given inadequate private investment and poor revenue collection, Cambodia remains dependent largely on foreign funding for budget assistance, capital expenditure and social services.

Since early 1999, the Cambodian government has intensified its economic reform program, a process the international financial institutions and donors encourage, participate in and monitor closely. The government has over the past year publicly committed itself on numerous occasions to fighting corruption, pursuing good governance, and increasing transparency and predictability. This strategy is set out in the government's latest public reform effort called the "Rectangular Strategy for Growth, Employment, Equity, and Efficiency." The government has initiated specific measures to promote business, especially small and medium businesses, by reducing costs and the time required for business registration and by establishing a number of committees for trade facilitation and business promotion.

Openness to Foreign Investment

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Cambodia's 1994 law on investment established an open and liberal foreign investment regime. All sectors of the economy are open to foreign investment. There are no performance requirements and no sectors in which foreign investors are denied national treatment. The government has issued a sub-decree restricting foreign ownership of hospitals and clinics and forbidding the employment of non-Cambodian doctors in any specialty in which the Ministry of Health considers there to be an adequate number of Cambodian practitioners. While other sectors are eligible for 100% foreign investment, investment incentives vary according to the nature of the investment project. Under the sub-decree dated September 2005, Cambodia prohibits investment activities, which include investment in production or processing of psychotropic and narcotic substances, production of poisonous chemicals, agricultural pesticide/insecticides and other goods that use chemical substances that affect public health and the environment. Processing and production of electric power by using waste imported from foreign countries are prohibited, as is business engaged in forestry exploitation.

Although foreign investors are allowed to participate in most sectors, there are a few sectors that are open to foreign investors subject to conditions, local equity participation or prior authorization from relevant authorities. These sectors include manufacture of cigarettes, movie production, rice milling, exploitation of gemstones, publishing and printing, radio and television, manufacturing of wood and stone carvings, and silk weaving.

Conversion and Transfer Policies

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Policies There are no restrictions on the conversion of capital for investors, as noted above. The Foreign Exchange Law does allow the National Bank of Cambodia (the central bank) to implement exchange controls in the event of a crisis; the law does not define what would constitute a crisis. The U.S. Embassy is not aware of any cases in which investors have encountered obstacles in converting local to foreign currency or in sending capital out of the country.

The US dollar is widely used and circulated in the economy. The exchange rate has been stable. The rate currently is \$1 = 4020 riel. The government is committed to maintaining exchange rate stability.

Expropriation and Compensation

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Article 44 of the Cambodian Constitution, which restricts land ownership to Cambodian nationals, also states that “the (state’s) right to confiscate properties from any person shall be exercised only in the public interest as provided for under the law and shall require fair and just compensation in advance.” Article 58 states that “the control and use of state properties shall be determined by law.” The Law on Investment provides that “the Royal

Government of Cambodia shall not undertake a nationalization policy which adversely affects the private property of investors.”

A Cambodian government sub-decree abrogated certificates for possession and use of land and rights to immovable property in the newly created Koh Kong Industrial Zone. The document, which declares that the land is state property, makes no mention of compensation. There are currently no known investment disputes involving government expropriation of property belonging to U.S. citizens. There were indications that the government was considering a program to compensate businesses for damages sustained from gunfire and looting by soldiers during the 1997 factional fighting, but no plan ever came to fruition.

Up to 17 Thai businesses sustained varying degrees of damage during anti-Thai rioting in Phnom Penh on January 29, 2003. The Cambodian government pledged to compensate

Thai business owners for the damage, and the majority of claims have been resolved.

Dispute Settlement

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Cambodia's legal system is a mosaic of pre-1975 statutes modeled on French law, communist-era legislation dating from 1979-1991, statutes put in place by the UN Transitional Authority in Cambodia (UNTAC) during the period 1991-93, and legislation passed by the Royal Government of Cambodia since 1993. The legal system contains many gaps in key areas such as secured transactions, bankruptcy (insolvency) and commercial arbitration. Cambodian culture and its legal system have traditionally favored mediation over adversarial conflict and adjudication. Thus, compromise solutions are the norm, even in cases where the law clearly favors one party in a dispute. The government is currently working on draft legislation to create a Commercial Court that might include an arbitration or mediation component.

Cambodia's court system is generally seen as non-transparent and subject to outside influence. Judges, who have been trained either for a short period in Cambodia or under other systems of law, have little access to published Cambodian statutes. Judges can be inexperienced and courts are often understaffed with little experience, particularly in adjudicating commercial disputes. Cambodian judges are paid minimal salaries. The local and foreign business community reports frequent problems with inconsistent judicial rulings as well as outright corruption.

The Cambodian judiciary system is beginning to undergo reform. To provide the necessary background knowledge, judges and court staff from around the country are being trained by the Royal School for Judges and Prosecutors, which was created in 2002 and is the only school of its kind. The Prime Minister recently announced “iron fist” measures to clean up the courts, including dismissal, replacement and transfer of judges and prosecutors.

Cambodia has no commercial arbitration code. However, in 2001, Cambodia passed a law implementing the New York Convention on the Recognition and Enforcement of Foreign Arbitration Awards, which Cambodia signed in 1960. Regardless of the legal basis for implementing arbitration awards, foreign or domestic, the ability of Cambodian courts to enforce decrees can be quite limited. The US Embassy is not aware that the Cambodian courts have been asked to recognize and enforce any foreign arbitral awards.

To handle specific disputes with regard to labor, the Ministry of Labor and Vocational Training, established a Labor Arbitration Council in May 2003. Basing its decision on the provisions of the Labor Law, the Council has 29 arbitrators. The Council is an independent body whose function is to resolve collective labor disputes that the Ministry is unable to solve by conciliation. The Council’s decisions are non-binding but it has been markedly successful and its decisions are widely respected. In just over two years, the Council has been able to markedly reduce the number of industrial actions in the garment sector. The Council plays a vital role in contributing to the development of healthy industrial relations in Cambodia. The Council’s success in the garment industry has prompted unions in other sectors, e.g., the hospitality and tourism sectors, to seek the Council’s arbitration and mediation services.

Performance Requirements and Incentives

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The Council for the Development of Cambodia (CDC), Cambodia's foreign investment approval body, administers a package of investment incentives. The CDC was created as a one-stop shop to facilitate foreign direct investment.

Under the amended Law on Investment, the profit tax exemption is allocated automatically, on the basis of activity and minimum investment amounts as set out in the sub-decree. To maintain the incentives under the law, qualified investment projects (QIP) are required to obtain an annual Certificate of Compliance from the CDC and file this with the annual tax return.

The amended Law on Investment includes the following provisions, which include the exemption, in whole or in part, of customs duties and taxes, for QIPs:

--An exemption from the tax on profit imposed under the Law on Taxation for a set period. The tax exemption period is composed of a trigger period + 3 years + n year (n to be determined). The minimum allowable trigger period is to be the first year of profit or 3 years after the QIP earns its first revenue, whichever is sooner.

--100% exemption from import duties for construction material, production equipment and production input materials for export QIPs and supporting industry QIPs in accordance with the provisions of sub-decree.

--Transfer of incentives by merger or acquisition.

--Renewable land leases of up to 99 years on concession land for agricultural purposes and land ownership permitted to join ventures with over 50% equity owned by Cambodians.

--No price controls on goods produced or services rendered by investors.

--No discrimination between foreign and local investors.

--100% exemption from export tax or duty, except for activities specifically mentioned in the Law in Customs.

--Employment of foreign expatriates where no qualified Cambodians are available. QIPs are entitled to obtain visas and work permits.

--A QIP that is located in a designated special economic zone (SEZ) is entitled to the same incentives and privileges as other QIPs as stipulated in the law.

The September 2005 sub-decree on the Implementation of the Law on the Amendment to the Law on Investment also details investment activities that are not eligible for incentives, although investment is permitted. They include the following sectors: all types of commercial activities, import, export, wholesale, retail, duty free shops, entertainment (including restaurants, bars, nightclubs, massage parlours, and casinos) tourism service providers, currency and financial services, press and media related activities, professional services, production and processing of tobacco and wood products.

Incentives are also not eligible for production of certain products such as food and beverages, textiles, garment and footwear; plastic rubber and paper products with an investment less than \$500,000. Investors are encouraged to refer to the sub-decree for details of other investment activities that are not eligible for incentives.

Investment activities that are eligible for customs duty exemption, but not eligible for the profit tax exemption are telecommunication basic services and exploration of gas and oil, including supply bases for gas and oil activities, and all kinds of mining.

According to Cambodia's 1995 law on The Establishment of the Bar, foreign business firms that wish to offer legal services in Cambodia must affiliate with a Cambodian attorney. Investors who wish to take advantage of investment incentives must submit an application to the Cambodian Investment Board (CIB), the division of the CDC charged with reviewing investment applications. Investors not wishing to apply for investment incentives may establish their investment simply by registering corporate documents with the Department of Legal Affairs of the Ministry of Commerce.

Once an investor's application is submitted, the CDC will issue to the applicant either a Conditional Registration Certificate or a Letter of Non-Compliance within three workdays. The Conditional Registration Certificate will set out the terms such as, approvals, authorization, clearances, permits or registrations required. If the CDC fails to issue the Conditional Registration Certificate or Letter of Non-Compliance within three workdays, then the Conditional Registration Certificate will be taken to have been approved.

The CDC has the responsibility to obtain all of the licenses from relevant government agencies on behalf of the applicants. The relevant government agencies must issue the required documents no later than 28 workdays from the date of the Conditional Registration Certificate. At the end of the 28 days, the CDC will issue a Final Registration Certificate.

The new sub-decree on the Implementation of the Amendment of the Law on Investment adopted on September 27, 2005 does not require investors to place a deposit guaranteeing their investment except in cases in which the deposit is required in the concession contract. Investors who wish to apply are required to pay an application fee of seven million riel (approx. \$1,750).

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. However, the Constitution provides that only Khmer citizens or legal entities have the right to own land. A legal entity is considered to be Cambodian when at least 51% of its shares are owned by Cambodian citizen(s) or by Cambodian legal entities. Investment incentives vary depending on the nature of the investment project.

Foreign investors may secure control over land through concession, a long-term lease (at least 15 years or more) or renewable short-term lease, made possible by the new 2001 Land Law. If investors intend to take a long-term lease interest in land or ownership interest through a 51% Cambodian company, it is essential that caution be exercised to ensure that clear and unencumbered ownership of the land owned is verified.

The Land Law establishes a comprehensive legal framework for long-term leasing. The leaseholder has a contractual interest in the land, which means the lease can be sold or transferred through succession and can be pledged as security in order to raise financing. It is important to make sure that the land ownership is clearly and legally established before entering into any leasing agreement.

Protection of Property Rights

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Cambodia has adopted legislation concerning the protection of property rights, including the Land Law and the Copyrights and Patent and Industrial Design Law. Cambodia is a member of the World Intellectual Property Organization (WIPO) and the Paris Convention for the Protection of Industrial Property.

Chattel and real property: the revised Land Law, passed in 2001, provides a framework for real property security and a system for recording titles and ownership. In practice, the titling system is not fully functional in Cambodia and the majority of property owners lack documentation proving ownership. Even where title records exist, recognition of legal title to land has been a problem in some court cases where judges have sought additional proof of ownership. Although foreigners are constitutionally forbidden to own land, the new law allows them a long-term lease (15 or more years). Foreigners may also legally transfer ownership of buildings and improvements on the

land that they lease. By law, foreign investors are allowed to own buildings on the long-term land lease. Cambodia has yet to establish the means by which such ownerships can be registered, however.

Title or ownership of land dating from before 1979 is not recognized.

Intellectual property rights (IPR): As a WTO member, Cambodia's IPR regime is in compliance with its WTO commitments; however comprehensive enforcement remains problematic. The 1996 U.S.-Cambodia Trade Agreement contained a broad range of IPR protection, but given Cambodia's very limited experience with IPR, the agreement granted phase-in periods for the Cambodian government to fully implement IPR protection.

Trademarks: The Cambodian National Assembly has approved the Law Concerning Marks, Trade Names and Acts of Unfair Competition, hereafter called the trademark law, that complies with Cambodia's WTO obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Signed in February 2002, the law outlines specific penalties for trademark violations, including jail sentences and fines for counterfeiting registered marks. It also contains detailed procedures for registering trademarks, invalidation and removal, licensing of marks, and infringement and remedies. Before a trademark law was in force in Cambodia, owners of trademarks were unable to seek relief from infringement in court. The relatively few complaints received were directed to the Ministry of Commerce, which has responsibility for registering trademarks but does not have clear legal authority to conduct enforcement activities. Nevertheless, the Ministry has taken effective action against trademark infringement in several cases since 1998. The Ministry has ordered local firms to stop using well-known U.S. marks, including Pizza Hut, Nike, Scotties, Marlboro, and Pringles. In 2005, the Ministry of Commerce solved 14 cases of IPR-related disputes, a decline from 31 cases in 2004.

Since 1991, the Ministry of Commerce has maintained an effective trademark registration system, registering more than 10,000 trademarks (over 2,900 for U.S. companies) under the terms of a 1991 sub-decree, and has proven cooperative in preventing unauthorized individuals from registering U.S. trademarks in Cambodia.

Copyrights: Copyrights are governed by the Law on Copyrights and Related Rights, which was enacted in January 2003. The Ministry of Culture prepared a draft copyright law in 1998 with the help of WIPO and IFPI. The Ministry has also sought comments on the law from the U.S. Asia-Pacific Motion Picture Association.

Responsibility for copyrights is split between the Ministry of Culture, which handles phonograms, CDs, and other recordings, and the Ministry of Information, which deals with printed materials. Before the adoption of the law, there had been no enforcement of copyright provisions.

Although Cambodia is not a major center for the production and export of pirated CDs, videos, and other copyrighted materials, these products are widely available in Cambodian markets. Pirated computer programs, VCDs, and music CDs are widely used throughout the country. To protect and manage their economic rights, authors and related rights holders are allowed by law to establish a collective management organization (CMO). The creation of the CMO requires authorization from either the

Ministry of Culture and Fine Arts or the Ministry of Information, depending on the nature of their work.

Patents and industrial designs: Cambodia has a very small industrial base, and infringement on patents and industrial designs is not yet commercially significant. With assistance from WIPO, the Ministry of Industry, Mines and Energy (MIME) prepared a draft of a comprehensive law on the protection of patents and industrial designs in April 1999. It was adopted and went into force as of January 2003. The law provides for the filing, registration, and protection of patents, utility model certificate and industrial designs. The MIME has also issued a sub-decree on granting patents and registering industrial designs.

Encrypted satellite signals, semiconductor layout designs, and trade secrets: Cambodia has not yet made significant progress toward enacting required legislation in these areas, although it obtained a model law on encrypted satellite signals and semiconductor layout designs from WIPO in March 1999.

IPR enforcement: With the exception of the trademark enforcement actions described above, the Cambodian government has taken few significant actions to enforce its IPR obligations. Cambodian copyright law allows owners of IPR to file a complaint with the authorities to take action. Law enforcement action taken at the request of owners is directed only against the piracy of domestically produced music or video products, but not against piracy of foreign optical media. The owners requesting crackdowns must pay support costs to the authorities for conducting the operation. Crackdowns on such IPR violation are not conducted on a consistent basis, however.

Infringements of IPR are pervasive, ranging from software, compact discs, and music, to photocopied books and the sale of counterfeit products, including drugs. Local producers and authors, particularly those of the optical media, frequently complain of the pervasive piracy.

The Ministry of Commerce has plans to put in place a measure to stop IPR-violated products at borders, noting that post-inspection mechanisms would not be effective.

Transparency of Regulatory System

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There is no pattern of discrimination against foreign investors in Cambodia through a regulatory regime. Numerous issues of transparency in the regulatory regime arise, however, from the lack of legislation and the weakness of key institutions. Investors often complain that the decisions of Cambodian regulatory agencies are inconsistent, irrational, or corrupt.

The Cambodian government is still in the process of drafting laws and regulations that establish the framework for the market economy. A commercial contract, secured transaction law and commercial arbitration law have yet to be approved by the National Assembly. Other important business-related laws such as insolvency, a law establishing the commercial court, e-commerce and personal property leasing laws are in draft only. Cambodia currently has no anti-monopoly or anti-trust statutes and allows monopolies on certain products. On a practical level, Cambodia has recently indicated a desire to

discourage monopolistic trading arrangements by relaxing some licensing and inspection requirements. It is unclear how effective these measures will be.

As previously mentioned, the tax system has been amended. The amendments brought substantial changes to the taxation regime applicable to businesses operating in Cambodia. The tax system currently includes a profit tax (20%), excluding certain natural-resource development projects and including all QIPs registered with the CDC; a withholding tax (4-15%); a salary or personal income tax (5-20%); a value added tax (10%); and specific excise taxes on certain merchandise (rates vary). There is a minimum turnover tax (1%). Some foreign inputs are exempt from this levy, but have to pay a 1% advanced profits tax instead. There are also import and export duties (rates vary). The U.S. and Cambodia have not signed a Double Taxation Treaty.

The Cambodian Constitution and the 1997 Labor Code provide for compliance with internationally recognized core labor standards. The law authorizes the Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation to set health, safety and other conditions for the workplace. (Section D of this report discusses the labor situation in more detail.)

The National Assembly passed a law and associated decree regulating pharmaceuticals in June 1996, giving administrative authority to the Ministry of Health to prescribe standards, quality control, distribution and labeling requirements for medicines. In May 2000, the National Assembly passed a law on quality and safety of goods and services, comprising food safety, consumer protection and product liability. Food and product safety issues fall under the jurisdiction of the Cambodian standards authority, Camcontrol, which is under the Ministry of Commerce.

Cambodia is a member of the Codex Alimentarius Commission created by FAO and WHO in 1963 to develop food standards, guidelines and related texts such as codes of practice under the Joint FAO/WHO Food Standards Program. The Ministry of Commerce is a focal point for Codex and created a National Codex Committee.

CamControl does not currently have a mechanism for industry participation in standards setting. There are currently no industry standards-setting organizations operating in Cambodia. Cambodia passed a sub-decree on Cambodia Industrial Standards, which provides the basis for the rules and procedures for adopting a new standard, technical regulations and conformity assessment procedures. The responsibility for setting industrial standards and certifications resides with the Department of Industrial Standards of Cambodia, the Ministry of Industry, Mine and Energy. The Law on Industrial Standards is in draft form pending approval. Cambodia has issued a number of ministerial decisions pertaining to standardization. However, allegations are common that decisions are uneven and poorly enforced, albeit improved in the recent years. Camcontrol has taken more vigorous action against substandard products in the market.

Cambodia's banks and financial institutions fall under the supervision of the National Bank of Cambodia (NBC). In November 1999, Cambodia passed a new law on banking and financial institutions. In July 2000, Cambodia enacted an insurance law that gives the Ministry of Economy and Finance regulatory authority over the insurance industry.

The insurance market in Cambodia is relatively new, but it has begun to gain credibility and expand its scope. Currently, there are a few major insurance companies operating here such as Asia Insurance, the state-owned insurance company Caminco and Forte Insurance. To stay competitive in the world market, the government has introduced specific measures to facilitate business, in particular exports, by attempting to reduce informal costs and streamline bureaucratic hurdles. Measures include: (1) introduction of a joint inspection by CamControl and the Customs and Excise Department and issuance of only one common inspection report valid for both agencies and “Federal Office” in order to reduce the amount of time spent on applying for goods inspection; (2) based on this common report, the Ministry of Industry, Mines, and Energy and the Ministry of Commerce will issue the Certificate of Processing (CP) and the Certificate of Origin (CO), respectively; (3) reduction of the costs of registration from \$615 to \$177 and of the time limit for Cambodian government issuance of registration from 30 days to ten and a half working days; and (4) reduction of time required to acquire documents related to C/O and exports and for goods inspection.

According to Emerging Markets Consulting’s report for 2005, since the introduction of the trade facilitation measures, the average costs for imports have decreased from \$2,477 per transaction in 2003 to \$673 in 2005. The average costs for export were reduced from \$942 in 2003 to \$598 in 2005. Cambodia has renewed its commitment to creating a favourable environment for investment and trade in Cambodia. It has also further committed to reducing unofficial fees and costs of imports and exports.

Efficient Capital Markets and Portfolio Investment

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As part of the financial sector development blueprint, Cambodia had planned to develop capital markets by the end of 2007. However, the development of capital markets will follow the planned timeline because the country has not yet addressed such key issues as poor fiscal management.

Not only are there no capital markets, but there is no stock or bond market, and no means by which to purchase equity in a company except by agreement with the existing owners. Most companies are privately held. The Cambodian government does not use regulation of capital markets to restrict foreign investment. Domestic financing is difficult to obtain at competitive interest rates. There is currently no law addressing secured transactions or a system for registering such secured interests. The secured transaction law is currently in draft form pending approval from the National Assembly. Most loans are secured by real property mortgages or deposits of cash or other liquid assets, as provided for in the existing contract law and land law.

Export/import financing is available from multinational banks through a variety of credit instruments. The U.S. Overseas Private Investment Corporation (OPIC), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA) offer both investment guarantees and loans in Cambodia. Eximbank does not operate in Cambodia.

The total assets of Cambodia’s banking system as of August 2005 were approximately 4,764 billion riel (approx. \$1.185 billion), an increase of 16% from the same period of 2004. Loans account for about 50% of the banking system’s assets, and it is impossible to estimate the percentage of loans that are non-performing. As of August 2005, credit

granted by the commercial banks amounted to 2,368 billion riel (\$588 million). Loans made to services and the wholesale and retail sectors accounted for some 55% of total loans.

Under the amended Law on Banking and Financial Institutions, all of Cambodia's commercial banks had to reapply for licenses from the NBC, and meet new, stricter capital and prudential requirements. As a result, there was a significant shakeout and consolidation within the banking sector. All banks were required to meet new capitalization requirements by the end of 2001. As a result, the number of commercial banks was reduced from 31 to 15 by November 2005.

Political Violence

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Until the end of 1998, there was a diminishing but real threat of sporadic violence from remnant Khmer Rouge units. There were large-scale defections of the Khmer Rouge in late 1998, and the Cambodian government arrested Ta Mok, the last remaining Khmer Rouge leader, in early 1999. The UN and the Cambodian government have signed an agreement to hold an international tribunal to try surviving Khmer Rouge leaders trials are expected to begin in 2007, although there have been lengthy delays in preparations for the trials.

Corruption

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International has called Cambodia's corruption a "chronic disease" and ranked the country 139 out of 159 countries surveyed in a survey released in late 2005. Similarly, the World Economic Forum recently released a Growth Competitiveness Index ranking Cambodia 112th out of 117 countries surveyed. Corruption was cited by 80% of respondents as the most problematic factor for doing business in Cambodia.

Business people, both local and foreign, have identified corruption, particularly within the judiciary, as the single biggest deterrent to investment in Cambodia. Public sector salaries range from \$15-60 per month for working level officials, and less than \$700 per month for high-ranking officials. Although there has been a recent salary increase of 15%, these wages are far below the level required to survive in Cambodia, and as a result, public employees are susceptible to corruption and conflicts of interest. Local and foreign businesses report that they must often pay extra facilitation fees to expedite any business transaction. International and domestic businesses list corruption as the number one problem they face in operating in Cambodia. Additionally, for those seeking to enter the Cambodian market, the process for awarding government contracts is not transparent and subject to major irregularities.

Current Cambodian laws and regulations and their application do not seem sufficient to address the problem of corruption. Laws dating from the UNTAC period (1991-93) against embezzlement, extortion, and bribing public officials exist, but have never been enforced. After a draft national anti-corruption law failed to win National Assembly approval in 1999, the Cambodian government undertook to revise the draft with cooperation from local and international NGOs, the World Bank, and bilateral donors. The draft applies only to acts of corruption within Cambodia, and includes provisions to

establish an anti-corruption commission, declaration of assets and criminal penalties for payment or acceptance of bribes to or by public officials. Cambodia is not a signatory to the OECD Anti-Bribery Convention or any regional anticorruption initiative. Cambodia is under increasing pressure from donors to address the issue of good governance in general, and corruption in particular. In a draft action plan on good governance, which the government presented to donors in May 2000, Cambodia indicated its intent to pass anti-corruption legislation by late 2001 and by July 2003. However as of December 2005, anti-corruption legislation has not been adopted and continues to undergo revision. The Ministry of Parliamentary Relations and Inspections has an anti-corruption mandate, but is largely inactive. The government also created an anti-corruption commission within the cabinet in late 1999, which has undertaken a few investigations, one of which resulted in the dismissal of a mid-level official in late 2001. Also in 2001, the government established a National Audit Authority, which has accomplished little.

Fighting corruption is one of the most important components of Cambodia's Governance Action Plan (GAP). Calling bad governance "a landmine buried in Cambodia's path towards reforms", Cambodia publicly stressed the need to fight corruption and improve governance.

In its latest reform strategy, the Rectangular Strategy, the Cambodian government has once again renewed its commitment to fight corruption and make good governance the centerpiece of reform. It verbally acknowledges the importance of taking action against corruption, but the challenge remains a daunting and long-term one that will require political will at the highest levels of the government.

Bilateral Investment Agreements

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Cambodia has signed bilateral investment agreements with Croatia, Cuba, Malaysia, Indonesia, Thailand, France, Switzerland, South Korea, Germany, Singapore, the People's Republic of China, the Netherlands, the Philippines, Vietnam, and the Organization of the Petroleum Exporting Countries (OPEC). The agreements provide reciprocal national treatment to investors, excluding benefits deriving from membership in future customs unions or free trade areas and agreements relating to taxation. The agreements preclude expropriations except those, which are undertaken for a lawful or public purpose, non-discriminatory, accompanied by prompt, adequate and effective compensation at the fair market value of the property prior to expropriation. They also guarantee repatriation of investments and provide for settlement of investment disputes via arbitration.

OPIC and Other Investment Insurance Programs

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Under the Quick Cover Program, the Overseas Private Investment Corporation (OPIC) currently offers financing and political risk insurance coverage for projects on an expedited basis. Cambodia is eligible for this program, although no U.S. investor has taken advantage of it. With most investment contracts written in U.S. dollars, there is little exchange risk. Even for riel-denominated transactions, there is only one exchange rate, which is fairly stable.

--Point of contact: Overseas Private Investment Corporation; contact person: Mr. Bruce Cameron, Business development officer; address: 1100 New York Avenue NW, Washington, DC 20527, USA; phone: 202-336-8745; fax: 202-408-5145; email: bcame@opic.gov Website: <http://www.opic.gov/>

Cambodia is a member of the Multilateral Investment Guarantee Agency of the World Bank, which offers political-risk insurance to foreign investors.

--Point of contact: Multilateral Investment Guarantee Agency (MIGA), 1818 H St. NW, Washington, DC 20433, USA, Tel: (001) 202-477-1234; fax: (001) 202-522-2630. Website: <http://www.miga.org/>

Labor

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In 2004, Cambodia had an estimated population of 13.0 million, with a labor participation rate of 65.5 percent. The country has an economically active population (defined as being seven years of age and older) of some 7.1 million people in 2004. The labor force grows at a rate of 3.4 percent annually; with at least 250,000 people entering the work force every year.

Of the labor force, approximately 73 percent are engaged in subsistence agriculture. About 280,000 people are employed in the garment sector. Over 60,000 Cambodians work in the tourism sector.

The economy is not able to generate enough jobs in the formal sector to handle the large number of entrants to the job market. This dilemma is likely to become more pronounced over the next decade. Cambodia suffers from a large demographic imbalance. According to the 2004 Intersensal Population Survey (CIPS), persons of 20 years of age or younger account for 53 percent of the total population. As a result, over the next decade several hundred thousand new job seekers will enter the labor market each year.

In the 2005-2006 Global Competitiveness Report of the World Economic Forum, an inadequately educated workforce was identified as one of the most serious problems in doing business in Cambodia.

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. A Cambodia Socio-Economic Survey conducted in 2004 found that about 12 percent of the labor force has completed at least an elementary education. Only 1.2 percent of the labor force completed post-secondary education.

Although overall literacy is 74.4 percent, the adult literacy rate is about 73.6 percent, with male literacy rates considerably higher than those for females in both urban and rural areas. Many adults and children enroll in supplementary educational programs, including English and computer training. Employers report that Cambodian workers are eager to learn and, when trained, are excellent, hardworking employees.

Cambodia's 1997 labor code protects the right of association and the rights to organize and bargain collectively. The code prohibits forced or compulsory labor, establishes 15 as the minimum allowable age for a salary position, and 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, provides for time-and-a-half overtime pay, with double overtime for night work or work on the employee's day off.

The law gives the Ministry of Labor and Vocational Training (MOLVT) a legal mandate to set minimum wages after consultation with the tripartite Labor Advisory Committee. MOLVT set the minimum wage for the garment and footwear industries at \$45 per month in August 2000. There is no minimum wage for any other industry.

Cambodia does not currently have legislation governing worker health and safety, but there are various detailed ministerial regulations regarding payments in the event of on-the-job accidents. In labor disputes in which workers complain of poor or unhealthy conditions, MOLVT and the Ministry of Commerce have ordered the employer to take corrective measures.

Enforcement of many aspects of the labor code is poor, albeit improving, and the majority of labor disputes involve workers simply demanding conditions to which they are legally entitled. The U.S. Government, the ILO, and others are working closely with Cambodia to improve enforcement of the labor code, and workers' rights in general. The U.S.- Cambodia Bilateral Textile Agreement linked Cambodian compliance with internationally recognized core labor standards with the level of textile quota the U.S. granted to Cambodia. However, the quota regime ended at the end of the year 2004.

Cambodia has seen reasonably low inflation and stable, if not spectacular, economic growth rates during the past few years, keeping inflation-driven wage increases in check.

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 (SEZ), with the goal of attracting much-needed foreign direct investment. Cambodia plans to establish four SEZs, one is to be located at Koh Kong in the southwest, another at Poipet in the northwest, a third at the deepwater port at Sihanoukville and a fourth at the Cambodian-Vietnamese border.

Cambodia has yet to pass the legislation called the Law on Industrial Zones which will define SEZs and establish the rules under which they will operate. The law is currently in draft form and awaiting approval from the National Assembly.

In late December 2005, the Council of Ministers passed a sub-decree on Establishment and Management of Special Economic Zones to speed up the creation of the zones. The sub-decree details procedures, conditions and incentives for the investors in the zone.

Foreign Direct Investment (FDI) has been modest since 1995, with an average inflow of \$167 million in the period 1995–2005. The FDI flow into Cambodia is uneven and gradually declined from \$221 million in 1999 to \$74 million in 2003. In 2005, FDI increased to \$216 million. Total FDI flows into Cambodia for the years 1995-2005 are presented in the table below, in US\$ million. (Source: MEF)

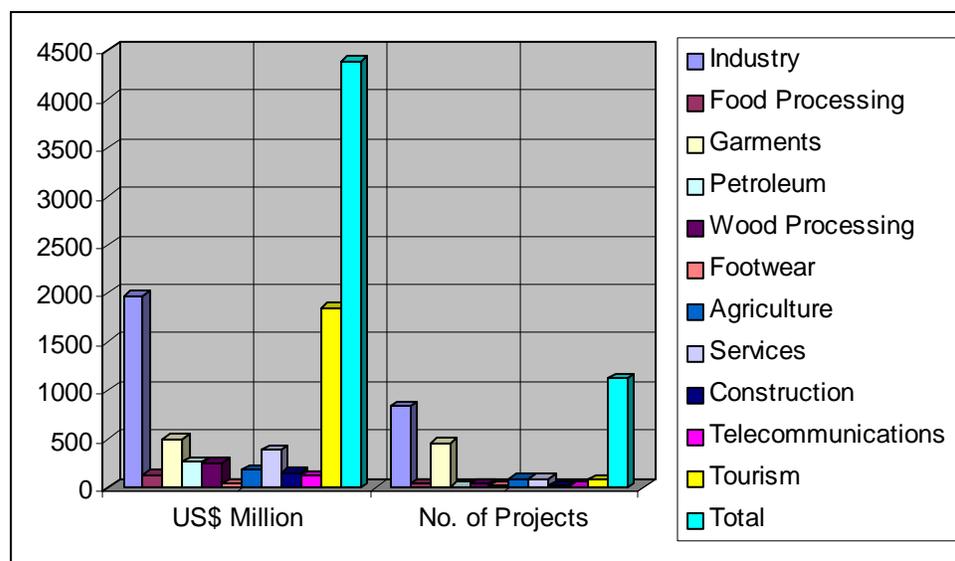
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
150	240	168	223	221	142	142	139	74	121	216

Figures from the CDC for registered capital of approved projects as of December, 2005, including domestic investment, and broken down by country of origin and economic sector, are provided below. These figures probably overstate actual investment, since figures are included for some projects that have not yet been, or may never be, fully implemented; retention of dormant or defunct projects from earlier years makes the investment figures appear higher.

Total cumulative registered investment projects approved, by country of origin, August 1994 to December 31, 2005. (Source: CDC)

Country	US\$ millions	Percentage
Malaysia	1,553	35.3
Cambodia	1,031	23.4
China	463	10.5
Taiwan	360	8.0
Singapore	176	4.1
Thailand	151	3.4
U.K.	125	2.8
R.O.Korea	119	2.7
Hong Kong	115	2.6
Canada	56	1.2
Indonesia	54	1.2
Australia	49	1.1
USA	47	1.0
France	37	0.8
Japan	10	0.2
Other	33	0.7
Total	4,389	100%

Total cumulative registered investment capital by sector, from August 1994 to December 31, 2005 (source: CDC).



New investment projects in US\$ millions, by country of origin, 1996-2005 (source: CDC).

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Malaysia	55	53	22.6	17	1.6	28	n/a	3.6	7.8	10.6
Cambodia	131	73	110	98	28	47	21	44	15	78.5
USA	6.4	14	2.3	4.4	3.7	5.2	n/a	n/a	2.1	2.2
Taiwan	125	48	79	29	16	35.6	5	14	0.6	4.1
Singapore	32	12.5	12	2.3	3.1	n/a	10	3.3	1.6	5.3
China	23	22	75	36	3.9	4.2	8	14	24	238
R.O.Korea	5	69	4	0	10	2	7.6	1	4.1	16
Hong Kong	10	18	48	22	4	0.7	1	1	n/a	0.3
France	10	1.1	0.6	0.6	3	n/a	n/a	1.7	0.6	0.4
Thailand	10	7.4	53	16	17	3.1	n/a	3.1	2	15
U.K.	50	7	0.4	1.5	6.5	1.5	0.4	0.5	1.5	1
Canada	7.6	1.8	2.1	0.2	1	n/a	2.2	n/a	1.7	0.6
Indonesia	2.5	2.5	10	0.4	3	n/a	n/a	n/a	n/a	n/a
Australia	4.2	33	1.4	0.2	0.8	n/a	n/a	0.6	n/a	7
Japan	3	0.3	2	2	0.2	n/a	1.2	n/a	0.7	n/a
Other	9.1	7.3	8.3	2.8	1.3	1.7	13.6	n/a	n/a	n/a
Total	483.4	368	430	233	103	129	69	74.3	66	379

New investment projects in US\$ millions, by sector, 1997-05

Sector	1997	1998	1999	2000	2001	2002	2003	2004	2005
Industry	276	298	101	48	61	22.5	41	53.5	325
Food Processing	6.6	8.0	2.4	27	1.5	na	1.6	1.0	na
Garments	102	91.6	49.5	28	17	12.6	19	42	54
Petroleum	5	1	1	na	na	na	na	1	200
Wood Processing	13	92	na	na	1	1	1.3	1	na
Agriculture	15	44	31.3	8.5	1	6.2	2.0	2.0	4.0
Service	57	22.1	55	10	5.2	18	5.5	5.0	32
Construction	1	1.2	16.4	na	na	na	na	3.0	31
Telecom	55	13.4	22	na	na	2.9	10	na	na
Tourism	21	67	45.5	36.5	61	22	26	5.5	18
Total	369	430	233	103	129	69	74	66	379

The CDC has registered approximately \$50 million in U.S. investment since August 1994. In 2005, there were three US investment projects in the garment sector. Some of the main US companies operating in Cambodia include Chevron, operating as Caltex, which has a chain of service stations and a petroleum holding facility in Sihanoukville. Colony Capital, LLC has invested in the purchase of hotels from Raffles Holding of Singapore. Northbridge runs an international school and housing compound. There are U.S. investors in a number of Cambodia's garment factories, such as Manhattan Textile and Garment Corp.

In March 2002, Chevron was awarded rights to Block A, a portion of Cambodian territorial waters in the Gulf of Thailand, for the exploration and production of oil and gas. Chevron has been proceeding with exploratory drilling and in January 2005 announced that it had found as yet unspecified oil and gas reserves. Chevron also has exploration rights to Blocks 7, 8 and 9, which lie in the overlapping claims area of the Gulf of Thailand disputed by Cambodia and Thailand.

Major non-U.S. foreign investors include Asia Pacific Breweries (Singapore), Asia Insurance (Hong Kong), Shell (UK), Total (France), Cambodia Airport Management Services (CAMS) (France), Smart Mobil Phone (Malaysia), Shinawatra Mobile Phone (Thailand), Thakral Cambodia Industries (Singapore), Petronas Cambodia (Malaysia), Charoewn Pokphand (Thailand), and Cambrew (Malaysia).

Some major local companies and their sectors are: Sokimex (petroleum, tourism, garment), Royal Group of Companies (mobile phone, telecommunication, banking), AZ Distribution (construction, telecommunication), Mong Rethy Groups (construction,

agroindustry, rubber and oil palm plantation), KT Pacific Group (airport project, construction, tobacco, food and electronics distribution), Hero King (cigarettes, casinos and power), Anco Brothers (cigarettes, casinos and power), Canadia Bank (banking and real estate) and Men Sarun Import and Export (agro-industry, rice and rubber export). Statistics on Cambodian investment overseas are not available, but such investments are likely minimal.

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Chapter 7: Trade and Project Financing

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How Does the Banking System Operate

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Cambodia's banking sector has gradually been recovering confidence after a major restructuring made possible by the Law on Banking and Financial Institutions adopted in November 1999. Cambodians depositing money or dealing with banks are on the increase as the result of improved images of banks in the recent years although activities conducted by most commercial banks remain limited. Further reforms in banking sector, which is underway, would serve as a further impetus for strengthening the banking sector.

The banking sector in Cambodia is currently composed of the nation's central bank (the National Bank of Cambodia), the state-owned Foreign Trade Bank, 12 private banks, 3 foreign bank branches, 4 specialised banks and a dozen of micro finance institutions. As of December 2005, commercial bank loans totalled \$555 million. Of this total, 29 percent were for services and personal consumption, 23 percent for wholesale and retail activities, and 11 percent for manufacturing. Only 3.0 percent of commercial bank loans were for agricultural purposes.

Commercial bank regulation is improving. The Cambodian government has strengthened its system of bank supervision by creating a banking supervision division within the central bank, the National Bank of Cambodia (NBC), and by passing financial institutions regulatory laws. The regulatory infrastructure for a sound banking system has also greatly improved. Law on Negotiable Instruments and Payment Transaction is one of the latest legislation adopted. A strong money laundering provision is contained in the counter-narcotics law passed by the National Assembly in December 1996. There is further legislation in draft form to criminalize money laundering and terrorism financing.

The Financial Institutions Law strengthened the NBC's supervisory authority, enabling it to re-license all existing banks. As a first step, the NBC evaluated bank viability and classified them into three categories: those re-licensed unconditionally (four branches of foreign banks), re-licensed with corrective measures (14 banks), and nonviable banks (eight banks). Three insolvent banks were closed in July 2000. In December 2000, the NBC publicly announced that at least ten nonviable banks had been liquidated.

As a result of the banking restructuring process started in 2000, as of November 2005, the number of banks was reduced from 32 to 15, not included 20 specialized banks and

micro finance institutions. Of note, in 2005, the Australian bank ANZ entered the country's banking market through a joint venture with the local Royal Group Company.

The Foreign Trade Bank (FTB) has completed its restructuring. It has been separated from the NBC to operate as an independent entity and as a market-oriented commercial bank. In November 2005, the FTB was privatized, but the Ministry of Economy and Finance has a share of 10 percent in the bank.

Of particular note, the banking system in Cambodia continues to be highly dollarized, with at least, in December 2005, 96 percent of total deposits and over 90 percent of loans denominated in dollars. Only a few banks take Riel deposits. Banks tend to maintain high levels of liquidity as there are not many projects they are willing to finance.

Cambodia has also recently witnessed a remarkable progress in micro finance business, which started in early 1990s providing loans to poor micro-entrepreneurs. Many micro finance institutions (MFI) started out as a non-government organizations engaged in integrated rural development programs in which a credit provision component was included.

Since 1999 many micro credit institutions (banks for farmers) have become commercialised and integrated into Cambodian financial system to expand pro-poor financial services. As of November 2005, there were 16 micro finance institutions licensed, and a pro-poor financial provider, 23 NGOs MFIs registered. Total loan portfolio granted by the micro credit institutions increased from \$3.0 million in 1995 to \$130 million in August 2005.

Foreign-Exchange Controls

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Under the Foreign Exchange Law of 1997, there are no restrictions on foreign exchange operations, specifically including the purchase and sale of foreign exchange, and the transfer of all types of international settlements. However, the law stipulates that only authorized intermediaries perform these transactions. These intermediaries are the lawfully established banks in Cambodia, 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. The law also requires that the export or import of payments equaling or exceeding \$10,000 in foreign exchange or the equivalent amount in domestic currency be declared.

It is important to note that 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. But Cambodia does not clearly specify what constitutes a crisis.

There are currently no restrictions on the repatriation of profits or capital derived from investments neither in Cambodia nor on most transfers of funds abroad. The 1994 Investment Law guarantees that investors may freely remit foreign currencies abroad for the purpose of the following payments:

- 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 on dissolution of an investment project.

U.S. Banks and Local Correspondent Banks

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Trade and investment financing is available through most foreign bank branches and local banks, although bank credit to a single client is limited by statute to 20 percent of net worth. Lending in the banking system has been limited and restricted by lack of trustworthy investors and uncertainty about economic conditions. There is a large but unmet demand for loans from local small and medium enterprises.

Most loans are short term and provide working capital to traders. Interest rates on loans in US dollar are high, about 16.5 per cent. Additionally, repayment terms are short. In short, access to affordable capital remains limited and a major hurdle in the economy.

Only a few banks have branches outside Phnom Penh. Access to financial services in rural areas is improving, thanks to micro credit organizations, which target rural areas. One of the large non-profit micro credit financial institutions, ALCLEDA, recently converted to becoming a full-fledged commercial bank. It plans to retain its presence in the provinces and its history of lending in rural areas. ALCLEDA bank is perhaps the only bank with branches throughout the country. It also provides money transfer services through its nation-wide branches to rural customers.

The Cambodian government continues to improve financial intermediation and build public confidence in the banking sector by strengthening legal structures to support the enforceability of financial contracts, streamlining prudential regulations, strengthening banking supervision, and improving the availability of reliable borrower information.

Persons choosing a bank are urged to consult any of the standard rating services. Letters of credit may be available through those banks with correspondent banking relationships with banks in the United States. There may be some difficulty obtaining confirmation of letters of credit issued by some Cambodian banks. Eximbank financing is not currently available.

The following banks operate in Cambodia:

State-Owned Bank:

Foreign Trade Bank
Tel: (855) 23-724-466
Fax: (855) 23-426-108/ 426 410
Telex: BCEC PNHKA/ 36163

Swift: FTCKHPP

Email: sales@ftbbank.com
Website: <http://www.ftbbank.com>

Foreign Bank Branches:

First Commercial Bank
Tel: (855) 23-210-026
Fax: (855) 23 210- 029
Email: fcbpp@online.com.kh

Krung Thai Bank Public Co., Ltd
Tel/Fax: (855) 23-366-005 /023 428 737
Email: ktbpmpp@online.com.kh

Maybank Phnom Penh Branch
Tel: (855) 23-210-123
Fax: (855) 23-210-099
Email: mbb@camnet.com.kh or mbb@maybank.com.kh

Private Banks:

ACLEDA Bank Plc
Tel: (855) 23-210-812
Fax: (855) 23 364 914
General Manager: Mr. In Channy
Swift: ACLBKHPP
Email: channy@acledabank.com.kh
Website: <http://www.acledabank.com.kh>

Advanced Bank of Asia Ltd.
Tel: (855) 23-720-434
Fax: (855) 23 720 435
Telex:ABA AKHPP
Email: aba@ababank.com.kh

ANZ Royal Bank Cambodia Ltd.
Tel: (855) 23 726 900
Fax: (855) 23 222 093
Chief Operating Officer: Matt Millard
Email: millarm4@anz.com
Website: www.anzroyal.com

Cambodia Mekong Bank Plc Ltd
Tel: (855) 23-217-114
Fax: (855) 23 424 326
Telex: CMB KA36142
Email: khov.bc@mekongbank.com

Cambodia Asia Bank
Tel: (855) 23-222-020 or 000
Fax: (855) 23 426 628
Email: cab@cab.com.kh
Website: www.cab.com.kh

Cambodian Commercial Bank
Tel: (855) 23-426-145 / 213 602
Fax: (855) 23 426 116
Swift: SICOKHPP
Email: ccbpp@online.com.kh
Website: <http://www.ccb-cambodia.com>

Cambodian Public Bank
Tel: (855) 23-214-111
Fax: (855) 23 426 068
Telex: (51) 94079463
SWIFT Code: CPBLKHPP
Email: campu@online.com.kh

Canadia Bank Plc
Tel: (855) 23-215-286
Fax: (855) 23 427 064
Telex: CANADIA KA36188
Swift: CADI KHPP
Email: canadia@online.com.kh
Website: <http://www.canadiabank.com>

Singapore Banking Corp.
Tel: (855) 23-211-211
Fax: (855) 23 212 121
Telex: (51)94071065 BANK G
Swift: CSBCKHPP
Email: info@sbc-bank.com
Website: www.sbc-bank.com

Union Commercial Bank
Tel: (855) 23-427-995
Fax: (855) 23 214 160
Telex: (807)UCB KA 36148
Email: ucb@online.com.kh
Website: www.ucb.com.kh

Vattanac Bank
Tel: (855) 23-212-727
Fax: (855) 23 216 687
General Manager: Mr. Chan Kok Choy
Swift: VBLCKHPP
Email: kcchan@vattanacbank.com
Website: <http://www.vattanacbank.com/>

Specialized Banks:

Rural Development Bank (state-owned)

Tel: (855) 23-220-810

Fax: (855) 23 722 388

Email: rdb@online.com.kh

Website: www.rdb.com.kh

Specialized Bank Peng Heng S.M.E. Bank Ltd

Tel: (855) 23-219-243

Fax: (855) 23 219 185

Email: pengheng@camnet.com.kh

Cambodian Agriculture, Industrial and Specialized Bank

Tel: (855) 23-217-750

Fax: (855) 23 217 751

Email: kien@online.com.kh

First Investment Specialized Bank

Tel: (855) 23 222 281

Fax: (855) 23 221 112

Email: service@fibank.com.kh

Website: www.fibank.com.kh

Micro Finance Institutions

Amret Co., Ltd

Tel: (855) 23 362 913 / 880 942

Fax: (855) 23 881 342

Email: info@amret.com.kh

Website: www.amret.com.kh

Angkor Microheranhvatho Kampuchea

Tel: (855) 23 993 062

Email: ceo@amkcambodia.com

Website: www.amkcambodia.com

Cambodian Entrepreneur Building

Tel: (855) 23-217-749

Fax: (855) 23 217 749

Email: cebltd@camnet.com.kh

Cambodia Buinsess Integrate in Rural Development

Tel: (855) 23 953 044

Email: cbird@camintel.com

CREDIT Co., Ltd

Tel: (855) 23 217 942

Fax: (855) 23 217 942

Email: credit_mfi@online.com.kh

Farmer Union Development Fund

Tel: (855) 23 364 005

Fax: (855) 23 364 454

Email: arnusorn70@hotmail.com

Hatthakasekar

Tel: (855) 52-951-404

Fax: (855) 52 951 404

Email: info@hkl.com.kh

Website: www.hkl.com.kh

Intean Poalrath Rongroeurng

Tel: (855) 23 990 237

Fax: (855) 23 990 237

Email: cambodiarice@yahoo.com

Maxima Microheranhvatho

Tel: (855) 23 214 240

Fax: (855) 23 354 240

Email: maximacredit@yahoo.com

Website: www.maxima.com.kh

Prasac Micro Finance Institution

Tel: (855) 23 220 102

Fax: (855) 23 216 362

Email: info.pp@prasac.com.kh

Website: www.prasac.com.kh

Seilanithih

Tel: (855) 23 367 089

Fax: (855) 23 990 225

Email: selanithih@online.com.kh

Tong Fang Micro Finance Limited

Tel: (855) 23-362-885

Fax: (855) 23-362-885

Thaneakea Phum Cambodia (TPC)

Tel: (855) 23-220-641

Fax: (855) 23 220 642

Email: tpcltd@online.com.kh

Website: www.tpc.com.kh

Vision Fund, Cambodia Ltd

Tel: (855) 23 216 052

Fax: (855) 23 216 220

Email: samphea_sartop@wvi.org

Project Financing

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Foreign Exchange Controls Affecting Trade

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- 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 on dissolution of an investment project.

General Financing Availability

Trade and investment financing is available through most foreign bank branches and local banks, although bank credit to a single client is limited by statute to 20 percent of net worth. Lending in the banking system has been limited and restricted by lack of trustworthy investors and uncertainty about economic conditions. There is a large but unmet demand for loans from local small and medium enterprises.

Most loans are short term and provide working capital to traders. Interest rates on loans in US dollar are high, about 16.5 per cent. Additionally, repayment terms are short. In short, access to affordable capital remains limited and a major hurdle in the economy.

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Persons choosing a bank are urged to consult any of the standard rating services. Letters of credit may be available through those banks with correspondent banking relationships with banks in the United States. There may be some difficulty obtaining confirmation of letters of credit issued by some Cambodian banks. Eximbank financing is not currently available.

Multilateral Development Banks

Cambodia became a member of the World Bank on July 22, 1970. However, it did not borrow from the Bank until 1993. The World Bank has a country office in Phnom Penh.

The World Bank has provided more than \$600 million in loans since 1994 in a variety of sectors with energy, road rehabilitation, education, governance, disease control and health, and social fund projects constituting the largest shares.

The Asian Development Bank (ADB)(www.adb.org/CARM), of which Cambodia has been a member since 1966, has approved \$775 million in loans as of January 2004, also in a variety of sectors, but with emphasis on infrastructure rehabilitation in road, the energy and power sectors, health and education.

The U.S. Government maintains a commercial liaison office at ADB headquarter in Manila, which reports directly to the Office of Multilateral Development Banks at the Commerce Department in Washington. It assists U.S. companies in bidding on contracts and activities funded by the ADB. Interested U.S. companies should contact Mr. Frank Foster, U.S. liaison to the ADB, tel: (001) 632 887-1345 or 1346, fax: (001) 632 887-1164, Email: frank.foster@mail.doc.gov, manila.adb.office.box@mail.doc.gov or Cecile Santos at Cecile.Santos@mail.doc.gov

Web Resources

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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/cc/default.htm>

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

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Business Customs

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Like many other countries in Asia, many 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 you approach potential business contacts with a prior introduction or personal reference. Cambodians are more receptive if you 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 travellers 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 to the person you are dealing with and always take a few seconds to study a person's card after it has been handed to you. This is particularly important when dealing with Cambodia's ethnic Chinese minority, many of whom hold influential positions in the country's business community.

Cambodian names are in most cases not anglicised. It is customary for Cambodians to address each other by their given names rather than their family names. Addressing people by their family name is considered rude.

The “Sampeah” – placing your palm together in a prayer-like position – remains a 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 women offers her hand, otherwise you should go with the traditional greeting Sampeah.

Touching someone on the head, pointing with your 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.

Even with the increasing use of English, it is advisable to hire a reliable interpreter, as most business and official meetings are conducted in Khmer. Chinese, French, Thai and Vietnamese are also widely spoken.

Travel Advisory

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Travel within cities and provincial towns is generally safe, but business travelers should consult with U.S. Department of State prior to arrival in Cambodia for a current travel advisory (this information is available on the web at <http://travel.state.gov>). Once in Cambodia, business travelers should remain alert and take normal personal security precautions. A taxi from Phnom Penh International Airport to virtually any location in Phnom Penh will cost \$7. 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.

Travelers to remote areas of the country should consult the U.S. Embassy's current consular information sheet. Domestic air service links Phnom Penh with Siem Reap. Private cars are available for rental in most cities upon arrival. The safety of road travel outside urban areas varies; traveling only during daylight hours can reduce the potential risk. During the rainy season, some locations cannot be reached by road. Persons planning a lengthy visit to Cambodia should register with the U.S. Embassy Consular Section upon arrival in Cambodia.

Visa Requirements

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Visitor visas valid for one month are issued at Phnom Penh International Airport (formerly known as Pochentong International Airport). A passport must have at least four-month validity. One-month visa is available on arrival at the international airports in Phnom Penh Siem Reap and other major border crossings such as Poi Pet at Thai border and Bavet at Vietnamese border.

The fee is \$20 for tourists and \$25 for business visas. Travelers should bring with them two passport-sized photos for the visa application. Tourist visa can be extended for one month, but only one time.

For individuals who need to stay longer than the standard one month, a three-month visa will be granted upon application to the Ministry of Interior; the fee for this visa is \$60. 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 (CDC) may apply for a business visa valid for a year. The fee is \$180. The Ministry of Interior has a team at the CDC to assist investors in obtaining long-term business visas.

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

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

The U.S. Embassy:

The U.S. Embassy can provide consular and business advisory services for U.S. travelers in Cambodia. Business travelers wishing to visit the Economic and Commercial Section are asked to contact us prior to arrival in Cambodia:

Donald B. Coleman
Economic/Commercial Officer
U.S. Embassy Phnom Penh
Tel:[855] (23) 728-128
Fax:[855] (23) 728-501
E-mail: ColemanDB2@state.gov
Website: <http://phnompenh.usembassy.gov/>

Ly Kim Chhay
Economic/Commercial Assistant
U.S. Embassy Phnom Penh
Tel:[855] (23) 728-137
Fax:[855] (23) 728-400
E-mail: LyKC@state.gov
Website: <http://cambodia.usembassy.gov/>

Telecommunications

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Telephone (landlines as well as cell phones), fax, Internet, and telegram services are available. Telephone service may be unreliable (more so for landlines than cell phones), especially for calls coming into Cambodia, or in remote areas. International telephone charges are relatively expensive compared to other countries in the region although phone tariffs are trending downward. The cost of a call to the U.S. is approximately \$0.98 per minute, to the rest of Asia \$0.90 and to Laos, Thailand and Vietnam \$0.82 and to other countries \$1.14.

Connection /installation of telephone landlines has been reduced to \$50. Monthly rental fees of such lines are \$8 in Phnom Penh and \$6 in provinces. However, there are often long delays in installation and telephone exchanges and cables are subject to problems; most people opt to use cell phones exclusively, which are inexpensive and readily available. In early 2007, another mobile phone company operating on DCMA2000 1X

technology will be joining the growing telephony market.

Cell phone service covers most urban areas throughout the country and is provided by several companies, including Shinawatra (www.camshin.com/en/), Mobitel (www.mobitel.com.kh/) and Smart companies (www.hello GSM.com.kh/). International roaming service for mobile phones is available.

Over the recent years, Internet services have fast improving both in terms of prices and speed. Cambodia has introduced a wireless broadband system. Internet access via wireless system is provided in major hotels, but there is also a plethora of Internet cafés in Phnom Penh, Battambang, Sihanoukville, and other major provinces, prices of which have recently slashed substantially. Cambodia currently has four Internet providers where travellers or businesses may contact for the services:

1 – Camnet

Address: #95-96, Sihanouk Blvd, Corner Street 105
Phnom Penh, Cambodia
Tel: (855) 23 720 708
Fax: (855) 23 724 540
Email: sales@camnet.com.kh
Website: www.camnet.com.kh

2 – Camintel

Address: # 1, Corner of Therak Vithei Sisowath
& Vithei Phsar Dek
Tel: 855 23 986 789
Fax: 855 23 986 277
Email: sales@camintel.com
Website: www.camintel.com

3 – Online

Address: # 15, Norodom Blvd, Phnom Penh
Tel: (855) 23 430 000
Fax: (855) 23 430 001
Email: sales@online.com.kh
Website: www.online.com.kh

4 – Telesurf (wireless broadband)

Address: # 33, Sihanouk Blvd, Phnom Penh
Tel: (855) 12 800 800
Fax: (855) 12 801 801
Email: sales@telesurf.com.kh
Website: <http://www.telesurf.com.kh/>

Transportation

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There have been great improvements to the Cambodian road network over the last several years. While connections are not perfect, it is much easier to move around the

country than even just a few years ago. Travel to some of the more remote provinces like Rattanakiri and Mondulakiri can be difficult even in the dry season and at times impossible during the rainy season. However, renovation of the roads connecting these two provinces is currently under way.

Cambodia currently has two international airports: Phnom Penh International Airport and Siem Reap International Airport. These two airports have been dramatically upgraded over the recent years with modern terminals.

Cambodia has an international and commercial deepwater port at Sihanoukville (<http://www.pas.gov.kh/>) with a handling capacity of up to 1.5 million tones in 2004 and its volume capacity is expected to increase to over 2 million tones in 2005. The Japanese government has funded major upgrade projects to the port to expand its size, container storage and number of berths significantly. One of the container terminals funded became operational in May 2005. Another will be completed in July 2006.

There are a number of shipping agents operating in Phnom Penh and Sihanoukville who can handle airfreight, sea freight, and overland shipping.

Cars and buses offer a cheap way to travel to most provincial capitals. Phnom Penh does not have a bus system or metered taxis, however. Motorcycle-taxi (locally known as motodup) and cyclos are popular forms of transportation. The U.S. Embassy does not recommend using motodup or cyclos mainly because they are very prone to accidents and street crime. Hiring a car and driver is an option in major cities like Phnom Penh. Rental fees run between \$25 and \$50 per day.

Language

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Even with the increasing use of English, it is advisable to hire a reliable interpreter, as most business and official meetings are conducted in Khmer. Chinese, French, Thai and Vietnamese are also widely spoken.

Health

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Cambodian medical facilities are not up to western standards. Health and medical services are poor and limited. Serious medical conditions including accidents require medical evacuation. Outside Phnom Penh, medical facilities are not properly equipped to deal with medical emergencies.

There are private clinics in Phnom Penh with either western or western-trained doctors on staff. That said, the health infrastructure of Cambodia remains inadequate. Treatment for serious medical conditions/accidents is available in Bangkok but medical evacuations can be time-consuming and costly. Anyone planning a trip to Cambodia should seriously consider the level of health care available here.

A current list of clinics/hospitals with names, addresses and telephone numbers may be obtained from the U.S. Embassy consular section. In addition, there are three

pharmacies, which provide a range of U.S. and European products.

1 – Naga Pharmacy Center
413E0, Sisowath
Tel: (855) 23 212 324
Email: jcgaren@yahoo.fr

2 - Phamacie De La Gare
81 Monivong Blvd.
Tel: (855) 23 526 855
Fax: (855) 23 426 855

3 – Phamacies Penh Vong
352 Sihanouk Blvd., Phnom Penh
Tel: 023 213 043

Medical evacuation insurance (medevac) is advisable, and may be obtained through:

AEA International SOS Clinic – Phnom Penh
#161, St. 51, Khan Doun Penh, Phnom Penh, Cambodia
Tel: [855] (23) 216-911
Fax: [855] (23) 215-811
Email: info.cambodia@internationalsos.com
Website: www.internationalsos.com

Medical treatment arrangements in Thailand could also be made through the branch office of one of the leading Thai hospitals:

Bangkok Hospital Office
#108 –112, Samdach Sothearos
Unit G03B, Hong Kong Center
Tel: (855) 23 219 178
Fax: (855) 23 219 422
Email: bangkokhospital@online.com.kh
Website: www.bangkokhospital.com

For 24-hour medical emergency, ambulance services and medical assistance evacuation, contact should also be made to:

Naga Clinic
11, Street 254
Tel: (855) 23 211 300
Fax: (855) 23 361 225
Hotline: 011 811 175
Email: nagaclinic@online.com.kh
Website: www.nagaclinic.com or jcgaren@yahoo.fr

Business Hours

Business hours for commercial offices are usually from 0730 to 1200 in the morning and from 1330 to 1700 in the afternoon Monday through Saturday morning. Government offices are officially open from 0730 to 1130 and from 1400 to 1730.

Time Differences

During Daylight Savings Time, Cambodia is twelve hours ahead of the U.S. East Coast. Cambodia consists of a single time zone and is GMT + 7.

Holidays:

In 2006, Cambodia celebrates 18 national holidays totalling 26 days in duration. Most businesses and government offices observe these holidays. Although some foreign holidays such Chinese New Year are not officially approved and are not listed below, Cambodians tend to observe these days as well.

Of note, any public holiday that falls on Saturdays or/and Sundays will be carried over to the next working day.

Holidays for 2006:

January 1, 2006	International New Year's Day
January 7, 2006	National Liberation Day
February 13, 2006	Meak Bochea Day
March 8, 2006	International Women's Day
April 14-16, 2006	Khmer New Year
May 1, 2006	International Labor Day
May 12, 2006	Visak Bochea Day
May 13-15, 2006	King Sihamoni's Birthday
May 16, 2006	Royal Ploughing Ceremony
June 18, 2006	Queen-Mother's Birthday
September 21-23, 2006	Phchum Ben
September 24, 2006	Constitution Day
October 23, 2006	Paris Peace Agreement on Cambodia
October 29, 2006	Coronation's Day of His Majesty Preah Bat Samdech Preah Baromneath Norodom Sihamoni, the King of Cambodia
October 31, 2006	King Father's Birthday
November 4-6, 2006	Water Festival
November 9, 2006	National Independence Day
December 10, 2006	International Human Rights Day

The U.S. Embassy will also observe in 2006 the following U.S. holidays:

January 2, 2006	New Year's Day
January 16, 2006	Martin Luther King's Birthday
February 20, 2006	George Washington's Birthday
May 29, 2006	Memorial Day
July 4, 2006	Independence Day
September 4, 2006	Labor Day
October 9, 2006	Columbus Day
November 10, 2006	Veterans Day
November 23, 2006	Thanksgiving Day
December 25, 2006	Christmas

Temporary Entry of Materials and Personal Belongings

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Cambodia is a tropical hot country, which is not suitable for formal western business attire. But in a strictly formal meeting, it is advisable that you wear a suit and tie for men and dress for women. In a less formal setting, a formal dress, or shirt and tie would be suitable.

Accommodations:

International standard hotels are on the increase, but limited to major cities such as Phnom Penh and Siem Reap. Hotel accommodations range in price from \$5 per night at guesthouses to more than \$1,000 per night, but clean modern accommodations are readily available for between \$60 and \$100 per night. A few major hotels offer up-to-date business center services at reasonable cost. Reservations are recommended but not essential in Phnom Penh. Reservations are more necessary in Siem Reap due to the heavy tourist demand for rooms. November through April is the high season for tourism, so travelers may wish to pay particular attention to reserving a room before traveling during that timeframe.

Information on accommodation such as hotels and serviced apartments can be obtained through Phnom Penh Hotel Association at <http://www.phnompenh-hotels.org/index.php>.

Public Utilities:

Electrical power service in Phnom Penh has improved significantly over the last few years, although there are still outages. Many companies have their own generators, either as back-ups to assure reliability or as prime power generators due to the high cost of city power. Foreigners are charged \$0.21 per kilowatt-hour. Cambodia's electrical service is 220 volts, 50 cycles (Hertz). The city draws water from the Mekong and Tonle Sap rivers; although it is treated, it is not potable.

The city provides garbage collection, but solid waste disposal and daily collection are not reliable in some neighbourhoods. Bottled propane gas is available. There are two cable television companies in Phnom Penh providing major international cable television companies providing access to CNN, BBC, CNBC, Star TV and NHK.

The U.S. Embassy can provide consular and business advisory services for U.S. travelers in Cambodia. Business travelers wishing to visit the Economic and Commercial Section are asked to contact us prior to arrival in Cambodia:

Donald B. Coleman
Economic/Commercial Officer
U.S. Embassy Phnom Penh
Tel:[855] (23) 728-128
Fax:[855] (23) 728-501
E-mail: ColemanDB2@state.gov
Website: <http://phnompenh.usembassy.gov/>

Ly Kim Chhay
Economic/Commercial Assistant
U.S. Embassy Phnom Penh
Tel:[855] (23) 728-137
Fax:[855] (23) 728-400
E-mail: LyKC@state.gov
Website: <http://cambodia.usembassy.gov/>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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Royal Government of Cambodia

1 - Key Cambodian Government Agencies

Council for the Development of Cambodia (CDC)
Wat Phnom District
Phnom Penh, Cambodia
Contacts: H.E. Mr. Sok Chenda Sophea, Secretary General
Tel: (885-23) 981-183 or 981-162
Fax: (855-23) 360-636
Website: www.cambodiainvestment.gov.kh
<http://www.cdc-crdb.gov.kh/>

Ministry of Commerce
No. 22, Preah Norodom Blvd.
Phnom Penh, Cambodia
Contacts: H.E. Cham Prasidh, Minister
Tel: (855-23) 366-871
Fax: (855-23) 426-396
Website: www.moc.gov.kh

Ministry of Industry, Energy and Mines
No. 45, Preah Norodom Blvd.
Phnom Penh, Cambodia
Contacts: H.E. Suy Sem, Minister
Tel: (855-23) 723-077/428-263/427-852
Fax: (855-23) 428-263
Email: mine@cambodia.gov.kh
Website: www.mine.gov.kh

Ministry of Public Works and Transport
Preah Norodom Blvd
Phnom Penh, Cambodia
Contacts: H.E. Sun Chanthol, Minister
Tel: (855-23) 722-615
Fax: (855-23) 723-708
Email: mpwt@mpwt.gov.kh
Website: <http://www.mpwt.gov.kh/>

Ministry of Agriculture, Forestry and Fisheries
200 Preah Norodom Blvd
Phnom Penh, Cambodia
Contacts: H.E. Chan Sarun, Minister
Tel: (855-23) 211-051/322-893
Fax: (855-23) 217-320
Email: icomaff@camnet.com.kh
Website: <http://www.maff.gov.kh/>

Ministry of Posts and Telecommunications
Corner Street 13 and 102, Sangkat Wat Phnom,
Phnom Penh, Cambodia
Contacts: H.E. So Khun, Minister
Tel: (855-23) 426-993/426-510
Fax: (855-23) 426-992
Email: mptc@cambodia.gov.kh
Website: <http://www.mptc.gov.kh/>

Ministry of Tourism
No. 3, Preah Monivong Blvd.
Phnom Penh, Cambodia
Contacts: H.E. Lay Prohas, Minister
Tel: (855-23) 427-130
Fax: (855-23) 426-877
Email: Tourism@Camnet.Com.Kh
Website: <http://www.mot.gov.kh/>

Ministry of Economy and Finance
60 Street 92, Phnom Penh, Cambodia
Contacts: H.E. Keat Chhon, Minister
Tel: (855-23) 428-634
Fax: (855-23) 427-798
Email: mefcg@hotmail.com
Website: <http://www.mef.gov.kh/>

Customs and Excise Department
Preah Norodom Blvd, Phnom Penh
Contacts: H.E. Pen Siman, Customs Chief
Mr. Kun Nhem, Deputy Director
Tel: (855-23) 214 065
Fax: (855-23) 214 065
Email: customs@camnet.com.kh
Website: <http://www.camnet.com.kh/customs/>

Municipality of Phnom Penh
#69, Preah Monivong Boulevard, Phnom Penh
Contacts: H.E. Kep Chuktema, Governor
Tel: (855-23) 428-627
Fax: (855-23) 724-156
Email: phnompenh@phnompenh.gov.kh

Website: www.phnompenh.gov.kh

The National Bank of Cambodia (NBC)
No 22-24, Preah Norodom Blvd
Phnom Penh, Cambodia
Contacts: H.E. Chea Chanto, Governor
Mr. Phan Ho, Director of Bank Supervision
Tel: (855-23) 722-221/275-063/724-866
Fax: (855-23) 426-117

2 – Cambodian Government Offices in the United States

Cambodian Embassy in the USA
4500 16th St. NW
Washington DC, 20011
Tel: (202) 726 7742
Fax: (202) 726 8381
Contact: H.E. Mr. Ek Sereywath, Ambassador
Email: cambodia@embassy.org
Website: www.embassy.org/cambodia/

Permanent Mission of the Kingdom of Cambodia to the United Nations
866 U.N. Plaza, Suite 420, 4th Floor
New York, N.Y. 10017
Tel: (212) 223-0676
Fax: (212) 223-0425
Contact: H.E. Dr. Chem Widhya
Email: cambodia@un.int
Website: <http://www.un.int/cambodia/>

B – U.S. Government Contacts

United States Commercial Service
(Washington, DC)
Trade Information Center
Tel: (800) USA-TRADE
Fax: (202) 482-4473
Website: www.ita.doc.gov/uscs

United States Commercial Service
U.S. Embassy Bangkok
Diethelm Tower A, 304
93/1 Wireless Rd.
Bangkok 10330, Thailand
Commercial Counselor: Ann Bacher
Tel: [66](2) 205-5090
Fax: [66](2) 255-2915
E-Mail: Ann.Bacher@mail.doc.gov
Website: <http://www.buyusa.gov/thailand/en/>

United States Embassy Phnom Penh
Cambodian Mailing Address: #1, St. 96, Phnom Penh, Cambodia
U.S. Mailing Address: Box P, APO AP 96546
Ambassador: Joseph A. Mussomeli
Economic/Commercial Officer: Mr. Donald B. Coleman
Economic/Commercial Assistant: Mr. You Sethy
Tel: [855](23)728-128

Fax: [855](23)728-501

e-mail: ColemanDB2@state.gov

e-mail: YouS@state.gov

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

Export-Import Bank Of The United States (Eximbank)
811 Vermont Ave. NW
Washington, DC 20571
Tel: 202-565-3510
Fax: 202-565-3380
Website: www.exim.gov

Overseas Private Investment Corporation (OPIC)
Mr. Bruce Cameron, Business Development Officer
1100 New York Avenue NW
Washington, DC 20527, USA
Tel: (202) 336-8745
Fax: (202) 408-5154
E-Mail: Bcame@opic.gov
Website: www.opic.gov

C – Multilateral Contacts:

Asian Development Bank (ADB)
Box 789
0890 Manila, Philippines
U.S. Executive Director: Amb. Paul Speltz
Tel: [63](2)632-6050
Fax: [63](2)632-4003
U.S. Commercial Liaison: Mr. Frank Foster
Tel: [63](2)890-9364
Fax: [63](2)890-9713
E-Mail: frank.foster@mail.doc.gov
manila.adb.office.box@mail.doc.gov
Website: www.adb.org

International Finance Corp. (IFC)
1850 I (Eye) St. NW
Room I-11-063
Washington, DC 20433, USA
Cambodia Investment Officer: Mr. Morgan Landy
Tel: 202-473-9350
Fax: 202-676-0820

Website: www.ifc.org

Multilateral Investment Guarantee Agency (MIGA)
1818 H St. NW
Washington, DC 20433
Tel: 202-477-1234
Fax: 202-522-2630
Website: www.miga.org

D – Trade Associations

U.S.-ASEAN Business Council
1101 17th Street NW, Suite 411
Washington, DC 20036
Contact: Ms. Frances Zwenig
Tel: 202 289-1911
Fax 202 289-0519
email: mail@usasean.org
Website: <http://www.us-asean.org/>

Description: The U.S.-ASEAN Business Council is a private organization in the United States representing private sector interests in ASEAN, the Association of Southeast Asian Nations.

American Cambodian Business Council (AmCam)
56, Samdech Sothearos Blvd., Phnom Penh
Tel: (855-23) 362-670
Fax: (855-23) 362-671
Contact: Mr. Bretton Sciaroni (President)
Note: AmCam represents U.S. Business interests in Cambodia

International Business Club
56, Samdech Sothearos Blvd, Phnom Penh
Tel: (855-23) 362-670
Fax: (855-23) 362-671
Email: info@sa-cambodia.com
Contact: Mr. Bretton Sciaroni (President)

Japanese Business Association
75-5, Sisowat Street
Tel: (855-23) 426 506
Fax: (855-23) 426 505
Email: mcpnh.manager@online.com.kh

Phnom Penh Chamber of Commerce
7B Street 81 corner Street 109,
Sangkat Beung Raing, Khan Daun Penh,
Phnom Penh, Cambodia Contact: Okhna Kith Meng, President
Tel: (855-23) 212265
Fax: (855-23) 212270
Email: ppcc@camnet.com.kh

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

Cambodia Federation of Employers and Business Associations (CAMFEBA)
#56, Sothearos Blvd., Phnom Penh, Cambodia
President – Mr. Van Sou leng
Tel: (855-23) 218 858
Fax: (855-23) 311 181
E-mail: camfeba@bigpond.com.kh

The Garment Manufacturers Association in Cambodia (GMAC)
175, Jawahalal Nehru Blvd (St. 125)
Phnom Penh, Cambodia
Chairman – Mr. Van Sou leng
Tel: (855-23) 301 180
Fax: (855-23) 311 181
Contact person: Dr. Ken Loo
Email: ray@online.com.kh
Website: <http://www.gmac-cambodia.org>

Phnom Penh Hotel Association (PPHA)
Hotel Cambodiana
313, Sisowath Quay Phnom Penh
Tel: (855) 23 990 577
Email: info@phnompenh-hotels.org
Website: <http://www.phnompenh-hotels.org>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> 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, but free of charge.

Below is a listing of some of the companies that are known to provide market research and investment services.

Dirksen, Flipse, Doran & Le (Legal Advisors)
#45, Suramarit Blvd
Tel: (855-23) 210-400
Fax: (855-23) 428-227
Contact: Mr. Martin DeSautels
Email: info@dfdl.com.kh
Website: www.dfdl.com.kh

Indochina Research Limited
No.9, Mao Tse Toung Blvd.
Phnom Penh, Cambodia

Tel: (855-23) 215-184/362 753

Fax: (855-23) 215-190

Contact: Mr. Tim Smyth

Email: research@irl.com.kh

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

KPMG Cambodia Limited

Contact person: David King, Director

2, Street 208, Sangkat Boeung Prohit

Tel: (855) 23 216 899

Fax: (855) 23 216 405

Email: davidking@kpmg.com.kh

Website: www.kpmg.com

Pricewaterhousecoopers Ernst & Young

#124, Norodom Blvd.

Tel: (855-23) 218-086

Fax: (855-23) 428-076

Contact: Mr. Senaka Fernando

Email: senaka.fernando@kh.pwc.com

Website: www.pwcglobal.com

Sciaroni and Associates (Legal Advisors)

56, Samdech Sothearos Blvd, Phnom Penh

Tel: (855-23) 362-670 / 210 225

Fax: (855-23) 362-671

Contact: Mr. Bretton Sciaroni

Email: info@sa-cambodia.com

Website: www.sa-cambodia.com

MARKET RESEARCH AVAILABLE FROM THE U.S. EMBASSY

Interested readers should periodically check the National Trade Data Bank for new reports. Up to date versions of this Country Commercial Guide can be accessed via the internet at www.stat-usa.gov, www.state.gov, and www.mac.doc.gov, or through the National Trade Data Bank. Other Embassy publications are available at the Embassy's website at <http://usembassy.state.gov/cambodia/>. The Embassy can also assist U.S. businesses in locating qualified local consultants to perform market research on a contract basis. The U.S. Government Export Portal can be accessed at www.export.gov/OneStopConsumer/OneStop/mrlogin.jsp

Trade Events

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

<http://www.export.gov/tradeevents.html>

Featured trade events are listed on the following page of the U.S. Export Portal website:

www.export.gov/comm_svc/tradeevents.html. Readers may also contact the U.S.-ASEAN Business Council for information on possible events:

Ms. Frances Zwenig
Senior Country Director
U.S. ASEAN Business Council
1400 L St. NW

Suite 375

Washington, DC 20005-3509
Tel: (202) 289-1911
Fax: (202) 289-0519
Website: www.us-asean.org

Trade events in Cambodia have also become popular and increasingly held in the last few years. There were some 20 trade shows held in the last two years, which attracted an increasing number of participants. For information on upcoming trade shows, you are encouraged to contact the Department of Export Promotion of the Ministry of Commerce or check their website listed below.

**Export Promotion Department
Ministry of Commerce**

#57-59, Road 136, Phsar Kandal II, Daun Penh
Phnom Penh, Kingdom of Cambodia
Phone: +(855) 23 216 948
Fax: +(855) 23 211 745
E-mail: info@epd.gov.kh
Website: <http://www.epd.gov.kh/>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. 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

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://cambodia.usembassy.gov/economic_affairs_office.html

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

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.