

The E-Book on East Asia Investment Practice

-Cambodia

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Preface

The Cambodian economy is dominated by agriculture and its industrial foundation is relatively weak. In recent years, Cambodia has continuously optimized its business environment by maintaining national security, political stability and promoting economic growth, giving domestic and foreign investment basically equal preferential policies. At the same time, as one of the least developed countries in the world, 28 countries/regions including the United States, the European Union, and Japan grant Cambodia's Generalized System of Preferences (GSP); for the import of textile and apparel products from Cambodia, the United States grants looser quotas and exemptions. With regard to import tariffs, Canada offers preferential treatments such as exemption of import tariffs, which provides preferential treatment for foreign investors to invest in Cambodia.

Chapter I of this Guide briefs on Cambodia's national features like geography, politics, society and culture, etc.; Chapter II introduces Cambodia's overall business environment; Chapter III gives an introduction about Cambodia's economy and trade policies; Chapter IV outlines Cambodia's industrial development and foreign investment conditions; Chapter V gives an account of starting a business and provisions in Cambodia; Chapter VI introduces relevant laws and regulations for business operation in Cambodia; Chapter VII introduces the ways and approaches for settlement of economic and trade disputes; Chapter VIII demonstrates multi-lateral and bilateral free trade agreements such as the *Regional Comprehensive Economic Partnership*; Chapter IX introduces Cambodia's economic security and support policies amid the COVID-19 pandemic; Chapter X includes enterprise-related government departments, chambers of commerce & associations, intermediary organs, and relevant contact information.

We hope that the basic information of Cambodia's economy and trade displayed in this

e-book can provide valuable guidance for enterprises and investors, contributing to the investment facilitation and healthy development of economic globalization.

Time constraints and competence deficiency might lead to inaccuracies in this e-book. We sincerely hope that you can put forward your valuable comments and suggestions so that we can improve them.



General Information

1.1 Geography

Geological Location

The Kingdom of Cambodia (hereinafter referred to as Cambodia) is located in the southern Indochina Peninsula in Asia. It borders Vietnam to the east and southeast, Laos to the north, Thailand to the west and northwest, Thailand to the south and the Gulf of Siam to the southwest. The area is about 180,000 km².

Natural Resources

Cambodia is rich in natural resources, with 670 hectares of arable land, a forest coverage rate of 60%, and numerous rivers and lakes. Mineral resources mainly include oil, natural gas, gems, phosphates, etc. Bodham Province in the northwest has zircons, sapphires and rubies, and the central region has resources such as salt, manganese and phosphates. The Gulf of Thailand has oil, and the reserves have yet to be determined.

Climate

Cambodia has a tropical monsoon climate with an annual average temperature of 29-30°C. The rainy season is from May to October, and the dry season is from November to April of the

following year. Affected by topography and monsoons, precipitation varies greatly from place to place. The rainfall in the southern part of Xiangshan Mountain can reach 5,400 mm, and that in the east of Phnom Penh is about 1,000 mm.

Administrative Division

Cambodia is divided into 24 provinces and 1 municipality (Phnom Penh).

Phnom Penh, the capital of Cambodia, is the largest city and also the political, economic, cultural, transportation, trade and religious center of the country. It covers an area of 678.46 km².

1.2 Politics

Constitution

Cambodia's current Constitution was approved by the Constitutional Convention on September 21, 1993 and signed by the King Sihanouk on September 24 for implementation. It stipulates that the Kingdom of Cambodia is a constitutional monarchy that includes a multi-party system and a free market economy, legislative and administrative, as well as the separation of the three powers.

Parliament

Parliament is the highest authority and legislative body of Cambodia. Each term of office is 5 years and there are 10 special committees under its jurisdiction. The current Parliament was established in September 2018, consisting of 125 members. The People's Party takes all the seats. Samdach Heng Samrin is chairman of the Parliament, Khuon Sudary is the first vice chairman, and Kun Sudary is the second vice chairman.

Senate

President of the Senate is ranked after the King, and before the President and Prime Minister. It is the second leader of Cambodia, acting as the head of state when the King is unable to govern or is not in the country for some reason. The term of office of the Senate is 6 years. The current Senate was established in February 2018 and consists of 62 senators, of which 58 are from the People's Party, 2 are directly appointed by the king, and 2 appointed by Congress. Say Chhum was re-elected as chairman of the Senate, and members of the Cambodian People's Party, Naibanna and Dion, served as the first and second vice-chairmen respectively. In September of the same year, Naibenna passed away, and Sinka from the Cambodian People's Party took over as the first vice chairman.

Chief of State

The king is the life-long chief of state and the supreme commander of the national army. He has the power to declare an amnesty, and has the power to dissolve the parliament upon the proposal from the prime minister and the consent of the chairman of the Parliament. The throne cannot be hereditary. After the death of the king, a nine-member throne committee is formed by the prime minister, the two Buddhist monks, the Senate and the chairman and vice chairmen of the National Assembly to elect a new king from the descendants of the royal family. The current king is Norodom Sihamoni (Norodom Sihamoni).

Government

The current Cambodian government is the sixth government. It was established in September 2018. The Chairman of the People's Party, Samdech Hun Sen, is the prime minister. There are 10 deputy prime ministers, 17 ministers of state, 28 ministries and 1 secretariat of state. The main government departments include: the Ministry of Commerce, the Ministry of Economy

and Finance, the Ministry of Labor and Vocational Training, the Ministry of Environmental Protection, the Ministry of Minerals and Energy, and the Ministry of Public Works and Transportation.

Political Parties

The main political parties in Cambodia are the Cambodian People's Party and the Funcinpec Party. Among them, the Cambodian People's Party is the ruling party.

1.3 Economy

Macro Economy

According to the *Global Economic Outlook* report released by the World Bank at the end of May 2020, due to the impact of the new crown pneumonia epidemic, Cambodia's nominal gross domestic product (GDP) in 2020 will be Riels 110,653 billion, or about US\$ 26.705 billion, a year-on-year decrease of 1.42%. GDP per capita was US\$ 1,683, with an increase of US\$ 39.88 year-on-year. Among them, the tourism, textile and construction industries are more affected relatively. These three fields cover about 1.7 million jobs nationwide.

In February 2020, the European Commission announced withdrawal of some of the tariff concessions provided to Cambodia under the EBA policy, involving some clothing and footwear worth about Euros 1 billion, as well as all travel goods and sugar products. The bill entered into force on August 12, 2020.

Table 1-1 Macroeconomic data of Cambodia, 2016–2020^①

Index	2016	2017	2018	2019	2020
Nominal GDP(US\$ billion)	20.017	22.177	24.572	27.089	26.705
Per capita GDP(US\$)	1,269.59	1,385.26	1,512.13	1,643.12	1,683.00
Real GDP growth rate (%)	7.03	6.83	7.47	7.05	-3.7

② World Bank: www.databank.worldbank.org.

Trade Scale.

Commodity trade. In 2020, the total merchandise trade import and export of Cambodia was US\$ 35.8 billion, with a year-on-year increase of 2.54%, of which exports totaled 17.21 billion, with a year-on-year increase of 16.7%; while imports totaled US\$ 18.59 billion, with a year-on-year decrease of 7.8%.

The main trading partners are ASEAN, China and the United States. Among them, exports to ASEAN were US\$ 3.722 billion and imports from ASEAN were US\$ 7.607 billion; exports to China were US\$ 1 billion and imports from China were US\$ 7.03 billion; exports to the United States were US\$ 5.258 billion and imports from the United States were US\$ 250 million.

The main export commodities are: clothing and footwear, bicycles, tourism products, rubber and steel. Cambodia is the largest supplier of bicycles in ASEAN and the EU.

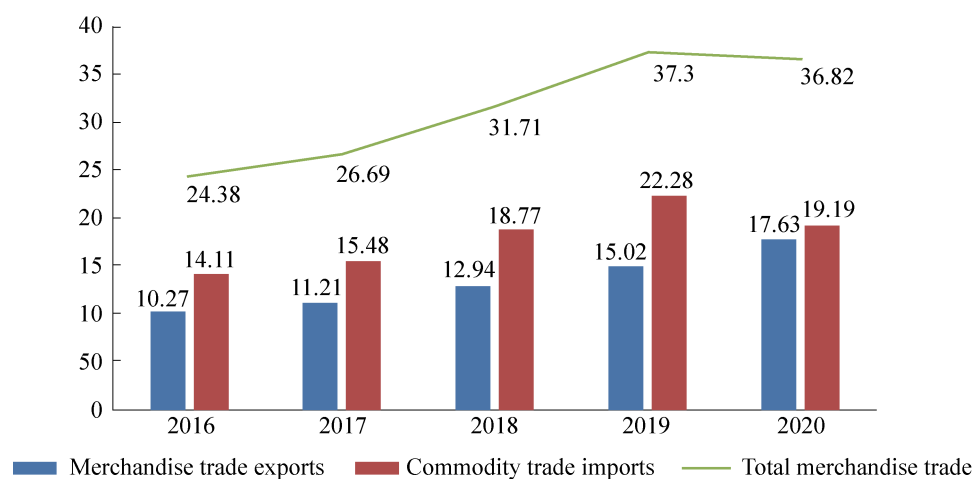


Figure 1-1 Cambodia's Commodity trade volume, 2016–2020 (Unit: US\$ 100 billion)^①

Service Trade. Affected by the new crown pneumonia epidemic, Cambodia's trade in services in 2020 was Riels 16,347 billion, down 56.99% year-on-year, of which exports were Riels 7,912.8 billion, down by 67.96% year-on-year; imports were Riels 8,434.2 billion, down by 36.57% year-on-year; trade deficit was Riels 521.4 billion.

The main service trade categories are tourism, transportation, computer information technology, insurance services, etc.

① Cambodia Investment Commission: www.cambodiainvestment.gov.kh.

The main service trading partners are Thailand, China, Vietnam and other neighboring countries.

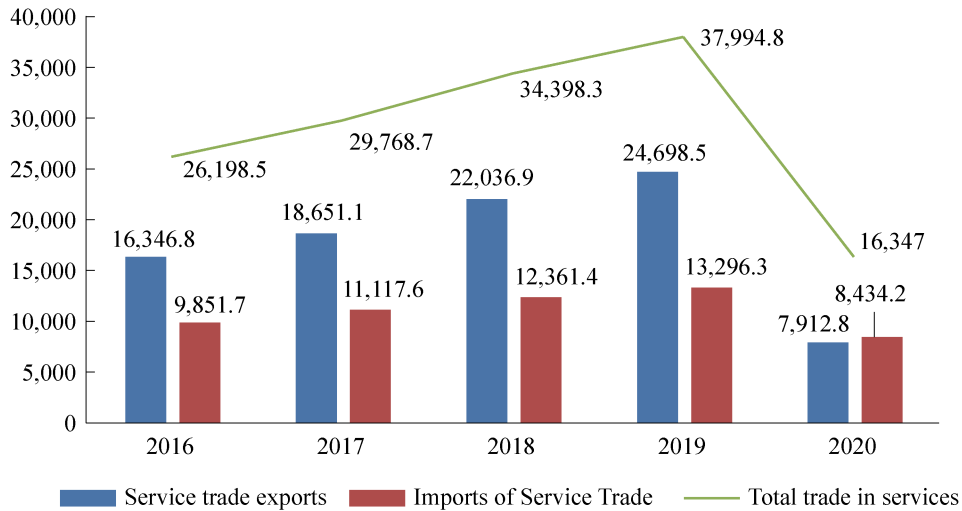


Figure 1-2 Cambodia's trade in service, 2016-2020 (Unit: Riels 100 billion)^①

Local Market

Total Sales Value. In 2019, Cambodia's wholesale and retail operating income was Riels 17.363 billion, a year-on-year increase of 20.13%.

Living Expenditure. In 2019, Cambodia's total domestic consumption expenditure was US\$ 20.106 billion, with an increase of 8.30% year-on-year.

Price Level. In 2020, the Consumer Price Index (CPI) of Cambodian was increased by 2.94% year-on-year.

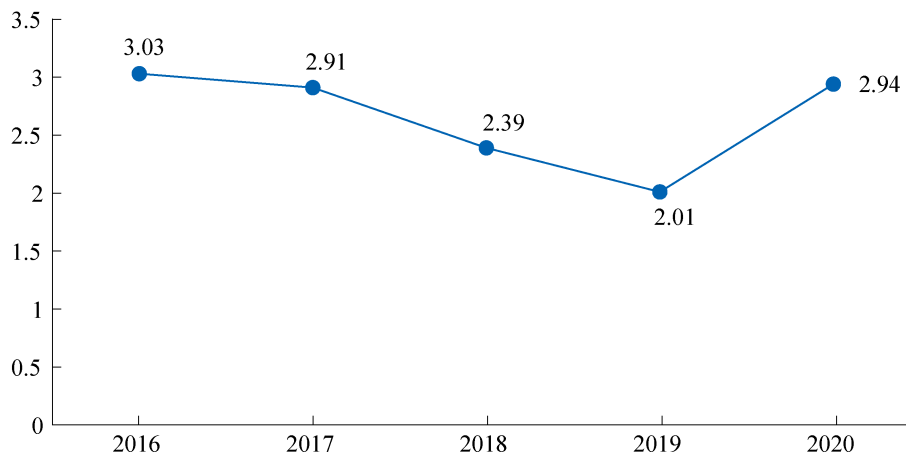


Figure 1-3 Cambodia's CPI trend, 2016-2020 (Unit: %)^②

① Cambodia Investment Commission: www.cambodiainvestment.gov.kh.

② World Bank: www.databank.worldbank.org.

1.4 Society and Culture

Population

As of 2020, Cambodia has a permanent population of approximately 16.719 million, with a total of more than 20 ethnic groups, of which the Khmer ethnic group accounts for 80% of the total population.

Language

The official language is Cambodian (also known as Khmer).

Religion

Buddhism is the state religion of Cambodia. Other main religions are Christianity and Islam.

Festivals and Holidays

Cambodia implements a five-day work system, Saturdays and Sundays are public holidays.

There are 22 statutory holiday days throughout the year. The main holidays are: Cambodian New Year (usually April 13-16 each year); Dead Man's Day (September 16-18); Water Festival (October 30-November 1). In addition, there are New Year's Day, International Women's Day, Constitutional Day, Independence Day, etc.

Public Security

Cambodia's political situation is generally stable, and social security has gradually improved. Possession of firearms is allowed on the premise of obtaining a legal firearms license issued by the government.



Business Environment

2.1 Overall Evaluation

World Bank Evaluation^①

The Doing Business Report released by the World Bank examines the regulatory rules in 190 economies that promote or restrict the business life cycle in 11 areas. According to *the Business Environment Report 2020*, Cambodia ranks 144th, among which the trusted business ranks the highest, ranking 25th, with a score of 80 points.

World Economic Forum Evaluation^②

The World Economic Forum has released *the Global Competitiveness Report* through evaluation on the performance of 141 economies in terms of 12 areas and 98 indexes. According to *the Global Competitiveness Report 2019*, Cambodia ranked 106th in the Global Competitiveness Index, with a score of 52.1 points (with an increase of 1.9 points from the previous year).

World Intellectual Property Organization Evaluation^③

The Global Innovation Index Report issued by the World Intellectual Property Organization

① The World Bank, Business Environment 2020.

② The World Economic Forum, Global Competitiveness Report 2019.

③ The World Intellectual Property Organization, Global Innovation Index 2020.

in conjunction with Cornell University in the United States and the European Institute of Business Administration evaluates more than 130 economies around the world with 2 indicators: innovation input and innovation output. According to *the Global Innovation Index Report 2020*, Cambodia ranks 110th and 15th respectively in Southeast Asia and Oceania.

Heritage Foundation Evaluation^①

The *Global Economic Freedom Index Report* released by the American Heritage Foundation using 4 guidelines and 12 indicators calculates the economic freedom index of various countries. According to the *Global Economic Freedom Index Report 2021*, Cambodia's Economic Freedom Index scored 57.3 points, ranking 118th.

2.2 Infrastructure

Highway

Road transportation is Cambodia's most important mode of transportation. In 2019, road passenger transportation accounted for 65% of total passenger transportation, and road freight transportation accounted for 69% of total freight transportation.^② As of 2019, the total length of Cambodia's road network exceeded 50,000 km, with more than 2,000 km of Chinese roads, more than 6,000 km of provincial roads, and more than 40,000 km of rural roads. Golden Port Expressway (Phnom Penh to Sihanoukville Port) is Cambodia's first expressway, with a total length of 190.63 km.

Railway

Cambodia has only two railway lines, the West Line and the South Line, with a total length of 655 km, and both of the lines are single meter-gage track.^③ The western railway runs from

① The Heritage Foundation, *Global Economic Freedom Index Report 2021*.

② Zhao Jing, *China-ASEAN International Capacity Cooperation Strategy Research*, Macroeconomic Management, 2017.

③ See ②

Phnom Penh to the northwest to Poipet on the Cambodia-Thailand border, with a length of 385 km. It was built in 1931 and can connect to Bangkok. The Southern Line Railway runs from Phnom Penh to the southwest to Sihanoukville Port. It is 270 km long. It was built in 1960 and is the main artery of transportation.

Aviation

There are 11 airports in Cambodia, among which Phnom Penh Airport, Siem Reap Airport and Sihanoukville Airport are international airports. Siem Reap Airways and Angkor Airways are the two main airlines.

Water Transport

Cambodian water transport is divided into river transport and sea transport. In terms of river transportation, the inland water systems mainly include the Mekong, Dongdi Sap and Basa rivers. There are 7 major river ports in the country. Phnom Penh Port is the only inland river port capable of berthing 8,000-ton ships in the rainy season and 5,000-ton ships in the dry season. In terms of shipping, Sihanoukville Port is the only deep-water seaport in Cambodia.^①

Table 2-1 Cambodia’s main ports and their advantages

Port name	Port Overview	Undertaken Business
Sihanoukville	There are four terminals, namely the old terminal, the new terminal, the container terminal and the cruise terminal. At present, it has 8 berths and can berth 4 10,000-ton ships at the same time.	The main imported commodities are raw materials, vehicles, medicines and daily necessities, and the main export commodities are rice, clothing and agricultural products.
Port of Phnom Penh	The second largest port in Cambodia, the annual throughput accounts for 25% of the country.	A port for exporting agricultural products, importing building materials, electrical appliances and daily necessities. Phnom Penh Port is also a “tourist port”.

Information and Communication

There are 8 non-mobile phone companies, 3 international communication service operators, and 7 mobile service operators in Cambodia. The CamNet company under the Ministry of Posts

^① Ministry of Public Works and Transport of Cambodia: www.mpwt.gov.kh.

and Telecommunications is responsible for providing access services to the Internet. As of January 2020, Cambodia has 9.7 million Internet users, showing a penetration rate of 58%, with an increase of 1.3 million over the same period last year; there are 21.24 million mobile phone users, with an increase of 765,000 year-on-year.^①

Electricity

According to the statistics of the Cambodian Electric Power Company, the total installed capacity of Cambodia in 2018 reached 2,075.6 MW and the power supply was 9.09 billion kWh, with an increase of 22.83% year-on-year. As of January 2020, hydroelectric power stations and coal-fired power plants accounted for 48% and 47% of Cambodia's power generation, respectively.^②

2.3 Production Cost

Electricity Price

In recent years, with the continuous improvement of power supply capacity, the price of electricity in Cambodia has dropped.

Table 2-2 Electricity Price in Cambodia^③

User type	Monthly electricity consumption	Price
Household user	≤10kWh	380 Riel/kwh
	11-50 kWh	480 Riel/kwh
	51-200	610 Riel/kwh
	>200 kWh	730 Riel/kwh
Commercial and administrative users	-	US\$ 0.1580/kWh

Water Price

Cambodia implements a stepwise water charging standard, and the water fee collection

① Ministry of Posts and Telecommunications of Cambodia: <http://www.tc.com.kh/public/>.

② Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Cambodia (2020)

③ Electricity Authority of Cambodia: <https://www.eac.gov.kh/>

groups are mainly divided into three categories: ordinary users, enterprise users, and government agency users.

Table 2-3 Water prices in Phnom Penh, Cambodia^①

User type	Water consumption (Unit: m ³)	Price (Unit: Riels)
General user	≤7	400/m ³
	8-15	720/m ³
	16-25	960/m ³
	26-50	1,250/m ³
	51-100	1,900/m ³
	> 100	2,200/m ³
Enterprise users	≤ 15	950/m ³
	16-45	1,100/m ³
	46-100	1,400/m ³
	101-200	1,700/m ³
	201-500	2,100/m ³
	> 500	2,400/m ³

Manpower Supply and Wages^②

The population of Cambodia is young, with the population aged 10-35 more than half of the total population, and labor resources are relatively abundant.

In 2017, Cambodia raised the minimum wage in the clothing and footwear industry to US\$ 170 per month. The monthly salary levels in Phnom Penh are as follows: for senior manager US\$ 1,000-1,500; for intermediate manager US\$ 500-1,000, for junior manager US\$ 300-450, for accounting staff US\$ 300-450, and for office staff US\$ 150-250.

At present, the main jobs in Cambodia that require foreign labor are professional and technical personnel and management personnel.

Land and Housing Price

The rental/purchase price of Cambodian land varies according to different regions and

① Phnom Penh Water Authority: <http://www.ppwsa.com.kh/en/>

② China Trade News: <https://www.chinatradenews.com.cn/content/201908/26/c81436.html>

locations. In 2019, the average rent for warehouse land located in the city center in Cambodia is US\$ 1.50-2.00/m²/month, and the selling price is US\$ 75-350/m²; the average rent for general construction land in other areas is US\$ 1.15-1.80/m²/month.

As of the second quarter of 2020, the average price of high-end apartments in Phnom Penh, the capital of Cambodia, was US\$ 3,041 per m². Among them, the average price of a 120m² apartment in downtown Phnom Penh was US\$ 349,560 and the average rent was US\$ 1,553/ month.

Table 2-4 2019 Cambodian plant lease/purchase costs^①

Plant type	Address	Average rent	Selling price
Warehouse land	City center	1.50-2.00 US\$/m ² /month	US\$ 75-350/m ²
General construction land	Other lands	1.15-1.80 US\$/m ² /month	-

2.4 Financial Services

Currency and Exchange Rate

The Cambodian currency is Riel. 1 Cambodian Riel is approximately US\$ 0.000247 (refer to exchange rate in 2020).

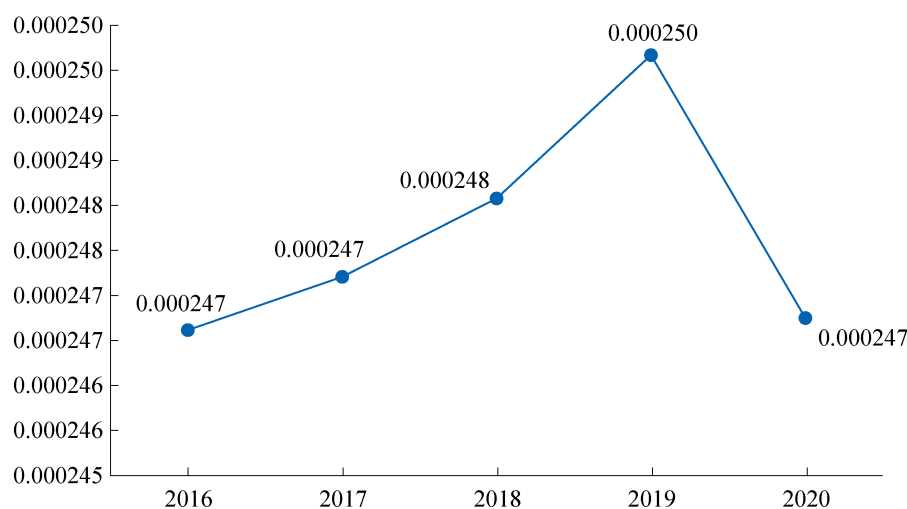


Figure 2-1 Exchange rate between Riel and US\$, 2016–2020^②

① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Cambodia (2020).

② National Bank of Cambodia: www.nbc.org.kh.

Foreign Exchange Management^①

Cambodia has no controls on foreign exchange and implements a dual currency policy of US\$ and Cambodian currency. Nowadays, Cambodia is the world's third largest user of US\$ and has a high degree of freedom in foreign exchange. There are no restrictions on the funds entering and leaving Cambodia through banks, and investors can freely remit investment income back to the country, but they are subject to withholding tax. In the case of liquidation, investors can freely transfer the proceeds.

Cambodia allows residents to freely hold foreign exchange. Foreign exchange operations conducted through authorized banks are not subject to control, but if the amount of a single transfer is more than US\$ 0.01 million (inclusive), the authorized bank shall report to the National Bank. As long as the enterprises registered in the competent commercial authorities of Cambodia can open foreign exchange accounts.

Each person who enters and exits the country can carry up to US\$ 10,000, and the excess part needs to be declared to the customs.



Investment Practice:

Two South Korean men were detained when they entered Cambodia with a large amount of US\$^②

In 2019, two South Korean men entered Cambodia by plane from Hong Kong, China. They were arrested by Cambodian Siem Reap International Airport Customs and Immigration Police for carrying up to US\$ 2.2 million in cash. The US\$ 2.2 million in cash was temporarily detained in accordance with the law. Immigration Bureau officials stated that nine suspects were arrested for money laundering with large amounts of cash in the country within one year. Most of the arrested suspects claimed to have brought the money through Cambodia mainly for investment, entrepreneurship, or purchase of land. However, the Cambodian police suspected that the money may be obtained from illegal

① National Bank of Cambodia: www.nbc.org.kh.

② According to related news from the Associated Press (AP).

means, such as drug dealing or kidnapping and robbery, and the purpose of bringing it into Cambodia is for money laundering. According to Article 23 of *Cambodia's Anti-Money Laundering and Terrorist Financing Law*, money laundering can be sentenced to imprisonment for 6 days to 1 year and a fine of 0.1 to 5 million Riels.

Comment: Cambodia was once a country where money laundering activities were rampant due to relatively loose control. In order to combat money laundering in depth and intercept terrorist financing, Cambodia has launched a number of crackdowns in recent years. Enterprises and individual investors should transfer investment funds to Cambodia through legal channels. When they need to bring large amounts of cash into the country, they should proactively declare the amount and source of cash and obtain permission to the customs in advance. In addition, enterprises and individuals should not rent or lend their own accounts or bank cards, nor should they use their own accounts to withdraw cash for others, to avoid being used by criminals and causing unnecessary trouble.

Financial Institutions

Financial Regulators. The National Bank of Cambodia (NBC) is responsible for the licensing and supervision of banks and financial institutions.

Bank. There are 54 banks in Cambodia, including 39 commercial banks (12 local banks, 12 foreign bank branches and 15 subsidiary banks) and 15 specialized banks (1 state-owned bank).

Insurance. As of April 2021, Cambodia has 59 insurance companies, including 12 general insurance companies, 8 life insurance companies, 8 small insurance companies, 12 mutual insurance companies, 16 insurance brokerage companies, 1 reinsurance company and 2 risk assessment companies. Major insurance companies include: Cambodia National Insurance (Caminco), Campubank Lonpac Insurance, Forte Insurance, Infinity Insurance and Asia Insurance, etc. The main types of insurance include: disaster insurance, engineering insurance, accident insurance, auto insurance, health and medical insurance, life insurance, miscellaneous

insurance, etc.^①

Securities. In March 2009, representatives of the Cambodian government and the Korea Stock Exchange signed a joint venture agreement and decided to jointly establish a Cambodian stock exchange market in the name of Cambodia Securities Exchange Co., Ltd. In February 2010, the Cambodia Stock Exchange (CSX) was established, with the Cambodian Ministry of Finance (MEF) holding 55% of the shares and the Korea Stock Exchange holding 45% of the shares. As of April 2021, there were seven listed companies on the Cambodia Securities Exchange. The market index is CSX Index.^②

① National Insurance Company of Cambodia: <http://www.caminco.com.kh/product.html>

② Cambodia Stock Exchange: <http://csx.com.kh/en/product/index.jsp?MNCD=4010>



Economy and Trade Policies

3.1 Market Access

Competent Authorities

In accordance with the provisions of the *1994 Investment Law*, the Cambodia Development Council is in charge of development and investment activities, under the Cambodia Reconstruction and Development Board (CRDB) and the Cambodia Investment Board (CIB), respectively in charge of public investment (government development projects, receiving foreign aid, etc.) Business and private investment (including foreign investment).

Restricted Investment Areas^①

Rules for Implementation of the Investment Law Amendment Law (promulgated on September 27, 2005) lists the investment activities prohibited by foreign investment, including:

- (1) Production and processing of nerve and anesthetic substances;
- (2) Use international regulations or chemical substances that are prohibited by the World Health Organization to affect public health and the environment to produce toxic chemicals, pesticides, pesticides and other products;
- (3) Use foreign imported waste to process for power generation;
- (4) Forest development business prohibited by the Forest Law;

① Cambodia Development Council: <http://www.cambodiainvestment.gov.kh>

(5) Other investment activities prohibited by law.

In addition, the implementation rules also listed “investment activities that do not enjoy investment preferences” and “special investment activities that can enjoy tariff exemption but do not enjoy profit tax exemption”.



Special Reminder:

In June 2016, the Cambodian government promulgated *the Regulations on the Administration of Mineral Exploration and Industrial Mining Licenses*, stipulating that mineral exploration and mining licenses with an area of less than 200 km² shall be approved by the Ministry of Minerals and Energy; exploration and mining licenses for mining areas larger than 200 km² shall be granted by the Kingdom Government approval. Any natural or legal person has the right to submit an application for exploration of more than one mining area within the prescribed conditions. The license is valid for 3 years, after expiration, you can apply for two extensions, each for a period of two years. According to statistics from the Ministry of Minerals and Energy, there are currently more than 70 companies engaged in mining in Cambodia, including China, Australia, the United States, France, Malaysia, Vietnam and other countries.

3.2 Foreign Investment Incentives

There is no special foreign investment law in Cambodia, and the foreign investment policy is mainly reflected in the *Investment Law* and its *Amendment Law*, as well as other relevant laws and regulations. The investment protection provided by the Cambodian government to investors includes: basically giving equal treatment to foreign and domestic investors, all investors, regardless of nationality and race, are equal before the law; the Cambodian government does not implement a nationalization policy that damages investors’ property; For approved investment projects, the Cambodian government does not control the prices of their products and services; it

does not implement foreign exchange controls, allowing investors to purchase foreign exchange from the banking system and transfer them abroad to settle their financial debts related to investment activities.

Qualified Investment Projects Incentives

The Amendment Law of the Kingdom of Cambodia Investment Law passed in 2003, clarifying that only Qualified Investment Projects (QIP) can enjoy the preferential investment policies granted by the Amendment Law of the Kingdom of Cambodia Investment Law. QIP is generally divided into 3 types:

- (1) Domestic QIP refers to items where products are sold in Cambodia.
- (2) Export-oriented QIP refers to the project where the product is used for export. If the export proportion accounts for 80% of the project, it can be regarded as export-oriented QIP.
- (3) Supporting industry QIP refers to the projects in which all products are supporting the industrial chain of export-oriented factories.

Preferential policy

Table 3-1 Qualified Investment Projects Incentives^①

Category	Main content
Preferential tax	①Corporate income tax exemption: the tax exemption period consists of 3 years of start-up period + 3 years of tax exemption period + 3 years of priority period (up to 9 years). The length of the start-up period is determined according to the project revenue. The tax exemption period is fixed for 3 years, and the priority period is 0-3 years based on the project situation. After the tax holiday is over, QIP projects are subject to corporate income tax at a rate of 20%.
	②Imported production equipment and raw materials for qualified QIP projects for domestic sales shall be exempted from tax.
	③Export-type qualified QIP projects that import production equipment, construction materials, raw materials, semi-finished products and accessories shall be exempted from tax. Except for export qualified investment projects that use customs bonded warehouses.
	④The import of production equipment, construction materials, raw materials, semi-finished products and accessories for supporting industry QIP projects shall be exempted from tax. Newly purchased or second-hand tangible assets used in production or processing are allowed to withdraw special depreciation at 40%. Companies can choose to be exempt from corporate income tax or special depreciation discounts based on actual project conditions.
	⑤QIP projects are 100% exempt from export tax, unless otherwise provided by the current law.

① Cambodia Development Council: <http://www.cambodiainvestment.gov.kh>

Continued

Category	Main content
Other preferential policies	① Special depreciation (optional): Newly purchased or second-hand tangible assets used in production or processing are allowed to withdraw special depreciation according to 40%. Companies can choose between exemption from corporate income tax and special depreciation discounts based on actual project conditions.
	② In the event of a merger transaction between a natural or legal person and an investor, they may apply to the Cambodia Development Commission to inherit all or part of the investment protection, rights, investment preferences and obligations of the investor's qualified investment project in accordance with the adopted merger and acquisition procedures.
	③ Qualified investment projects located in designated special economic zones or export processing zones in the Priority Development Catalogue of the Cambodia Development Council enjoy the same investment preferences as specified in the <i>Amendment Law of the Kingdom of Cambodia Investment Law</i> as other qualified investment projects.
	④ Approved by the Cambodian Development Commission, qualified investment projects can apply for visas and work permits for foreign managers, technicians and skilled workers employed in the Kingdom of Cambodia in accordance with the <i>Immigration Law</i> and <i>Labor Law</i> , and apply residence visa for the spouses and family members of the above-mentioned personnel.

Minimum Investment Requirement. Section 2 of Annex 1 to Decree No. 111 of the *Amendment Law to the Investment Law of the Kingdom of Cambodia* stipulates the requirements of various industries to grant investment incentives, including the minimum investment amount and other conditions.^①

Table 3-2 Qualified investment project investment requirements

No.	Industry	Investment amount requirements
1	Supporting industries, with all of its products (100%) supplied to export industries	More than US\$ 100,000
2	Production of animal feeds	More than US\$ 200,000
3	Production of leather products and related products	More than US\$ 300,000
4	Various metal products	–
5	Production of electronic appliances and office materials	–
6	Production of toys and sporting goods	–
7	Production of automobiles, spare parts and accessories	–
8	Production of ceramic products	–
9	Food and beverage production	More than US\$ 500,000
10	Production of textile industrial products	–
11	Production of garments, textiles, shoes and hats	–
12	Production of furniture and fixtures that do not use natural wood	–

^① Cambodia Development Council: <http://www.cambodiainvestment.gov.kh>

Continued

No.	Industry	Investment amount requirements
13	Production of paper and paper products	–
14	Production of rubber products and plastic products	–
15	Clean water supply	–
16	Traditional medicine production	–
17	Freezing and processing of exported aquatic products	–
18	Processed cereals and crop products for export	–
19	Production of chemicals, cement, agricultural fertilizers, petrochemicals and modern medicines	More than US\$ 1million
20	Building a modern market or trade center	Over US\$ 2 million, over 10,000 m ² , and enough parking spaces
21	Training and educational institutions that provide training for skills development, technology or comprehensive technology, and provide services for industry, agriculture, tourism, infrastructure, environment, engineering, science and other services	More than US\$ 4 million
22	International Trade Exhibition Center and Conference Room	More than US\$ 8 million

Industry restrictions Section 2 of Annex 1 to Decree No.111 of *the Amendment Law to the Investment Law of the Kingdom of Cambodia* clearly stipulates the industries that do not meet the preferential conditions (that is, projects that are not suitable for QIP applications).

Table 3-3 Industries not eligible for preferential treatment^①

No.	Items
1	Commercial activities, import, export, wholesale, retail, including duty-free shops
2	Transportation services, including water transportation, land transportation, and air transportation, except for railway system investment
3	Restaurants, karaoke rooms, bars, nightclubs, massage rooms, fitness rooms set up outside the international standard hotel, or although they are located in the international standard hotel, but the investor rents out the store to a third party for non-qualified investment projects, the investor has no right to enjoy the profit tax exemption policy granted to investors by the Amendment Law to Investment Law.
4	Travel service, travel agency, travel information and travel advertising
5	Casino, gambling business and services
6	Currency and financial business and services, including banks, financial institutions, insurance companies and other financial media
7	Newspapers and media businesses, including radio, television, news, magazines, movies, video production or copying, theaters, studios and related businesses
8	Professional service
9	Have domestic legal raw material supply channels and use natural forests to produce and process wood products

① Cambodia Development Council: <http://www.cambodiainvestment.gov.kh>

Continued

No.	Items
10	Comprehensive entertainment venues with an area of less than 50 hectares, including hotels, theme AD, sports facilities, parks
11	Hotels below three-star
12	Real estate development
13	Cargo storage center
14	Living modified organisms (LMO) that endanger biodiversity, human health and the environment
15	Various telecom value-added services
16	Tobacco product production
17	parking lot
18	A comprehensive tourism center with less than 100 hotel rooms, or less than 30 hotel rooms, and a tourist area of less than 10 hectares; development project of a natural tourist area or natural tourist area with an investment of less than US\$ 1 million and an area of less than 1,000 hectares
19	A general hospital with an investment of less than US\$ 1 million, no more than 50 beds, no advanced equipment, laboratories, operating rooms, X-ray rooms, emergency rooms, pharmacies, elevators (buildings of more than 3 floors), ambulances, etc.
20	Vegetables under 50 hectares, cash crops under 500 hectares or rice planted under 1,000 hectares
21	Farming of dairy cows of less than 100 heads, livestock of less than 1,000 heads or poultry of less than 10,000 heads
22	Freshwater aquaculture under 5 hectares or marine aquaculture under 10 hectares
23	Plantation of artificial forests under 1,000 hectares or forest farms under 200 hectares
24	Farming of wild mammals under 100, wild birds under 500 or wild reptiles under 1,000



Special Reminder:

QIP Investment Preferential Certificates are issued to specific projects, not individual investors or investment companies. A company has both QIP projects and non-QIP projects. Only the business under QIP can enjoy the preferential treatment. Non-QIP project business needs to pay customs duties and corporate income tax as regular business.

Preferential policies for specific industries

The Cambodian government has also issued preferential policies for specific industries.^①

(1) Implement import tariff reduction or exemption for agricultural raw materials and agricultural machinery.

^① Cambodia Development Council: <http://www.cambodiainvestment.gov.kh>

(2) Qualified investment projects in agriculture and agro-industrial fields are supposed to be exempt from profit tax for 3 years.

(3) As long as the final product is exported, imported products used in garment factories are also exempt from VAT.

(4) Export enterprises of clothing, textiles and footwear are exempted from the value-added tax on their imported supporting production materials and equipment, and the production materials and equipment imported by their upstream enterprises are also exempt from value-added tax.

(5) Basic telecommunications services are exempted from tariffs, but not exempted from profit tax.

(6) Natural gas, oil exploration and all mining projects (including supply bases for oil and natural gas extraction) are exempted from tariffs, but not exempt from profit tax.

3.3 Special Economic Zones

In December 2005, Cambodia promulgated the Decree No. 148 on the *Establishment and Management of Special Economic Zones*. The Cambodia Special Economic Zone Committee under the Cambodia Development Committee is a one-stop service organization responsible for the development, management and supervision of special economic zones. The Cambodian government officially approved 45 special economic zones, mainly located in Koh Kong Province, Sihanoukville Province, Chai Gai Province, Banteay Meanchey Province, Ta Keo Province, Kan La Province, Kampot Province, Kampong Cham Province and Phnom Penh City. Foreign businessmen investing in the Cambodia Special Economic Zone are mainly from Japan, China, Taiwan, China, Malaysia, and Singapore. The industries involve clothing, shoemaking, electronics, and agricultural products processing.

Refer to Table 3-4 for the preferential investment policies that SEZ developers and

investment enterprises in the zone can enjoy.

Table 3-4 Preferential Measures for Special Economic Zones ^①

For business types	The main Preferential Policies are as Follows:
Special zone registered enterprises engaged in infrastructure and real estate development projects	<ol style="list-style-type: none"> 1. The profit tax exemption period can be up to 9 years; 2. Import taxes and other taxes are exempted from the import of equipment and building materials used for infrastructure construction in the special economic zone; 3. Special economic zone developers can obtain national land concessions in accordance with the <i>Land Law</i>, establish special economic zones in border areas or independent areas, and lease land to investment enterprises.
Special Zone Registered Enterprises Engaged in Import Business	<ol style="list-style-type: none"> 1. Enjoy the same tariff and tax preferences as other qualified investment projects; 2. Products exported to foreign markets are exempted from value-added tax. When products enter the domestic market, the corresponding value-added tax shall be paid according to the quantity.
Registered enterprises in the special zone except for real estate development projects	<ol style="list-style-type: none"> 1. Construction materials, production equipment and materials imported by export-oriented qualified investment projects in special economic zones are exempted from value-added tax; 2. The construction materials and production equipment imported from the special economic zone for domestic qualified investment projects are exempted from value-added tax; 3. Products produced by qualified investment projects in a special economic zone that are used as raw materials for other qualified investment projects in the same special economic zone are exempted from value-added tax.
Enterprises registered in the Special Economic Zone	<ol style="list-style-type: none"> 1. Economic zone developers, investors or foreign employees have the right to transfer after-tax investment income and wages to overseas banks; 2. Non-discriminatory treatment of foreigners, no nationalization policy, no price setting.

^① Cambodia Development Council: <http://www.cambodiainvestment.gov.kh>



Industrial Development

4.1 Development planning

Four Corners Strategy^①

Four Corners Strategy was proposed by the third Royal Government in 2004 and has been implemented to the fourth stage till now. It is an important part of the Cambodian government's policy program and a strategic plan that guides the country's economic and social development. The themes are growth, employment, equality, and efficiency. The core is to optimize management, involving anti-corruption, the implementation of legal and judicial system reforms, and the implementation of public administration reforms. The main contents include: maintaining peace, political stability and good social order; strengthening cooperation with the private sector, aid organizations, and non-governmental organizations; optimizing the macroeconomic and financial situation; taking advantage of Cambodia's regional and global advantages and other factors.

The first corner of the *Four Corners Strategy* is to increase agricultural productivity, including: promoting agricultural diversification, and advancing reforms in land, fisheries, and forestry. The second corner is the repair and reconstruction of infrastructures, including: continuing to repair and rebuild the transportation network, manage water resources and irrigation systems, develop the energy sector and the power grid, and develop information and

① New Vision of Cambodia: <http://cnv.org.kh/>.

telecommunications technologies. The third corner is to develop the private economy and increase employment, including: strengthening the private sector and attracting investment, promoting the development of small and medium-sized enterprises, creating jobs, providing employees with better working conditions, and establishing and improving the social security system. The fourth corner is training of talents and the development of human resources, including: improving the quality of education, improving health services, implementing the gender equality policy, and implementing the population policy.

Draft of 2019–2025 National Financial Inclusion Strategy^①

On July 12, 2019, the Cambodian government passed *Draft of 2019–2025 National Financial Inclusion Strategy*, which aims to establish a stable, efficient and inclusive diversified financial market and financial system. Its goals include: by 2025, the proportion of women who have not received formal financial services will drop to 13%, and the proportion of Chinese people who use formal financial services will increase to 70%, to support economic growth, stabilize income and eradicate poverty.

In order to achieve the above goals, Cambodia plans to prioritize the implementation of six action plans: the first is to encourage citizens to deposit deposits in formal financial institutions; the second is to promote the reform of loans for small and medium-sized enterprises; the third is to improve the capacity of the settlement system; the fourth is to expand security services; the fifth is to strengthen finance Industry supervision capabilities; and the sixth is to improve the rights and interests protection mechanism of financial users and increase financial transparency.

2019–2023 National Development Strategic Plan^②

In November 2019, the Cambodian government released *the 2019–2023 National Development Strategic Plan*. The plan includes five aspects: the first is to maintain national

① National Bank of Cambodia: <http://www.naccambodia.gov.kh/>

② Cambodian National Council for Sustainable Development: ncsd.moe.gov.kh.

stability and social order, and to promote the rule of law, human rights and democracy; the second is to stabilize economic growth, maintain an annual economic growth rate of 7%, eliminate poverty, and reduce the poverty rate to below 10% ; the third is to promote rural development, realize agricultural diversification, and promote the construction of rural road networks; the fourth is to promote trade facilitation, promote Cambodia's integration into the ASEAN market, and strengthen infrastructure construction; and the fifth is to implement government administrative efficiency reforms, strengthen transparency and accountability system and improve the ability to govern.

To achieve the above plan, Cambodia is expected to invest US\$ 59.9 billion, including US\$ 16.4 billion in the public sector and US\$ 43.5 billion in the private sector. In the next five years, Cambodia will further improve the investment environment and attract foreign investment.

2015–2025 Industrial Development Plan^①

On March 6, 2015, the Cambodian government passed the *2015–2025 Industrial Development Plan*. Specific measures include: first, by 2025, the transform the Cambodian industry from labor-intensive to technology-intensive, and improve the proportion of industry in GDP to 30%, of which the clothing industry will increase to 20%; second, promote the diversification of export products, increase the proportion of textile exports to 15%, of which the proportion of agricultural exports reached 12%; third, achieve legal registration of legal registration of 80% small enterprises and 95% medium-sized enterprises, establish standardized accounting accounts and financial statements for 50% of small enterprises and 70% of medium-sized enterprises; fourth, focus on the development of high value-added new industries, pharmaceuticals, building materials, packaging, furniture manufacturing and other fields of small and medium-sized enterprises, agriculture, tourism, textile industry and its upstream and downstream supporting

① Ministry of Industry and Crafts of Cambodia: http://www.mih.gov.kh/File/UploadedFiles/12_9_2016_4_29_43.pdf.

industries, as well as information, communications, energy, heavy industry, culture / history / traditional handicraft industry and environmental protection industry.

4.2 Key Industries

Construction Industry

In view of the current poor infrastructure conditions, the Cambodian government attaches great importance to public works and transportation, including road network construction. From 2013 to 2022, Cambodia’s total investment in infrastructure is estimated to be between US\$ 12-16 billion. Infrastructure investment is usually led by the state and mainly funded by foreign aid. The World Bank, Asian Development Bank (ADB), Japan and China are particularly active in the construction of roads, bridges and railways in Cambodia. Among them, in the 50 years since Cambodia joined the Asian Development Bank in 1966, ADB has provided Cambodia a total of US\$ 2.65 billion in concessional loans, free assistance, and technical assistance for agriculture, natural resources and rural development (26%), and transportation. (19.73%), education (9.58%), water resources, infrastructure and urban services (9.23%), energy (6.75%), finance (8.67%), public sector management (7.62%), health care (3.16%), and Industry and trade (2.68%) and other fields.

The Cambodian government provides foreign companies with “build-operate-transfer” (BOT) concessions to repair some road sections of Cambodia’s severely degraded national highway system. In addition, Cambodia is also eager to upgrade its provincial airport. Due to limited funds in the national budget for these projects, Cambodia has also provided BOT concessions for the renovation of provincial airports.^①

In addition to infrastructure construction, Cambodia has also witnessed the booming development of residential and commercial buildings in the past decade. Many residential and

① Open Cambodia: <https://opendevelopmentcambodia.net/topics/infrastructure>

commercial development projects are underway, such as multi-purpose towers, shopping malls and suburban commercial residential development projects.

Tourism

With the continuous growth of Cambodia's population and disposable income, tourism continues to develop. The Cambodian government has formulated a tourism product diversification strategy from "Siem Reap, Angkor and Phnom Penh to the southwest coastal areas and northeast ecotourism areas", actively developing unique tourism resources and promoting economic development. Through the construction of entertainment venues and resorts, the diversification of Cambodia's tourism products has been further enhanced. Relying on the development of modern urban eco-tourism and coastal areas, the cooperation between the public and private sectors has been promoted, and the reputation of Cambodia's tourism sector has also increased.

To encourage the development of tourism, the Ministry of Tourism of Cambodia has set a development goal of attracting at least 11 million foreign tourists by 2025, and 25 million foreign tourists by 2030.^① However, affected by the epidemic, the three international airports in Cambodia received 2.13 million passengers (international, domestic and transit) in 2020, with a decrease of about 80%. Cambodia is currently reviewing a series of tourism plans to revitalize the tourism industry after the epidemic.

Apparel and Shoe Manufacturing

Apparel, footwear and tourism products are Cambodia's largest export product industry. According to the Ministry of Labor and Vocational Training, the total revenue of this industry in 2019 was US\$ 9.32 billion; in 2020, the industry employed 750,000 workers in about 1,100 factories and branches. In Cambodia, most garment factories are foreign-funded enterprises. The

① Phnom Penh Post: <https://phnompenhpost.com/business/long-term-tourism-plans-okayed>

overseas members of the Cambodian Garment Association are mainly from China (33%), Taiwan, China (20%), Hong Kong, China (12%), South Korea (11%), Japan (5%) and other countries. Since 2001, the United Nations International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group, have launched a funding project for Cambodian factories. They have conducted research, training and analysis on the working conditions of Cambodian factories, with the aim to help international manufacturers understand and abide by Cambodia's national and international labor standards, and also help workers learn legal knowledge and improve the competitiveness of the apparel industry. To encourage the development of this project, the Cambodian government stipulates that all factories participating in the project must install the monitoring equipment required for project records before granting them an export license.^①

At present, the apparel and footwear manufacturing industry is facing competition from other Asian countries, especially Myanmar and Bangladesh. In particular, the EU and Vietnam signed a free trade agreement in 2018, and then the EU gradually reduced Vietnam's import tariffs from 12% to zero.

Agriculture

Cambodia is still an agricultural country, with more than half of the population engaged in agriculture-related jobs. Agriculture is Cambodia's main industry, and most of its agricultural products are exported to neighboring countries. According to the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Cambodia, despite the impact of the COVID-19 pandemic, Cambodia still exported US\$4.037 billion of agricultural products in 2020. In response to the economic crisis caused by the epidemic in Cambodia, Prime Minister Hun Sen has urged farmers to increase planting output in many public statements to increase supply in the local market and stimulate economic growth.^②

① Better Factories Cambodia: <https://betterwork.org/where-we-work/cambodia/>

② Khmer Times: <https://khmertimeskh.com>

Climate change is a major challenge currently faced by the agricultural sector in Cambodia. Climate change will change precipitation patterns, temperature, and hydrological flows, and coastal areas are expected to experience increased salinity and new or more serious pest and disease problems. Water shortages also have a significant impact on Cambodia's agriculture. Due to lack of water and irrigation systems, many farmers are discouraged to grow dry season rice or try other alternatives to various crops. In addition, Cambodia's water resources are deteriorating. Due to water shortages and inadequate operation and maintenance systems, many large irrigation systems cannot operate during the dry season. Therefore, the construction of irrigation systems is one of the key strategies for the development of agriculture.

4.3 Foreign Investment

According to a report issued by the National Bank of Cambodia, Cambodia absorbed foreign investment of Riels 3.663 billion in 2019, with a year-on-year increase of 14.02%. According to a report from the Ministry of Industry and Handicraft of Cambodia, in 2019, Cambodia added 268 factories, with an increase of 51% from 178 in 2018.^①

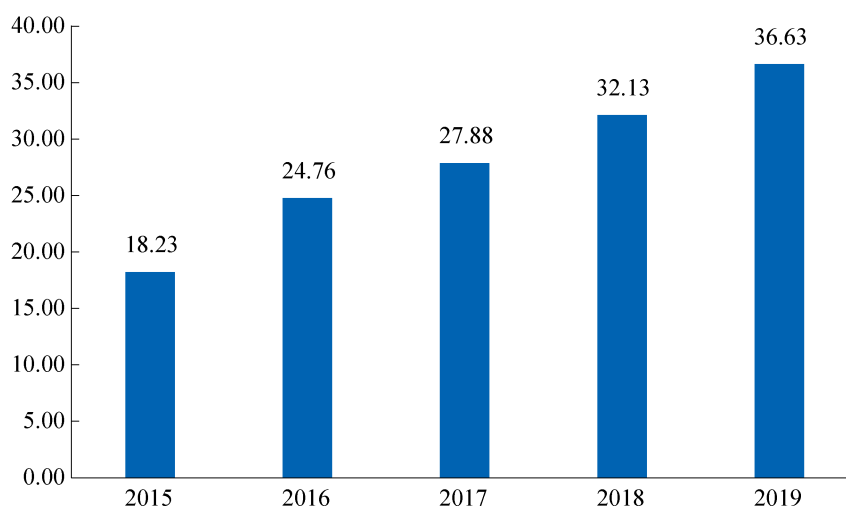


Figure 4-1 FDI in Cambodia, 2015-2019 (Unit: Riels 100 million)^②

① Ministry of Industry and Crafts of Cambodia: www.mih.gov.kh

② National Bank of Cambodia: www.nbc.org.kh.

Foreign Capital Source

In 2019, the main sources of foreign investment in Cambodia were China (43%), South Korea (11%), Vietnam (7%), Japan (6%) and Singapore (6%).

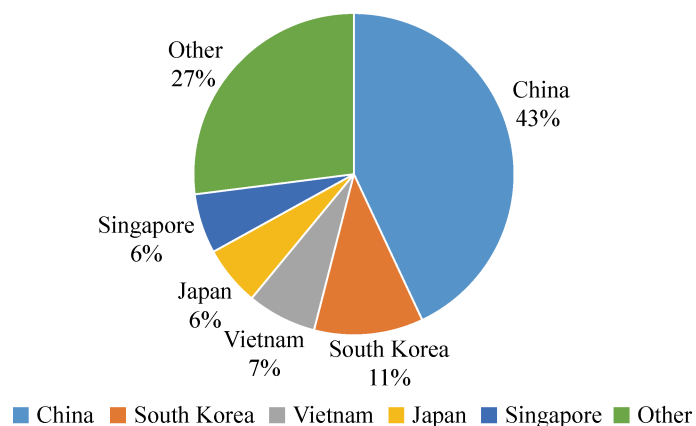


Figure 4-2 Origin of Cambodia's FDI in 2019^①

Industry Distribution of Foreign Investment

From 2015 to 2019, the areas of foreign investment in Cambodia are mainly industry and infrastructure, tourism and agriculture.

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Cambodia (2020)



Starting a Business

5.1 Registering a Business

Competent Authorities

The Ministry of Commerce of Cambodia is responsible for the management of the “Industrial and Commercial Register”, and enterprises should register with the Commercial Registration Office of the Ministry of Commerce of Cambodia or the Industrial and Commercial Registry designated by the Ministry of Commerce before establishment.^①

Entity Types

In Cambodia, the types of business entities that can be established include: sole proprietorship, partnership, limited company, representative office and branch of overseas company.

(1) Sole proprietorship. It is required to be wholly-owned and operated by a single natural person or legal person.

(2) Partnership company. There are two types of general partnership companies and limited partnership companies. The general partnership company obtains the status of a legal person after registration, and needs to share the partnership business’s profits and share the business losses;

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Cambodia (2020)

the general partner of the limited partnership company bears personal responsibility for the partnership obligations, and the limited partnership company People only bear limited liability for the amount of their capital contributions.

(3) Limited company. Divided into two types: private limited and public limited, a private limited company consists of 2-30 shareholders and one or more directors. A public limited company is composed of at least 30 shareholders and 3 directors.

(4) Branches. It does not have the status of an independent legal person, and the creditor’s rights and liabilities incurred in the course of business activities belong to the foreign parent company.

Registration procedure

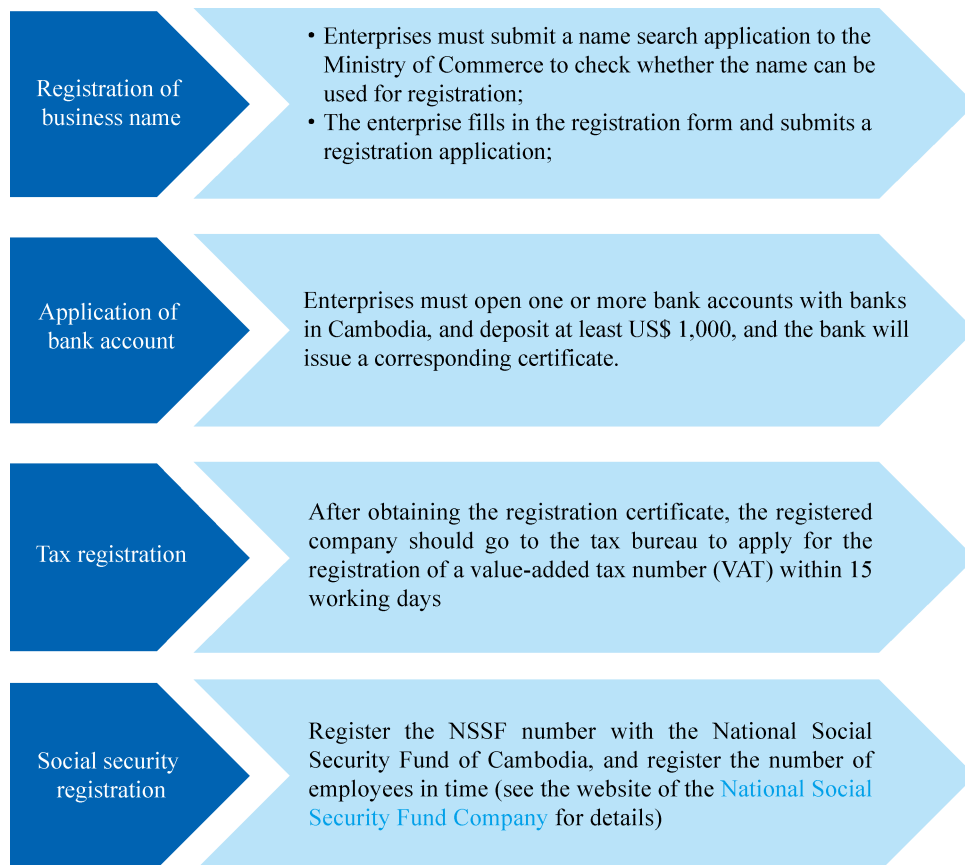


Figure 5-1 The main procedures of company registration

Application Materials for Registration

A director or shareholder of an enterprise should personally go to the competent authorities

to fill in the registration form and submit an application. The Commercial Registry of Cambodia can provide registrants with a blueprint of the company's articles of incorporation. The documents to be submitted for registration include: registration application form, articles of incorporation, document verification, application for advertisement in designated publications, copies and photos of ID cards or passports of all directors or shareholders, certificates of non-criminal record of directors, and equity distribution Decisions (if natural persons are involved), office locations, and other documents required by the Ministry of Commerce.

Time Limit for Registration

The registration certificate is valid for 3 years from the date of registration. Enterprises should reapply for a new certificate 30 days before expiration of the registration certificate. If an enterprise delays in applying for a new certificate, it will be deemed illegal, and its original certificate will become invalid, and the enterprise must re-apply for registration and pay the relevant fees.



Special Reminder:

If an enterprise or individual engaged in investment in Cambodia needs to obtain investment incentives, they should first submit an investment application to the Cambodia Development Commission (CDC) and obtain a conditional registration certificate before registering.

5.2 Project Contracting^①

Acquiring Information

National projects are released by various competent authorities; provinces and major cities also release project information in their respective regions. In addition, major newspapers and

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Cambodia (2020)

periodicals also regularly publish bidding information.

Bidding

The basic procedures for bidding include:

(1) Preparation stage: design and cost estimation; submit the design and cost estimation to the bank, solicit the bank's opinion and get approval; prepare the bidding documents; submit the bidding document to the bank, solicit opinions and get approval.

(2) Qualification pre-selection stage: invitation to participate in the pre-qualification (advertisement in the newspaper); the evaluation committee evaluates the pre-qualification; the pre-qualification evaluation is reported to the Ministry of Finance and the bank for approval; the contractor is notified of the pre-qualification results; it is determined that the qualification pre-selection conditions are met Contractor.

(3) Bidding and bid evaluation stage: bid issuance; contractor prepares bids; bid opening; bid evaluation committee evaluates bids; bid evaluation results and bid award recommendations are reported to the Ministry of Finance and the Bank for approval; the contract is signed.

(4) The stage of selecting the short list: the invitation to explain the fee rate; the consultant or the supervisor prepares to explain the fee rate; submits the fee collection instructions to the project execution department; the evaluation committee evaluates the fee collection instructions; the company's short list is submitted to the Ministry of Finance and Economics for approval; the company's final election list is submitted to the bank for approval.

(5) Plan preparation stage: Invite companies in the short list to propose plans; companies in the short list prepare plans; submit plans.

(6) Technical and financial evaluation stage: the evaluation committee evaluates the technical plan; the technical plan is submitted to the Ministry of Finance and Economics for approval; the technical plan is submitted to the bank for approval; the bid award proposal with the highest comprehensive score of the technical plan and the financial plan shall be submitted to the

Ministry of Finance and Economics for approval; the bid award recommendation with the highest comprehensive score of the technical plan and the financial plan shall be submitted to the bank for approval; and the contract shall be signed.

5.3 House Leasing

In Cambodia, renting a house must pay a deposit ranging from 1-3 months, and the deposit refund time and conditions must be negotiated with the landlord in advance. There are no special restrictions on renting an office space. Currently, there are more than 100 legally registered real estate intermediaries in Cambodia, and the main intermediary platforms are listed in the table below.

Table 5-1 Some of the intermediary platforms for renting houses in Cambodia

Agent Name	Contact Information
NC Max World	Telephone: +855 2372 7077 Website: www.ncmaxworld.com Address: Angkor Capital Specialized Bank, 4th Floor, 202 Preah Norodom Boulevard, Sangkat Tonle Bassac, Khan Chomkarmorn, Phnom Penh
Knight Frank (Cambodia) Pte Ltd	Tel: +855 023 966 878 Website: www.knightfrank.com.kh Address: 16B, 16th Floor Canadia Tower 315 Ang Duong Street Sangkat Wat Phnom Khan Daun Penh Phnom Penh
Fazwaz	Telephone: +855 7771 1009 Website: www.fazwaz-kh.com Address: No.51, Level 2, Street 302 corner of Street 63, Khan Boeung Keng Kang, Sangkat BKK 1, Phnom Penh 12302
Realestate.com.kh	Telephone: +855 9292 1000 Website: www.realestate.com.kh Address: St 302, Corner of St. 63Sangkat BKK 1 Khan Boeung Keng Kang 12302
IPS-Cambodia	Telephone: +855 7795 9861 Website: ips-cambodia.com Address: 182 Street 63 (corner Street 294), Boeung Keng Kang 1, Phnom Penh, 120102, Cambodia

5.4 Employee Recruitment

In Cambodia, the sources of employee recruitment information can be roughly divided into three categories: recruitment websites, campus recruitment platforms for fresh graduates, and

headhunting companies.

Table 5-2 Cambodia’s Employee Recruitment Channels

Channels	Company/university	Website	Notes
Recruitment website	Khmer Online Jobs	www.khmeronlinejobs.com	-
	Pelprek.com	www.pelprek.com	
	BongThom.com	www.bongthom.com	
	The Phnom Penh Post	www.phnompenhpost.com/jobs	
Fresh graduate recruitment	Royal University of Phnom Penh	www.rupp.edu.kh	Recruitment information can be posted through official channels of the school
	Institute of Technology of Cambodia	www.itc.edu.kh/en	
	Paññasastra University of Cambodia	www.puc.edu.kh	
Headhunting Companies	First Ideal Consulting Co., Ltd	www.firstidealconsulting.com	Enterprises usually serving to look for specific senior management talents or IT technical talents
	Bright Gate HR	www.brightgatehr.com	
	TOP Recruitment Cambodia	www.top-recruitment.com	

5.5 Financing

Bank Loans

Cambodian financial institutions provide the same financing services to foreign-funded enterprises and local enterprises, but the financing conditions are stricter, the loan interest rate is higher, and the borrowing cycle is shorter. Financing in local banks is mainly based on asset mortgage as guarantee, or guarantees or standby letters of credit issued by other banks as guarantee conditions. The business scope of Cambodian Commercial Banks is relatively narrow. Although they can provide overseas capital transfer, letter of credit issuance and foreign exchange services, it is still difficult to provide real estate mortgages, loans and other services. Compared with local banks in Cambodia, foreign bank branches have relatively rich financing methods. In addition to asset mortgages, various methods such as guarantees, standby letters of credit, and income account pledges can also be used for guarantees or institutional arrangements.

In response to the downward pressure on the economy brought by the COVID-19 outbreak, the Cambodian government has decided to reduce the interest withholding tax on loans from

banks and financial institutions abroad and domestically. From May 26, 2020 to December 31, 2020, the new loan interest withholding tax for Cambodian banks and financial institutions borrowing from foreign and domestic loans will be reduced from the original 15% to 5%. Loan interest withholding tax in 2021 is 10% and will be restored to its original level in 2022. At the same time, the interest withholding tax on existing loans will also be reduced to 10%, returning to the original level in 2021.

Bond Issuance^①

The Cambodian bond market is still in its infancy. As of March 2020, only 6 companies have issued bonds on the Cambodia Stock Exchange (CSX), of which 5 are banks or microfinance institutions, and 1 is a non-financial institution. Although the legal provisions do not state that foreign companies are not allowed to issue bonds in Cambodia, there is currently no precedent for foreign companies to issue bonds.

Cambodian companies can issue the following types of bonds in CSX:

(1) Plain/Vanilla Bond: refers to a bond with a fixed coupon rate and maturity on a fixed date at the time of issuance. These bonds have no enhanced and/or additional call or put options, nor are they secured or guaranteed.

(2) Guaranteed bond: refers to a bond in which a third party guarantees interest and principal payment when the issuer defaults due to insolvency or bankruptcy.

(3) Secured Bond: refers to bonds secured by assets other than asset-backed securities specified in other relevant regulations.

Listing on the Exchange^②

To list on the Cambodian Exchange, you can choose between the main board and the growth board. The specific requirements are as follows.

① Cambodia Securities Exchange (CSX): <http://csx.com.kh/en/product/bond.jsp?MNCD=4040>

② See ①

Table 5-3 Specific Requirements for Listing on the Cambodian Exchange

Quantitative requirements		
Type	Growth board	Motherboard
Shareholders' equity	Not less than US\$ 0.5 million	Not less than US\$ 7.5 million
Net profit	The profit in the most recent year is positive or operating cash flow and gross utilization rate are not less than 20%	The net profit in the most recent year is not less than US\$ 0.5 million and the combined net profit in the most recent two years is not less than US\$ 0.75 million
Number of minority shareholders	No less than 100 people, and hold no less than 10% of voting shares	No less than 200 people, and hold no less than 7% of voting shares
Audited annual financial report	At least 1 year	At least 2 years
Non-quantitative requirements		
Type	Growth board	Motherboard
Major shareholder	Within one year from the date of listing, the largest shareholder with the largest shareholding shall not be changed	
Stock depository	All stocks should be deposited through the Cambodia Stock Exchange	
Freeze	The shares held by major shareholders should be frozen for at least 1 year The shares held by ordinary shareholders and strategic shareholders should be frozen for at least 6 months	
Corporate governance		
Type	Growth board	Motherboard
Public limited company Companies	Board members: 5-15 Independent directors: not less than 1/5 of the total number of directors Foreign independent directors: have at least 6 months of work experience in Cambodia	
Public company	Members of the board of directors: no more than 7 Independent director: no less than 1 Non-executive director (shareholder representative): no less than 1	



Special Reminder:

The company's board committees should include an audit committee and a nomination committee (the board may establish other committees in accordance with relevant laws or actual needs when necessary). If the company's assets exceed US\$50 million, a risk management committee must also be established.

5.6 Applying for Patents and Registering Trademarks

Application for Patent

Cambodia's *Patents, Utility Models and Industrial Design Law* stipulates that the Ministry

of Industry, Minerals and Energy is the competent authorities for patent applications, utility model registration and industrial design, and inventors shall submit applications and pay related fees. In order to manage patents and patent applications, the patent owner must pay an annual fee to the Patent Registry in advance every year. Before the Patent Registry grants or rejects the patent application, the patent applicant can switch to applying for a utility model certificate. Before the Patent Registry grants or rejects the application for a utility model certificate, the patent applicant may switch to applying for a patent. The industrial design registration is valid for 5 years. After registration, it can be extended twice for 5 years each time. The “Memorandum of Understanding between the *State Intellectual Property Office of China and the Ministry of Industry and Handicraft of Cambodia on the Effectiveness of Chinese Patent Registration in Cambodia* signed in March 2018 determined the process of the effective registration of Chinese patent in Cambodia. A valid invention patent in China can be applied for by the patentee to the Ministry of Industry and Handicraft of Cambodia.^① After formal examination, the Cambodian party will issue a patent right certificate as long as the materials are available, which will take effect and be protected in Cambodia directly, and enjoy the same application date and protection time limit as the corresponding Chinese patent, that is, protection for 20 years from the date of filing in China. Through this approach, Chinese invention patentees can avoid lengthy substantive examination procedures, save application costs, and obtain patent rights and related protection in Cambodia quickly and conveniently. Cambodia can also greatly improve work efficiency and save examination costs.^②

Registration a Trademark

The Intellectual Property Office of the Ministry of Commerce of Cambodia is the competent authority in charge of trademark affairs, and enterprises must submit an application to the

① Ministry of Commerce of China, Guide for Foreign Investment Cooperation by Country (Region)—Cambodia (2020).

② The Central People's Government of China: http://www.gov.cn/xinwen/2018-03/02/content_5270211.htm

Intellectual Property Office to apply for a trademark. Companies must submit the following documents to apply for a trademark: a registration application, a power of attorney certified by a notary's lawyer, and 15 copies of trademark templates. The term of the trademark right is 10 years, and it can be renewed upon expiration. Each time it is 10 years, and at the same time, the use of the trademark shall be reported to the Intellectual Property Office every 5 years, otherwise the trademark will be canceled. Cambodia is a member of the World Intellectual Property Organization and joined the *Paris Convention* in 1999. If the applicant's application materials can prove that it has filed an application for registration of the trademark across the territory or region in a member country of the *Paris Convention*, it enjoys the priority of trademark registration.^①



Special Reminder:

Trademark registration must not include: signs that violate the principles of morality or public order; general terms; symbols of countries, states, or international organizations; signs or names; obscure signs; surnames; geographic names.

5.7 Tax payment

Tax Declaration

After the enterprise completes the business registration, it must go to the State Administration of Taxation under the Ministry of Economy and Finance to complete the tax registration within one month. After registration, the enterprise shall file tax returns on a monthly basis, and submit the monthly tax returns to the State Administration of Taxation before the 15th day of each month, and pay the tax in accordance with the amount; and submit the annual tax return of the previous year at the beginning of each year.

^① Ministry of Commerce of China, Guide for Foreign Investment Cooperation by Country (Region)—Cambodia (2020).

Tax Declaration Channels

Enterprises can file their own tax returns or through intermediaries such as accounting firms and law firms.

Tax Declaration Formalities

Taxpayers shall file their tax returns in accordance with the format, time and place prescribed by the taxation authority. The taxpayer or its legal representative shall sign the tax return.

Tax Declaration Information

Provide monthly tax statements (company registered capital, current month's turnover, current month's profit) every month, and provide annual tax statements (enterprise registered capital, annual turnover, annual profit) of the previous year at the beginning of the year.



Investment Practice:

Chinese-funded enterprises actively understand Cambodia's tax policies and pay taxes in compliance with regulations^①

In 2010, a Chinese non-ferrous metal group obtained the iron ore prospecting right in Rowan County, Preah Vihear Province granted by the Ministry of Minerals and Energy of Cambodia, and then obtained the *Mineral Resources Industrial Operation License* and *Mineral Operation and Construction Permanent Processing Plant* issued by the Cambodian government. Certificate of Registration”.

In March 2012, the first phase of the steel project of the group's Cambodia company officially started. At the end of the same year, the exploration of Luowen Iron Mine was completed, and the construction plan for a joint steel project with an annual output of 500,000 tons was formulated. The company mainly used the *Mineral Resources Management and*

^① It has been compiled according to the relevant contents of *Guide to Business Environment Of Foreign Investment Countries (Regions) - Cambodia* issued by China Council for the Promotion of International Trade.

Development Law and the *Implementation Rules of the Investment Law Amendment Law* when formulating the preliminary plan. However, the definition of “one-time processing” and related tax policies are not clearly stipulated in these two regulations. The company actively communicated with relevant departments and learned that iron ore must be processed into pig iron or steel before it can be exported, and that it can enjoy export tax incentives. In addition, it has also learned that in the process of mining resources, self-employed business with business contacts with the company provide only printed receipts, and there is no unified national invoice in Cambodia as a tax return voucher. This method is completely different from that in China.

Comment: Companies shall fully understand Cambodia’s local tax policies, tax structure, tax types, tax management, collection methods, and differences with those of the parent company. For the content that has not been formed in written materials or the written description is not clear, it shall be communicated and confirmed with the relevant competent authorities in a timely manner to avoid unnecessary troubles to the enterprise when problems occur.



Legal Provisions

6.1 Land

Competent Authorities and Relevant Laws

The Ministry of Land Management, Urban Planning and Construction of Cambodia is the competent authority responsible for managing land use, urban planning, project construction, and resolving land conflicts. Relevant laws include *the Land Law, the Economic Concession Law, the Land Use Planning, Urbanization and Construction Law, the Social Concession Law, the Mortgage and Transfer of Long-term Lease Rights Law, and the Foreign Ownership Clause on Shared Private Buildings Law, and etc.*

Land Classification^①

According to the *Land Law*, there are three types of land ownership, including state ownership, collective ownership and private ownership. Among them, the land owned by the state is divided into land as the state's public property and land as the state's private property depending on whether it is transferable. All land in the country is divided into 7 categories, including forests, waterways, natural lakes, dams, rivers, and coasts. Collectively owned land is divided into monastery land and mountain society land.

According to Cambodia's *Land Law*, the transfer of state-owned land is prohibited, and

① Legal Affairs Department of CCPIT, Studies on Laws of the "Belt & Road" Countries-Cambodia.

private individuals cannot obtain land rights through possession and state permits. Private land belonging to the state and public legal persons can be bought and sold, exchanged, distributed, and transferred, and can also be rented out in accordance with the law and become the subject of a contract. Land as private property of the state can be transferred in accordance with the conditions stipulated in Chapter 5 of the *Land Law*. For privately-owned land, private individuals can obtain land ownership through sale, exchange, gifting or inheritance.

Provisions on Acquisition of Land by Foreign-funded Enterprises

The Cambodian *Constitution* stipulates that only Cambodian natural persons or legal persons can have land ownership. Only Cambodian natural persons or Cambodian legal persons are allowed to own land ownership in the Kingdom of Cambodia. According to the *Land Law*, whether a company registered in Cambodia can be recognized as a domestic company depending on whether the total shareholding ratio of its citizens is more than 51%. In Cambodia, the legal ways for foreign investors to use land include: land concessions (economic concessions), long-term leases of more than 15 years, and short-term leases that can be extended.

The *Law on Foreigner Ownership Clauses on Shared Private Buildings* promulgated in July 2010 stipulates that foreigners are allowed to own 70% of the ownership of shared buildings. Foreigners applying for co-ownership need to go through special procedures and register the co-ownership of houses. In addition, the *Civil Code* allows foreign investors to obtain security real rights on land through mortgage.

6.2 Tax

Competent Authorities and Relevant Laws

Under the Ministry of Economy and Finance of Cambodia, the State Taxation Administration is the taxation competent authority, which exercises the duties of tax collection and management. The *Tax Law* promulgated in 1997 and the *Tax Law Amendment Law* revised in

2003 are the legal basis of Cambodia's taxation system.

Tax systems^①

Cambodia implements a unified national tax system and adopts a territorial tax system. The income of any company or individual (including foreign companies and individuals) in Cambodia or derived from Cambodia, or income obtained in Cambodia or deemed to have been obtained in Cambodia is taxable income and needs to be paid in Cambodia.

The current tax system includes the following main types of taxes: profit tax, minimum tax, withholding tax, payroll tax, value-added tax, property transfer tax, land idle tax, patent tax, import tax, export tax, special tax and etc.

Corporate Income Tax. The corporate income tax rate ranges from 0-30%, and the general tax rate is 20%. Taxable income includes capital gains, interest, rent, copyright royalties, income from investments in financial assets or physical assets and etc.

Table 6-1 Cambodia's corporate income tax rate in 2021^②

Types of income sources	Tax rate (%)
From oil and gas distribution, and development of natural resources (including forests, gold, gems)	30
Approved qualified taxable income during the tax exemption period set by the Cambodia Development Commission (CDC),	0
The premium income of insurance companies (including: general insurance companies, reinsurance companies and small insurance companies), except for life insurance companies and the types of companies that fall under the <i>Tax Law Amendment Law</i>	5
In addition to the above (generally applicable)	20



Special Reminder:

Resident taxpayer refers to an enterprise that has a place to conduct business and management in Cambodia. Non-resident taxpayers refer to those who do not have a fixed place of business in Cambodia, but have operating income derived from Cambodia. Resident taxpayers

① Cambodian Tax Administration: <https://www.tax.gov.kh/en/categories/64qke344011330727>.

② See ①

are required to pay taxes on income sourced within and outside Cambodia. Non-resident taxpayers only need to pay taxes on income derived from Cambodia.

Individual income tax. The main taxpayers of individual income tax in Cambodia include resident taxpayers and non-resident taxpayers. A resident taxpayer refers to a natural person who has a fixed residence in Cambodia or has lived in the country for more than 182 days; a non-resident taxpayer refers to a natural person who has no domicile in Cambodia or who has lived in the country for less than 182 days in a year. In addition, individual partnerships and sole proprietorships legally established in Cambodia are subject to individual income tax instead of corporate income tax. In Cambodia, non-resident taxpayers only need to pay taxes on income derived from Cambodia.

Table 6-2 Cambodia's individual income tax rate in 2021^①

Taxable income (Unit: Riels)	Tax rate (%)
Resident taxpayer	
0-1,300,000	0
1,300,001-2,000,000	5
2,000,001-8,500,000	10
8,500,001-12,500,000	15
Above 12,500,000	20
Non-resident taxpayer	
–	20

Value-added tax. Value-added tax applies to the tax rate paid when supplying various goods and services in Cambodia, as well as importing and exporting the goods and services. Generally, it is levied at 10% of the tax payable. Cambodia stipulates that certain goods and services are exempt from value-added tax, mainly including:

- (1) Public postal service;
- (2) Hospitals, clinics, medical and dental services, and services provided when selling

^① Cambodian Tax Administration: <https://www.tax.gov.kh/en/categories/64qke344011330727>.

medical and dental supplies;

(3) Passenger transport services provided by the state-owned public transportation system;

(4) Insurance service;

(5) Main financial services;

(6) Import of personal articles exempted from customs duties;

(7) Public welfare non-profit activities recognized by the Ministry of Economy and Finance of Cambodia;

(8) Educational services;

(9) Production of unprocessed agricultural products;

(10) Supply electricity, public water, or engage in solid-liquid garbage collection and clean-up activities.



Special Reminder:

Cambodia has established an online VAT management system e-VAT system (owp.tax.gov.kh/gdtowpcoreweb/login). VAT taxpayers can apply online for VAT payment or apply for tax rebates and tax relief.

Business Tax. The rate of general corporate business tax is 9%, excluding the taxation of enterprises engaged in the exploration and exploitation of the country's natural resources, forests, petroleum, mineral deposits, and gems.

Withholding Tax. Resident taxpayers engaged in management, consulting and related services in Cambodia need to withhold the corresponding withholding tax.

Table 6-3 Cambodia's withholding tax rate in 2021^①

Project	Tax Rate
Resident Taxpayer	
Services provided to natural persons, including management, consulting and other similar services	15%
Payment for the use of intangible assets and rights such as minerals, oil or natural gas	15%

^① Cambodian Tax Administration: <https://www.tax.gov.kh/en/categories/64qke344011330727>.

Continued

Project	Tax Rate
Interest paid to natural persons or enterprises, except for interest paid to domestic banks or savings institutions	15%
Rental income from movable or immovable property	10%
Fixed deposit interest paid by domestic banks or savings institutions to resident taxpayers	6%
Interest paid by domestic banks or savings institutions on savings accounts to resident taxpayers	4%
Non-Resident Taxpayer	
Interest	14%
Income from movable or immovable property originating in Cambodia	
Technical or management services	
Dividend	
Other income derived from Cambodia	

Patent Tax Patent tax is a business registration tax levied every year, and all companies engaged in business activities in Cambodia must pay it by March 31. The amount of patent tax depends on the form of the company, the type of business, and the scale of the company's operations.

Registration Tax Cambodia levies registration tax on specific documents related to the establishment, merger or cancellation of enterprises, and documents related to the transfer of specific assets. The tax is calculated at 0.1% of the transfer price.

Property Transfer Tax. The transfer of ownership or possession of real estate or land, buildings, vehicles is subject to a property transfer tax at 4% of the transfer value of the property.

Real Estate Property Rights Tax The owner of real estate is required to pay real estate property rights tax at 0.1% of the lower limit of the real estate market appraisal value on an annual basis. The Appraisal Committee of the Ministry of Economy and Finance of Cambodia is responsible for valuing the market value of real estate. The deadline for the declaration of real estate property tax is September 30 of each year.

Unused Land Tax. The registered owner of the land is required to pay a unused land tax on the unused land. Taxes are paid at 2% of the market value assessed by the Appraisal Committee of the Ministry of Economy and Finance of Cambodia. The deadline for the declaration of unused

land tax is September 30 of each year.

6.3 Employment

Competent Authorities and Relevant Laws

The Ministry of Labor and Vocational Training (referred to as the Ministry of Labor or the Ministry of Labor and Employment) is the government competent authority in charge of labor and employment in Cambodia. The *Labor Law* promulgated in 1997 was formulated in full reference to the labor standards of western developed countries, with stricter requirements and emphasis on the protection of labor rights.

Main Provisions^①

Rules of Principle. Forced or compulsory labor is prohibited; when hiring or dismissing workers, employers shall report to the competent labor authority in writing within 15 days from the date of hiring or dismissing; if employers use more than 8 workers, they shall formulate internal corporate rules and regulations; the minimum age allowed for employment is 15 years old and if the nature of the work involves endangering health, safety or morals, the minimum age for employment is 18 years old.

Labor Contracts. Workers and employers shall establish a working relationship through labor contracts. Employment contracts are governed by common law and are concluded in written or oral form. Employers shall not require payment of deposits or any form of guarantee when signing or continuing an employment contract.

Working Hours. The working hours of workers (regardless of gender) shall not exceed 8 hours a day or 48 hours a week. It is strictly forbidden to arrange the same worker to work more than six days a week. If workers need to work overtime due to special and urgent work, the overtime wage shall be 150% of the normal wage. All workers are entitled to paid leave,

① Ministry of Labor and Vocational Training of Cambodia: <http://www.mlvt.gov.kh/index.php?lang=en>.

calculated on the basis of one and a half days of leave for each consecutive month of work, and on this basis, for every 3 years of working, one day of paid leave will be added. In the event of an incident that directly affects the immediate family of the worker, the employer shall grant the worker a special leave (up to 7 days). Female workers are entitled to 90 days of maternity leave. During the maternity leave, half of their wages and allowances shall be paid; within 2 months of returning to the factory after the maternity leave, they shall be assigned to perform light labor.

Salary Payment. The Cambodian government has set minimum wages only for the textile, clothing and footwear industries. Wages must be paid on working days and pay stubs shall be provided. If the pay date falls on a holiday, the wages shall be paid in advance. The *Labor Law* stipulates that wages cannot be deducted at will, and enterprises are only allowed to deduct corresponding costs from wages in the following four cases, and the wages paid after deductions cannot be lower than the minimum wage:

- (1) Employees did not return tools and equipment;
- (2) Employees damage items under their control and use;
- (3) The employee owes money to the corporate welfare shop
- (4) Union dues payable by employees.

At the same time, the *Labor Law* clearly lists situations where wages cannot be deducted, such as fines for employees who violate the rules and regulations or refuse to work overtime, and deduction of part of their wages as a guarantee for contract renewal.

Termination of the Contract. Fixed-term labor contracts usually terminate on the specified deadline. However, the contract can also be terminated early after the two parties reach an agreement.

Hiring Foreign Employees^①

Requirements for employed foreigners. Enterprises must obtain a legal employment permit

① Ministry of Labor and Vocational Training of Cambodia: <http://www.mlvt.gov.kh/index.php?lang=en>.

to work in Cambodia in advance; they must enter the Kingdom of Cambodia legally; they must hold a valid passport (businessmen generally hold E visas, and a few hold K visas); they must hold a valid residence permit; they must have sufficient skills to meet the needs of the enterprise, and have no infectious diseases.

Employment ratio restrictions. Enterprises can hire foreigners as professionals, engineers or engaged in related technical or professional jobs. The number of foreigners employed shall not exceed 10% of the total number of Cambodian employees employed.

Employment procedures. (1) Quota application: Companies must apply for quotas to the Ministry of Labor in advance in November of each year, and report the number of foreign workers to be hired in the next year, the number of Cambodian employees, the reasons for hiring foreigners and etc.; (2) Apply for a job permit: After obtaining quota approval from the Ministry of Labor, the company shall submit an application for a work permit for hiring overseas workers by the end of March of the following year at the latest.



Special Reminder:

The Ministry of Labor of Cambodia is responsible for the management of all foreign workers who come to Cambodia to work. The “Foreign Worker Administration Committee” (FWAC) under the Ministry is responsible for formulating various procedures for accepting foreign workers to work in Cambodia, and assisting foreign workers and employers associations in solving foreign workers’ related matters.



Investment Practice:

Cambodian trade unions require companies to pay workers’ full wages during suspension of the enterprises due to COVID-19^①

As early as May 2020, unions including the Cambodian Labour Confederation (CLC), the Cambodian Garment Workers Democratic Union (C.CAWDU) and the Cambodian Tourism and

^① Adapted according to the news of Cambodia Phnom Penh Post.

Service Workers' Federation jointly sent a letter to the government, asking the government to ensure that employees on leave during the outbreak of COVID-19 can still receive 60% of their salary. At the same time, it is recommended that the government increase the minimum wage for garment workers from US\$190 to US\$ 250, and implement fixed wages for workers in the construction, tourism and transportation industries, and hotel services. In the end, the government decided to provide workers with a monthly subsidy of US\$ 40. After a tripartite vote by the government, labor unions, and enterprises and the approval of Prime Minister Hun Sen, the minimum wage for garment workers in 2021 is set at US\$ 192 per month.

In May 2020, according to the Phnom Penh Times, Cambodian trade unions called on the owners of garment factories to pay workers full wages during the shutdown period. Pavsina, chairman of the Workers' Movement Federation, said that during the factory's shutdown, workers could only get half of their wages. Although the workers expressed dissatisfaction, they had to accept it at the time. Workers are now asking the factory that they shall receive full wages during the suspension due to outbreak of the COVID-19, because the factory was requested to close by the government, and it is not the workers' fault.

The chairman of the Cambodian Labor Federation, Atun, also said that during the shutdown period, workers shall receive full wages, instead of half of the wages or even less. He believes that Cambodian bosses shall care more about their workers. Due to the COVID-19, workers' income has been severely affected. Although the Cambodian government provides workers with a monthly subsidy of US\$40 and the factory also provides workers with US\$30, this is not enough to allow workers to eat a decent meal every day.

A spokesperson for the Cambodian Ministry of Labor stated that there is no law requiring factories to pay workers full wages during isolation or shutdown. An administrative director of a garment factory said that the shutdown due to the COVID-19 was a long-term behavior, and the company was unable to pay full wages to unemployed workers. In response, a large number of

workers in Phnom Penh, Cambodia expressed dissatisfaction and broke out in protests and demonstrations, demanding that enterprises pay full wages immediately.

Comment: There are fewer procedures for establishing trade unions in Cambodia, and therefore there are many trade union organizations, and frequent protests and strikes. In 2017, there were more than 3,000 legal trade unions registered nationwide, in addition to 18 trade union federations, more than 3,500 technical and professional organizations, and 8 employer associations. Between September 2018 and September 2019 alone, there have been 5 large-scale workers' strikes across the country. While ensuring reasonable income and remuneration for employees, enterprises must handle their relations with trade unions, and prepare countermeasures in advance for possible strikes and protests.

6.4 Protection of Intellectual Property Rights

Competent Authorities and Relevant Laws

The competent authority responsible for the protection of intellectual property rights in Cambodia is the Intellectual Property Office under the Ministry of Commerce. Relevant laws and regulations mainly include: *Trademarks, Trade Names and Anti-Unfair Competition Law, Patents, Utility Models and Industrial Design Law, Breeders' Rights and Plant Variety Protection Law, Law to Protect Undisclosed Information and Commercial Secrets, Integrated Circuit Board Design Protection Law, and the Geographical Indication Protection Law, and etc.*

Patent and Trademark Related Regulations^①

Application for Patent According to the *Patents, Utility Models and Industrial Designs Law*, the protection period of invention patents is 20 years from the date of application for registration of the patent. After one year from the date of application for registration, annual profits and taxes are required to be paid every year. The protection period of patent for utility models shall be 7

① Cambodian Intellectual Property Office: <http://www.cambodiaip.gov.kh/>.

years starting from the date of application and no renewal is allowed. The patent protection period for industrial designs is 5 years, and it can be renewed twice in a row, each time for 5 years, calculated from the date of application.

Registering a Trademark. According to the *Trademarks, Trade Names and Anti-Unfair Competition Law*, the period of validity of a commodity registration application is 10 years from the date of application, and it can be renewed upon expiration. The period of each renewal is 10 years. The applicant shall apply for renewal and pay the renewal fee at least 6 months before the expiration date.

Punishment Measures^①

In Cambodia, although the *Trademarks, Trade Names and Anti-Unfair Competition Law* also protects unregistered trademarks, in Cambodia; in case of trademark infringement cases, it is generally required to provide a trademark registration certificate. Cambodia introduced unfair competition into the *Trademarks, Trade Names and Anti-Unfair Competition Law* to provide corresponding legal protection for trademarks. For invention patents and utility model patent infringements, the infringed party can file a civil/criminal infringement lawsuit or resort to private mediation through legal professionals. For infringements of patent and trademark rights, penalties can range from fine of Unit: Riels 5 million to Riels 20 million and/or imprisonment of 1 to 5 years. The maximum penalty for repeat offenders is twice the previous fine and imprisonment. For patent infringement, the competent court may also order the confiscation or destruction of the infringing goods.

6.5 Import and Export Management

Competent Authorities and Relevant Laws

The General Administration of Customs and Goods Taxation of Cambodia is the competent

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Cambodia.

authority for import and export trade. Relevant laws and regulations include: “*Import and Export Commodity Tariff Management Law, Regulations on the Issuance of Certificates of Origin, Commercial Invoices, and Export Licenses in the Clothing Industry, Regulations on Commercial Companies’ Trade Activities, and Regulations on Implementing Pre-shipment Inspection Services, The Law of Accession to the World Trade Organization, Sub-decree on Risk Management, Regulations on the Establishment of the Risk Management Office of the Customs and Taxation Administration, and etc.*”

Import and Export Control

The General Administration of Customs and Taxation of Cambodia is responsible for confirming customs declarations, inspecting items to ensure compliance with customs procedures and relevant laws and regulations, inspecting the quantity, quality, and safety of items, and taking measures to prevent fraud and charge inspection fees.

Table 6-4 Import restricted items and restricted types^①

Restricted goods	Restriction types
Waste from factories, markets, hotels, commercial buildings, restaurants, transportation facilities, entertainment venues, and etc.	Prohibited import
Poultry	Strictly restrict imports
firearms	Import license
Imported food and drugs	Food has a shelf life of at least 50% at the time of inspection, and drugs have a shelf life of at least 18 months at the time of inspection

Table 6-5 Export restricted items and competent authorities^②

Restriction types	Competent authority	Export restricted items
Prohibit or strictly restrict exports	The General Administration of Customs and Cargo Tax of Cambodia	<ul style="list-style-type: none"> • Cultural relics • Narcotics and toxic substances • Log • Gem • Precious metals • Arms • Mahogany

① The General Administration of Customs and Cargo Tax of Cambodia: www.customs.gov.kh.

② See ①

Continued

Restriction types	Competent authority	Export restricted items
Subject to 10% export tax	Ministry of Commerce of Cambodia	<ul style="list-style-type: none"> • Semi-finished or finished wood products • Rubber • Raw or cooked • Fish (fresh, frozen or sliced) • Live animal
Pay export management fees	Ministry of Commerce of Cambodia	clothing (For garments exported to the United States or the European Union, an export license is required)

Inspection and Quarantine

The Cambodian Ministry of Economy and Finance, the General Administration of Customs and Taxation, and the Import and Export Inspection and Anti-Fraud Bureau of the Ministry of Commerce are jointly responsible for the inspection of import and export commodities. The inspection location is the factory or import and export port. At present, all import and export goods in Cambodia are subject to inspection, and the government is planning to reduce the inspection rate year by year. Imported goods valued at USD 5,000 or more are inspected before shipment in the exporting country. The inspection report and other pre-shipment inspection documents will be submitted to the Cambodian Customs and Cargo Tax Administration. After the goods arrive in Cambodia, the owner shall present the inspection documents to the Cambodian Customs and Cargo Tax Administration and pay tax and collect the goods.

Import Taxes^①

Except for five types of products such as natural rubber, gems, semi-finished or finished wood, seafood, sand and stone, general export goods are not subject to tariffs. All goods are subject to import tax when entering Cambodia, except for tax-exempt treatment provided by the Investment Law or other special regulations. Import tariffs are mainly composed of four exchange rates: 0, 7%, 15% and 35%. Under the common effective tariff system of the ASEAN

① Cambodian Tax Administration: <https://www.tax.gov.kh/en/categories/64qke344011330727>.

Free Trade Agreement, products imported from other ASEAN member countries that meet the rules of origin can enjoy lower tariff rates.

Other relevant provisions^①

Customs management laws and policies. The *Customs Law* stipulates the rights and obligations of the customs administration in managing customs procedures, collecting tariffs and other fees on the import and export of goods, and preventing and cracking down on customs violations.

Management system. The Cambodian government has continuously improved its customs management system in recent years and is committed to achieving simple, efficient, transparent and predictable customs management. In order to simplify customs procedures, the government has decided to implement the “customs one-stop service system” and plans to install an automatic customs data system terminal in Sihanoukville Port.

6.6 Environmental Protection

Competent Authorities and Relevant Laws

The Ministry of Environmental Protection of Cambodia is the competent authority for environmental protection. Relevant laws and regulations include: “*Environmental Protection and Natural Resources Management Law, Mineral Resources Management and Mining Law, Environmental Impact Assessment Law, Forest Law, and etc.*”

Regulations on Environmental Assessment^②

Assessing the responsible party. The *Environmental Protection and Natural Resources Management Law* requires that “the Ministry of Environmental Protection must conduct an

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Cambodia.

② See ①

environmental assessment on a project before it is reviewed.” The *Mineral Resources Management and Exploitation Law* clarifies the environmental protection assessment subjects for companies engaged in the management and exploitation of mineral resources, mine operations, and all mining-related operations other than oil and natural gas in Cambodia.

Environmental protection assessment steps. According to the *Environmental Protection and Natural Resources Management Law*, any private or public project shall undergo environmental impact assessment; the Ministry of Environmental Protection will conduct an inspection and assessment before the project is submitted to the Royal Government of Cambodia for approval; existing projects that have not been assessed for environmental impact and all pending projects need to be evaluated.

Punishment Measures

The Ministry of Environmental Protection and relevant departments have the right to require the owner or person in charge of any factory, pollution source, industrial zone or area where a natural resource development project is located to install or use monitoring equipment, provide samples, compile files, and submit records and reports for review. The Ministry of Environmental Protection shall provide relevant information based on public suggestions and encourage the public to participate in environmental protection and natural resource management. Enterprises shall not refuse or prevent inspectors from entering relevant places to conduct inspections, otherwise they will be fined and the responsible persons may also be imprisoned.



Investment Practice:

The “Pollution Source Online Monitoring Information Platform” of the Ministry of Environment of Cambodia officially launched^①

The Secretary of State of the Ministry of Environment of Cambodia formally accepted the “Pollution Source Online Monitoring Information Platform” in May 2020. The handover

^① According to the relevant information of Guoao Environmental Protection website.

ceremony was held with presence of senior management, officials, government authorities and company representatives.

The pollution source online monitoring information platform can provide an information platform to automatically monitor the environmental quality in the waste water treatment process and the pollutants emitted from the chimney. In addition, according to the Secretary of State's statement, the Cambodian Ministry of Environment also plans to establish an automated data monitoring management and transmission system to monitor potential industrial plants.

“Pollution Source Online Monitoring Information Platform” and “Automatic Data Monitoring Management and Transmission System” are established to monitor environmental quality and perform the following important tasks:

(1) Monitor the status of the waste water treatment process and whether the waste water treatment tank complies with technical guidelines, to ensure that the results of the waste water treatment process are transparent.

(2) Through automatic transmission of signals or data, the Ministry of Environment can take timely measures to prevent pollution sources from polluting the environment due to their defects.

(3) Reduce time and reduce inspection costs for potential pollutants

(4) Reduce interference to owners and enterprises, and demonstrate loyalty and transparency in accordance with the work reform of the Ministry of Environment; use online monitoring information platforms, and use fewer people to work online to reduce government expenditures, especially during crises.

Comment: In recent years, Cambodia has paid more and more attention to environmental protection issues, especially the prevention and control of air pollution. Enterprises shall comply with relevant emission standards, introduce advanced pollutant treatment technologies, and avoid a series of fines and other inconveniences caused by environmental damage while protecting the environment.

6.7 Anti-Commercial Bribery

Competent Authorities and Relevant Laws

Cambodia's anti-corruption law enforcement agencies are mainly composed of the National Council Against Corruption and the Anti-Corruption Unit. Anti-corruption law enforcement agencies wear special signs and seals when performing their tasks. Relevant laws and regulations include: *Anti-Corruption Law*, *Criminal Law*, *Ordinary Civil Servants Regulations*, and *Anti-Money Laundering and Combating Terrorist Financing Law*.

In addition to domestic laws, Cambodia ratified the *United Nations Convention against Corruption* in 2007 and became a member of the Asian Development Bank and the Asia-Pacific Economic Cooperation and Development (OECD) Asia-Pacific Anti-Corruption Initiative.

Main Provisions

The *Anti-Corruption Law* stipulates that when a public official abuses the right of public office to seek illegitimate benefits, his/her behavior has constituted a criminal offence. The *Criminal Law* stipulates that offering, accepting or soliciting bribes are subject to penalties. Foreign public officials or officials of public international organizations who are deemed to be engaged in commercial bribery will be punished with fixed-term imprisonment of not less than 7 years and not more than 15 years. Foreign public officials or officials of public international organizations who accept commercial bribery will be sentenced to fixed-term imprisonment of not less than 5 years and not more than 10 years, and their related bribery property will be confiscated.



Special Reminder:

Cambodia's *Anti-Corruption Law* clearly defines giving gifts, receiving property and conflicts of interest. It is recommended that foreign-funded enterprises shall strictly abide by laws

and regulations when carrying out corresponding business activities in Cambodia, and avoid being deemed as bribery, which may pose an adverse impact on the enterprises themselves and relevant government personnel.



Investment Practice:

The Cambodian government carries out “high-profile anti-corruption activities” and is committed to building a white government^①

In July 2019, Cambodia launched a high-profile “anti-corruption project”. Prime Minister Hun Sen said that corruption is the biggest stumbling block to the country’s economic development and political reform. The government will take a number of measures to “operate” on corruption.

Earlier, the Cambodian National Anti-Corruption Commission announced three major corruption cases. The first is the arrest of Liang Buteng, director of the Land Planning and Construction Bureau of Cambodia’s Bodhisattva Province. After investigation by the Anti-Corruption Commission, Liang Buteng was found to be involved in corruption since 2016. He and his two associates have repeatedly demanded bribes from investors. The second is the case of bribery given to an intermediate court clerk who entered the trial process. The third is that 3 police officers were suspected of releasing 18 telecommunications fraudsters in private. Among the three police officers involved, two were police officers from the Cambodian State Administration of Document Management, one was a police officer from the General Administration of Immigration and Enforcement Office, and the three joined forces to “run errands” for 18 telecommunications fraudsters, intending to bribe the police of the province of Kampong Speu with 40,000 US dollars.

Comment: Cambodian Prime Minister Hun Sen is committed to building a clean government. He warned senior officials and military police at a cabinet meeting that if they

① According to the news of China News Service.

accept bribes, they will be dismissed from their posts and their properties will be frozen. They will also be convicted in accordance with the law to demonstrate the government's determination to fight against corruption. Foreign-funded enterprises shall abide by relevant Cambodian laws and regulations, retain evidence when they encounter bribery requests, and adopt legal measures to protect their legitimate rights and interests.



Dispute Resolution

7.1 Judicial System^①

The Cambodian courts are divided into three levels: the Supreme Court, the appellate court, and the provincial and municipal courts. In addition, there are also special courts in Cambodia—the military courts. The military courts and provincial and municipal courts are both basic-level judicial courts for crimes related to the military related crimes.

The Cambodian courts implement a three-instance final instance system. The provincial and municipal courts and military courts are the first-instance courts. Cambodia has 21 provincial courts and 1 municipal court (Phnom Penh). If one party is not satisfied of the decision of the court of first instance, it may appeal to the appellate court. If one party is not satisfied with the decision of the appellate court, it can appeal to the Supreme Court. Under normal circumstances, the Supreme Court only hears the legal issues of the case, but the Supreme Court has the right to overturn the appellate court’s ruling and request the appellate court to retry the case.

7.2 Dispute Resolution

There are three main ways to resolve economic and trade disputes in Cambodia: litigation, arbitration and mediation.

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Cambodia.

Litigation

Cambodian civil proceedings can be roughly divided into 5 stages:

(1) Initiating civil proceedings Cambodian courts have the right to determine their own jurisdiction based on domicile and property rights, including whether they have the right to accept litigation, proceed with litigation, and make judgments. After the lawsuit is filed, the court will review whether it meets all the elements of the Civil Procedure Law. Within 30 days after the complaint is submitted, the party will be summoned to participate in the pre-trial preparation.

(2) Pre-trial preparation At the end of the pre-trial preparation, the court and the parties will determine the facts that need evidence in the subsequent evidence review.

(3) Hearing in court. The court hearing is open to the public, and the court recorder will record the course of the court hearing. The types of documents include: pre-trial preparation text and court hearing text.

(4) Making a judgment According to the complexity of the case, the court sets a date for publicly making a judgment, and the judgment will be served to the parties within two weeks after the judgment is made. The parties can file an objection to the court within two weeks after the judgment is served or appeal to the appellate court within one month.

(5) Enforcement of judgments. The court that enforces the judgment can be the court that has made the judgment or other courts.

Arbitration

Arbitration Institution. National Commercial Arbitration Center.

Arbitration law Cambodia's *Commercial Arbitration Law (LCA)* is mainly drafted in accordance with the *United Nations' New York Convention on Foreign Arbitration Awards (UNCITRAL)*, covering aspects including arbitration agreements, the composition and jurisdiction of arbitral tribunals, the implementation of procedures, and the recognition and enforcement of arbitral awards.

Rights of arbitral tribunal. According to the *Commercial Arbitration Law*, unless the parties agree otherwise, as long as one party requests it, the arbitration tribunal has the right to order any party to provide guarantees for all or part of the finances involved in the dispute, such as paying deposits and presenting bank guarantees. At the same time, it is stipulated that any interim measures of the arbitration tribunal shall be executed by the court, and the execution method and effect are the same as the measures taken by the court. The party applying for interim measures must request the court to make an enforcement order for protective relief.

Enforcing arbitration awards. Cambodia signed the *New York Convention on Foreign Arbitration Awards* in 2001, and all arbitration results made by member states that comply with its provisions recognize its binding force. According to the *Commercial Arbitration Law (LCA)*, Cambodian courts can reject arbitration awards in the following circumstances:

- (1) One party to the arbitration agreement did not have the active capacity at the time of signing, or the agreement was invalid according to the law;
- (2) One party has not received notice of arbitrator appointment or arbitration procedures, or failed to effectively appeal;
- (3) The dispute resolved by the arbitration award is not within the scope of the arbitration agreement;
- (4) The composition of the arbitration tribunal or the arbitration procedure is inconsistent with that of the arbitration agreement;
- (5) Disputes that cannot be resolved through arbitration according to the relevant laws of the country;
- (6) Its ruling violated the relevant provisions of Cambodia's public policy.

Mediation^①

Mediation Agency. In Cambodia, mediation is mainly conducted under the auspices of the

① Cambodian Commercial Arbitration Center: www.ncac.org.kh.

courts and the National Commercial Arbitration Center (NCAC). Mediation involving the court is mainly divided into the court attempting to propose a mediation plan during the litigation process, or mediation in accordance with the relevant terms agreed in the contract between the parties under its auspices.

Mediation Proceedings. The main content of the mediation plan proposed by the court is: in the pre-trial preparation stage, the court shall try to promote the conclusion of the mediation agreement. The court shall not only encourage the parties to negotiate, but also actively play the role of mediator.

In addition, if the parties have clearly agreed on the relevant content in the contract, the court shall preside over and mediate in accordance with the content agreed in the contract; if there is no relevant clause in the contract, the court shall prepare the mediation documents after the parties reach a mediation agreement.

The NCAC mediation procedures are mainly as follows:

(1) Before the start of the arbitration procedure, if both parties request, the arbitration tribunal can negotiate with the parties on whether there is a possibility of voluntary mediation. If both parties agree to mediation, the arbitration tribunal can assist both parties in mediation.

(2) After the mediation is completed, NCAC can prepare the mediation agreement, or the parties can arrange the preparation of the agreement by themselves. The mediation agreement can also be regarded as the result of an arbitration award and has the same enforcement power as other arbitration awards.

7.3 The International Commercial Dispute Prevention and Settlement Organization

Organization and Scope of Business

The International Commercial Dispute Prevention and Settlement Organization (hereinafter

referred to as “ICDPASO”) is an international non-governmental and non-profit organization jointly initiated and established by China Council for the Promotion of International Trade (CCPIT) and China Chamber of International Commerce. In accordance with the concept of “Consultation, Contribution and Shared Benefits”, ICDPASO is composed of commercial institutions, trade associations, legal service providers as well as other entities in the field of international commerce around the world on the voluntary basis. On October 15, 2020, the Inauguration Ceremony of ICDPASO was successfully held in Beijing. At present, the secretariat of ICDPASO is officially operational.

ICDPASO is committed to providing the diversified services covering the international commercial dispute prevention and settlement, protecting the legitimate right of the parties, creating the business environment with high efficiency, fairness and justification, and facilitating the construction of a more justifiable and equitable international economic order. The headquarter of ICDPASO shall be located in Beijing, the People’s Republic of China.

The main organizational structures of ICDPASO include (1) the General Assembly of Members; (2) the Council; (3) Secretariat; (4) Advisory Committee; (5) the Committee of Supervision; (6) the business departments which include publicity and training, compliance construction, bankruptcy reorganization, proof of foreign law, commercial arbitration, commercial mediation, investment disputes and other departments etc.

In accordance with the Charter approved by the First General Assembly, the Scope of business of ICDPASO including: To provide the service of international commercial dispute prevention and settlement subject to the relevant laws, including but not limited to the following activities: publicity and training, dialogue and consultation, construction of compliance of laws and regulations, pre-caution measures, promotion of the standard contract and multi-mechanism of dispute settlement including arbitration and mediation, ect.; To organize international conferences and seminars, to build up the platform for sharing and communicating the information and

sources; To collect the opinions, suggestions and interest requests concerning the international commercial dispute prevention and settlement, and to participate in the international events relating to the deliberation, adoption and modification of international rules under the auspices of relevant international institutions or organizations; To make the publication of the statistical data and survey report concerning the international dispute prevention and settlement, to strengthen the capability of managing the information and analyzing the Big Data with respect to the international commercial cases; To cultivate legal talents with international vision, to promote the sharing of experiences and business cooperation among commercial organizations, dispute resolution institutes, academic institutions and think tanks around the world, and to jointly maintain a fair and stable international business transaction environment. ICDPASO is committed to resolving disputes in advance through dispute prevention on the one hand, and providing one-stop dispute resolution services for parties through diversified dispute resolution methods on the other.

Suggestions for Dispute Prevention and Settlement

(1) Any differences or controversies arising out of or in connection with in a commercial contract shall be eliminated by the dispute prevention services provided by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”), including amicable consultation, early intervention, conflict avoidance panels and early neutral evaluation.

(2) All disputes arising out of or in connection with the contract, shall be referred to mediation administered by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”) in accordance with the Mediation Rules of ICDPASO in force at the time of filing application.

Any settlement reached in the course of the mediation shall be made a settlement agreement on agreed terms, all parties shall earnestly implement and comply with the award.

In case of failure of the mediation process, the disputes shall be referred to arbitration

administered by ICDPASO in accordance with the Arbitration Rules of ICDPASO in force at the time of filing application. The arbitral award is final and binding upon all parties.

(3) All disputes arising out of or in connection with the contract, shall be referred to and finally resolved by arbitration administered by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”) in accordance with the Arbitration Rules of ICDPASO in force at the time of filing application.



Free Trade Agreement

8.1 Bilateral Free Trade Agreements

On October 5, 2020, China and Cambodia completed negotiations on a free trade agreement, and became the first country to sign a free trade agreement with Cambodia. Cambodia and Korea signed the free trade agreement on February 3, 2021.

8.2 Multilateral Free Trade Agreements

In 1999, Cambodia joined ASEAN. As a member of ASEAN, Cambodia has signed a series of regional investment agreements. In 2003, Cambodia became a member of the World Trade Organization (WTO). In 2017, Cambodia and the Eurasian Economic Union (EAEU) launched the first round of talks on the possibility of establishing a free trade area. In November 15, 2020, *the Regional Comprehensive Economic Partnership Agreement (RCEP)* was signed among 15 countries, including the ten ASEAN countries (Singapore, Indonesia, Malaysia, Thailand, Brunei, Cambodia, Laos, Myanmar, the Philippines and Vietnam), as well as China, Japan, South Korea, Australia and New Zealand.

Table8-1 Multilateral free trade agreements signed by Cambodia^①

Bilateral Free Trade Agreements	Multilateral Free Trade Agreements
Cambodia-China Free Trade Agreement	Regional Comprehensive Economic Partnership

^① Asian Development Bank:<https://aric.adb.org/fta-country>

Continued

Bilateral Free Trade Agreements	Multilateral Free Trade Agreements
Cambodia-Korea Free Trade Agreement	ASEAN Free Trade Area
-	ASEAN-Republic of Korea Comprehensive Economic Cooperation Agreement
-	ASEAN-Japan Comprehensive Economic Partnership
-	ASEAN-India Comprehensive Economic Cooperation Agreement
-	ASEAN-Hong Kong, China Free Trade Agreement
-	ASEAN-China Comprehensive Economic Cooperation Agreement
-	ASEAN-Australia & New Zealand Free Trade Agreement

8.3 Regional Comprehensive Economic Partnership (RCEP)

Among the multilateral and bilateral free trade agreements signed by Myanmar, the *Regional Comprehensive Economic Partnership (RCEP)* is one of the most important.

Overview of RCEP

Sunday, November 15, 2020, the *Regional Comprehensive Economic Partnership Agreement (RCEP)* was signed by ten ASEAN countries as well as China, Japan, South Korea, Australia and New Zealand. This is the most important achievement made in the construction of East Asian economic integration program in the past 20 years, marking the official launch of the free trade zone with the largest population, the largest size of economy and trade, and the most potential for development in the world. Currently, the total population, total GDP and total exports of the 15 member states of RCEP account for about 30% of the global total respectively.

The RCEP agreement consists of a preamble, 20 chapters (including: Initial Provisions and General Definitions; Trade in Goods; Rules of Origin; Customs Procedures and Trade Facilitation; Sanitary and Phytosanitary Measures; Standards, Technical Regulations, and Conformity Assessment Procedures; Trade Remedies; Trade in Services; Temporary Movement of Natural Persons; Investment; Intellectual Property; Electronic Commerce; Competition; Small and Medium Enterprises; Economic and Technical Cooperation; Government Procurement;

General Provisions and Exceptions; Institutional Provisions; Dispute Settlement; Final Provisions), and 4 annexes of market access commitment forms (including: Schedules of Tariff Commitments; Schedules of Specific Commitments for Services; Schedules of Reservations and Non-Conforming Measures for Services and Investment; Schedules of Specific Commitments on Temporary Movement of Natural Persons).

RCEP realizes a high-quality and inclusive unity. The total number of tariff-free products will exceed 90% for trade in goods, and the overall level of opening up for trade in services and investment has been greatly improved. Meanwhile, RCEP also takes into account the national conditions of different countries, and gives special and differential treatment to the least developed countries, which will promote the inclusive and balanced development in the region, so that all parties can fully share the achievements of RCEP, and the integration level of East-Asian economy is significantly enhanced.

RCEP will promote the merge of regional industrial chain, supply chain and value chain, to foster the regional economic growth. The economic structures of RCEP members are highly complementary, with a complete range of capital elements, technology elements and labor force elements within RCEP. RCEP further loosens the market access criteria for goods, services and investment among member states, gradually unifies the rules of origin, customs procedures, inspection and quarantine, technical standards, significantly improves the overall business environment within RCEP, greatly reduces the enterprise institutional costs, strengthens the division of labor and production cooperation among members, promotes the free flow of economic elements within RCEP, further enhances the trade creation effect brought by the free trade agreements, and fosters the expansion and upgrading of consumer markets within RCEP. According to the estimates of internationally renowned think tanks, by 2025, RCEP is expected to boost the member states' exports, outbound investment stock and GDP to increase by 10.4%, 2.6% and 1.8% respectively from the baseline.

Commitment of Cambodia to RCEP

SCHEDULE OF TARIFF COMMITMENTS. The eight-digit codes of the tariff classification number of Cambodia referred to in this Schedule are based on the 2012 version of the ASEAN Harmonised Tariff Nomenclature (AHTN). Cambodia shall, as of the effective date of the agreement, grant concessions to the tariffs levied on goods of origin under the agreement, and in each stage of reduction in this Schedule, the tariff lines indicated with “U” shall be excluded from any commitment of tariff reduction or elimination.^①

SCHEDULE OF SPECIFIC COMMITMENTS FOR SERVICES. The *Schedule of Specific Commitment for Services of Cambodia* adopts a positive list, and a negative list to make commitment to investment in non-service industries (manufacturing, agriculture, forestry, fishery and mining). This mixed model of positive and negative list sets out specific commitments concerning national treatment, most-favored-nation treatment, prohibition of performance requirements, senior management and board appointments.

Modes of Supply: (1) Cross-border Supply; (2) Consumption abroad; (3) Commercial presence; (4) Presence of natural persons.

Table 8-2 Schedule of Specific Commitment for Services of Cambodia

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment	Additional Commitment
I. Horizontal commitment			
All SECTORS INCLUDED IN THIS SCHEDULE			
Subsidies	–	(3), (4), Unbound for subsidies, including for research and development.	–
Land	–	(3) Non-Cambodian natural and juridical persons may lease but not own land.	–
Acquired rights	The conditions of ownership, management, operation, juridical form, and scope of activities as set out in a licence or other form of approval establishing or authorising the operation or supply of services by an existing foreign service supplier, will not be made more restrictive than those in existence as of the date of Cambodia’s accession to the WTO.	–	–

^① Schedule of Tariff Commitments of Cambodia: <https://rcepsec.org/wp-content/uploads/2020/11/Cambodia-Schedule-of-Tariff-Commitments.pdf>

Continued

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment	Additional Commitment
Investment incentives	(3) Investors, seeking incentives under the provisions of the Law on Investment, shall have the obligation to provide adequate and consistent training to Cambodian staff, including for promotion to senior positions.	(3) None.	–
Presence of natural persons	(4) Unbound except for measures concerning the temporary entry and temporary stay of a natural person who falls in one of the categories referred to in Cambodia's Schedule in Annex IV (Schedules of Specific Commitments on Temporary Movement of Natural Persons). (1), (2), (3), (4) Cambodia remains unbound to all measures with respect to permanent residents.	(4) Unbound except for measures affecting the categories of natural persons referred to in the market access column.. (1), (2), (3), (4) Cambodia poses no restrictions on all policies regarding permanent residents.	–
Professional services			
Legal services	(1) None (2) None. (3) In commercial association with Cambodian Law Firms ¹ , and may not directly represent clients in courts. (4) Unbound except as indicated in the horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in the horizontal commitments.	–
Accounting auditing, bookkeeping services	(1) Must have commercial presence in Cambodia for auditing services. . (2) None (3) None (4) Unbound except as indicated in the horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in the horizontal commitments.	–
Medical and dental services These services are limited only to orthodontic services, oral surgery, and other specialised dental services.	(1) Unbound (2) None (3) Provision of services is permitted through a joint venture with Cambodian juridical persons. (4) Unbound except as indicated in the horizontal commitments.	(1) Unbound (2) None (3) None (4) Unbound except as indicated in the horizontal commitments.	–
.....			

Telecommunications accessories. In addition to market opening and related rules, the *Schedule of Specific Commitment for Services of Cambodia* also contains an annex related to telecommunications services, which includes a more comprehensive and high-level commitment to the telecommunications field. For example (1) Appropriate measures shall be taken to prevent telecommunications providers from engaging in anti-competitive behaviors. (2) Any scarce

resources in the telecommunications service industry, such as frequency access rights, are allocated and used in an objective, timely, transparent and non-discriminatory manner. The current allocation will be made public. (3) An individual can obtain a telecommunications license if he/she can meet the license application standards and terms.^①

SCHEDULE OF SPECIFIC COMMITMENTS FOR INVESTMENT.^② The *Schedule of Reservations and Non-conforming Measures for Investment of Cambodia* adopts a positive list, and a negative list to make commitments to investment in non-service industries (manufacturing, agriculture, forestry, fishery and mining). This mixed model of negative list and positive list sets out specific commitments with respect to national treatment, most-favored-nation treatment, prohibitions of performance requirements, senior management and board appointments.

(1) National treatment and most-favoured-nation treatment do not apply to any measures related to land ownership prescribed by the Constitution, Land Law and relevant laws and regulations. Foreigners can only have part of the private ownership of the first floor of a shared building. The ground and underground floors are not owned by foreigners. Foreigners are not allowed to have ownership of shared buildings within 30 km of the land border and other areas specified by the Royal Government of Cambodia, except for shared buildings located in special economic zones and used for important public meetings, and designated by the Royal Government of Cambodia Outside of other areas. The land distributed along the border cannot be leased to nationals or legal persons of the border country.

(2) National treatment, performance requirements, appointment of senior managers and the board of directors are not applicable to any matters related to investor employment policies and obligations. Employers must give priority to Cambodian nationals when hiring workers (Article 263 of the *Labor Law* (1997)). Investors are obliged to promote Cambodian employees to senior

① Schedule of Specific Commitments for Services of Cambodia: <https://rcepsec.org/wp-content/uploads/2020/11/Cambodia-Schedule-of-Specific-Commitments-for-Services.pdf>

② Schedule of Reservations and Non-conforming Measures for Investment of Cambodia: <https://rcepsec.org/wp-content/uploads/2020/11/Cambodia-Schedule-of-Reservations-and-Non-Conforming-Measures-for-Investment.pdf>

management, and this requirement shall be gradually implemented over time.

The maximum proportion of foreigners allowed to be employed by each enterprise shall not exceed 10% of the total number of employees in Cambodia. The 10% of foreign employees are divided into the following three categories: office workers, accounting for 3%; employees or skilled workers, accounting for 6%; employees or unskilled workers, accounting for 1%.

When establishing and operating factories, priority shall be given to Cambodian engineers and technicians.

(3) National treatment, senior management and board appointments do not apply to any matters related to portfolio investment. Instructions for non-Cambodian residents to purchase stocks and securities in Cambodia. In the Cambodian primary market, if 20% of the subscription shares are only subscribed by Cambodian investors, then the remaining 80% can be purchased by Cambodian and non-Cambodian investors. If the above allocation is not implemented, the director general of the Cambodia Securities and Exchange Commission must decide how to redistribute the shares. Foreign investors cannot subscribe for all publicly issued securities (the subscription limit is 80%). The company secretary must be Cambodian, and the independent director must have experience in working outside of Cambodia.

(4) Investment projects involving the following situations:

It involves a total of more than US\$ 50 million of investment funds; involves politically sensitive issues; may have a negative impact on the environment; has a long-term development strategy; involves matters related to infrastructure concessions; it shall be submitted to the Council of Ministers for approval. The Council of Ministers may take corresponding measures in accordance with other or further requirements related to the national treatment, performance requirements, and appointment of the senior managers of the above-mentioned investment projects and the board of directors.

Performance requirements, senior management and board appointments do not apply to any

of the following matters related to the preferential tax policies for SMEs: hiring at least 60% of local members; increasing the number of employees by at least 20%; settlement in SME clusters.

SCHEDULE OF SPECIFIC COMMITMENTS ON TEMPORARY MOVEMENT OF NATURAL PERSONS.^① This Schedule sets out Cambodia's commitments with respect to its commitments for the temporary entry and temporary stay of natural persons of another Party. Entry visa for business visitors shall be valid for a period of 90 days for an initial stay of 30 days, which may be extended. The natural persons responsible for setting up of a commercial establishment are not subject to a maximum duration of stay, and Economic Needs Testing Requirement is applied. Temporary residency and work permit is required for the natural persons in the categories defined under intra-corporate transferees. Such permits are issued for two years and may be renewed annually up to maximum of five years in total, and Economic Needs Testing Requirement is applied to the category of Specialists.

① Schedule of Specific Commitments on Temporary Movement of Natural Persons of Cambodia: <https://rcepsec.org/wp-content/uploads/2020/11/Cambodia-Schedule-of-Specific-Commitments-on-Temporary-Movement-of-Natural-Persons.pdf>

9

Support Measures against COVID-19

9.1 Economic Security Policies

In 2020, in response to the impact of the COVID-19 on the economy, the Cambodian government has launched the first round of financial support measures since February, followed by two rounds in April, and a round of fiscal appropriation respectively in May, July, September and December. Details as follows:

Table 9-1 2020 Cambodian government financial relief measures^①

Rounds	Time	Specific measures
Round 1	February-March 2020	The government announced an allocation of 443 million US dollars to fight the COVID-19. In order to reduce the burden on people's living, it was decided to exempt the “general food” value-added tax from January 1, 2020 to December 31, 2021. Including all kinds of fresh meat, such as beef, buffalo, lamb, pork, chicken, duck; all kinds of eggs, freshwater fish, sea fish and seafood, sugar, salt, soy sauce and fish sauce.
Round 2	March 31, 2020	Announcement of a series of emergency response measures involving aviation, tourism and manufacturing to alleviate the negative impact of the COVID-19. Including: 1) Exempting Cambodian Airlines from the minimum tax payment from March to May; approving airlines to postpone payment of airport fees, and pay them in installments; 2) It is announced that hotels, inns, restaurants and travel agencies registered with the State Administration of Taxation in the tourist area will be exempted from all kinds of taxes from March to May, but the online value-added tax (E-VAT) declaration is still required every month. For employees of closed hotels, inns, restaurants and travel agencies, the government will pay base salary subsidy of an amount of 20% of the salary; 3) The government encourages office or factory owners to negotiate with tenants to reduce rents or postpone rent collection.

^① Economic and Commercial Section of the Chinese Embassy in the Kingdom of Cambodia: cb.mofcom.gov.cn/.

Continued

Rounds	Time	Specific measures
Round 3	April 7, 2020	<p>Approximately 475 million US dollars of fiscal expenditure was allocated to fight the COVID-19.</p> <p>Workers in factories that suspend production receive 70 US dollars a month, of which 30 US dollars are paid by the factory and 40 US dollars are subsidized by the government.</p> <p>The Ministry of Finance and Economics has launched a financing cooperation program for small and medium-sized enterprises, which aims to promote the development of small and medium-sized enterprises with low-interest credit. The program fund was US\$ 100 million and was jointly raised by the Cambodian Small and Medium Enterprise Bank, 33 banks and micro-finance institutions. Priority areas for obtaining loans include: manufacturing and handicrafts, assisting in importing goods for local demand or acting as a raw material supplier for large companies.</p>
Round 4	May 26, 2020	<p>Ensuring that enterprises and factories continue to operate, and guaranteeing the living standards of the affected workers and the poor.</p> <p>Adjusting the joint financing mechanism, and jointly providing low-interest loans to small and medium enterprises through the cooperation of newly established small and medium enterprise banks and small and medium enterprise banks with micro-finance institutions and commercial banks. Among them, the government contributed US\$ 50 million and other financial institutions contributed US\$ 50 million.</p> <p>For tourism practitioners in Phnom Penh, Siem Reap, Sihanoukville, Baima, Gongbu, Ba Vy and Poppy, the exemption period for all tax incentives will be extended to July. At the same time, the business license for next year can be renewed free of charge.</p> <p>Appropriating US\$ 100 million to set up a cash subsidy program and providing subsidies to Cambodian workers returning from Thailand due to the COVID-19.</p>
Round 5	August 1, 2020	<p>Helping companies and assisting poor and disadvantaged groups to tide over the crisis of the COVID-19, and extending the tax reduction and exemption period for major economic sectors that have been hit hard by the COVID-19.</p>
Round 6	September 30, 2020	<p>For garment, textile, footwear, tourist goods, and leather bag factories, it is required to continue to provide relief payments to workers who have been approved by the government to temporarily suspend work.</p>
Round 7	November-December 2020	<p>Appropriating US\$ 70,000 in fiscal expenditures for COVID-19 prevention and control.</p> <p>In the tourism industry, workers whose work have been suspended due to the COVID-19 will be given wage subsidies and the subsidy period will be extended to March 2021. Exempting tourism practitioners from the payment of value-added tax (VAT) and other monthly taxes, and stipulating that tourism-related companies can delay the payment of corporate income tax for 2020.</p>

9.2 Economy Revitalization Measures

In October 2020, the Cambodian government approved the 2021 budget draft, with the main goals of protecting people's lives^①, maintaining social and economic stability and people's livelihoods. It is made clear that the GDP growth rate in 2021 will be around 3.5%, and the expected fiscal deficit rate will reach 6%; an amount of US\$ 7.62 billion was appropriated,

① Khmer Times: www.khmertimeskh.com.

including US\$ 4.36 billion in recurrent expenditure and US\$ 3.26 billion in capital expenditure. In the 2021 draft budget, approximately US\$ 493 million is used for general fiscal expenses, US\$ 642 million is used for defense expenditures, US\$ 426 million is used for public security expenditures, US\$ 1.75 billion is used for social welfare funding, and US\$ 1.6 billion is used for economic development. Over US\$ 2.58 billion is allocated for emergency relief, unexpected expenditures, and repayment of foreign debts.

In addition, construction of 8 important infrastructure construction projects will be commenced in 2021, mainly including: national highway improvement projects, cross-river bridge construction projects, international port construction projects, and ring road construction projects.

In 2021, the tax exemption measures implemented by Cambodia are as follows:

(1) The implementation of the National Social Security Fund plan was postponed to July 2021.

(2) In the 2021 fiscal year, the patent tax and signature tax of travel agents and other tourism departments will be exempted.

(3) From January 2021 to December 2021, if a residential property with a value equal to or less than US\$ 70,000 is transferred, 4% stamp duty will be exempted.

(4) When Cambodian financial institutions obtain financing from domestic or overseas lending institutions, the applicable interest payment withholding tax rate will be adjusted to 5% and 10% in 2021 and 2022, respectively.

In order to promote the recovery of the country's economy and key industries as soon as possible, the Cambodian government and the central bank have formulated corresponding monetary policies and fiscal subsidies, including:^①

^① International Monetary Fund: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#K>

(1) From February to June 2021, the deposit reserve ratio of Cambodian currency will remain at around 7%.

(2) The subsidy period for the clothing and tourism sector has been extended to the end of June 2021.



Contact Information of Relevant Departments and Institutions

10.1 Contact Information of Government Departments and Related Institutions

Table 10-1 Contact information of some government departments and related institutions in Cambodia

Department/agency	Telephone	Website/email
Council for the Development of Cambodia (Council for the Development of Cambodia)	+855 2398 1154 +855 2398 1156 +855 2398 1183	www.cambodiainvestment.gov.kh
Cambodia Special Economic Zone Board	+855 2399 2355	cdc.csezp@gmail.com
Ministry of Agriculture, Forestry and Fishery	+855 2321 1351	www.maff.gov.kh
Ministry of Industry and Handicraft	+855 1298 2382	http://www.mih.gov.kh/
Ministry of Commerce	+855 2342 6024	www.moc.gov.kh
Ministry of Economy and Finance	+855 2342 8960	www.mef.gov.kh
General Department of Customs and Excise	+855 2321 4065	www.customs.gov.kh
Ministry of Environment (Ministry of Environment)	+855 2342 7894	www.moe.gov.kh
The Ministry of Foreign Affairs and International Cooperation	+855 2321 4441	www.mfaic.gov.kh
Ministry of Mines and Energy	+855 2321 9574	www.mme.gov.kh
Ministry of Land Management, Urban Planning and Construction (Ministry of Land Management, Urban Planning and Construction)	+855 2321 5659	www.mlmupe.gov.kh
Ministry of Planning	+855 2372 0901	www.mop.gov.kh
Ministry of Public Works and Transport (Ministry of Public Works and Transport)	+855 2342 7862	www.mpwt.gov.kh
Ministry of Labour and Vocational Training	+855 2388 4375	www.mlv.gov.kh
Ministry of Tourism	+855 2321 2837	www.mot.gov.kh
The National Council for Sustainable Development	+855 8921 8370	ncsd.moe.gov.kh

Continued

Department/agency	Telephone	Website/email
Ministry of Water Resources and Meteorology	+855 2372 4289	www.mowram.gov.kh
National Social Security Fund (National Social Security Fund)	+855 2388 2434	www.nssf.gov.kh
General Department of Taxation (General Department of Taxation)	+855 2326 6668	www.tax.gov.kh/en/
Intellectual Property Office (Department of Intellectual Property)	+855 1226 1536	www.cambodiaip.gov.kh
Office of the Council of Ministers	+855 2372 4321	www.pressocm.gov.kh
Anti-Corruption Unit	+855 2322 3954	www.acu.gov.kh
National Bank of Cambodia	+855 2372 4866	www.nbc.org.kh
Ministry of Posts and Telecommunications (Telecom Cambodia)	+855 2372 7168	www.tc.com.kh/public/
The Electricity Authority of Cambodia (The Electricity Authority of Cambodia)	+855 2321 7264	eac.gov.kh
Phnom Penh Capital Hall	+855 2372 2054	www.phnompenh.gov.kh
National Commercial Arbitration Centre	+855 96 888 5333	www.ncac.org.kh

10.2 Contact Information of Business Association and Service Provider

Table 10-2 Contact information of some chambers of commerce, association and service providers in Cambodia

Name	Telephone	Website
Cambodia Chamber of Commerce	+855 2388 0795	www.ccc.org.kh
The Cambodia Association of Travel Agents	+855 2321 2421	catacambodia.com
Garment Manufacturers Association in Cambodia	+855 88 812 2133	www.gmac-cambodia.org
The Cambodia Rice Federation	+855 23 559 8999	www.crf.org.kh



Frequently Asked Questions

1. What are the categories of work visas in Cambodia?^①

Cambodian visa types mainly include:

(1) Diplomatic visa (A visa): diplomats of foreign diplomatic missions in Cambodia, their spouses and minor children.

(2) Official visa (B visa): Those who hold official passports and perform official duties in Cambodia.

(3) Visit visa (C visa): Those who are invited by Cambodian officials to visit Cambodia.

(4) Ordinary visa (E visa): Those who come to Cambodia for short-term or long-term investment, business and labor.

(5) Tourist visa (T visa): Foreign citizens who come to Cambodia for tourism.

(6) Long-term residence visa (K visa): Cambodians holding foreign passports.

(7) Free visa (G visa): children under 12 years old.

At present, foreigners holding ordinary visas must hold work permits, including foreign businessmen. For an application for ordinary visa extension of 6 months or more, a certificate stating sufficient reason for the applicant to live in Cambodia must be provided, or a labor employment contract must be held, otherwise the visa cannot be renewed. The Ministry of the Interior will not allow any foreigners to stay in Cambodia casually. The family members of

^① Ministry of Foreign Affairs and International Cooperation of Cambodia: www.mfaic.gov.kh.

foreign employees must have a certificate to apply for a 6-month visa extension. The work permit is valid for one year and can be extended, as long as the extended period of validity does not exceed the period determined by the person's residence permit or visa.

2. How to immigrate to Cambodia?^①

In Cambodia, the following conditions shall be met to apply for immigration.

(1) The applicant shall have skills that are beneficial to Cambodia's economy, society and culture.

(2) A security deposit shall be paid to prove that they can afford the cost of returning to their own country and sufficient living expenses.

(3) A health certificate issued by the medical department of the country to which the immigrant belongs.

(4) Work contract.

(5) The applicant has no criminal record.

The application process is mainly as follows: signing a contract; submitting materials, joint approval by the Cambodian Ministry of Foreign Affairs and International Cooperation, the Immigration Bureau, and the Police Department of the Ministry of Interior; naturalization.

3. How is Cambodia's education system?^②

Cambodian universities are mostly located in cities and economically developed areas, especially in the capital Phnom Penh, such as Royal University of Phnom Penh, North Bridge International College, Lim Kok Rong University, University of Cambodia and etc. Many local citizens who can go to university will choose to go to Malaysia, China or Singapore.

Education in remote areas of Cambodia has been ignored for a long time, and a particularly

① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Cambodia (2020).

② Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Cambodia (2020)

complete education system has not yet been established.

4. How is Cambodia's medical and healthcare quality?^①

At present, Cambodia's medical and health conditions are at a relatively low level compared with other countries in Asia, medical care cannot meet the needs of medical development, and medical infrastructure is relatively lagging behind.

If it is a common cold or fever, Cambodians generally buy over-the-counter medicines at roadside pharmacies. Many Cambodians do not trust domestic medicines, and people with some money will use imported medicines. Ordinary people mostly go to neighboring countries such as Thailand and Vietnam to find better and reliable medical services out of their own pockets.

5. What are the main public transportations in Cambodia?^②

(1) TUKTUK. Generally, it can carry 2-4 passengers. This kind of transportation is relatively safe, and can reach a speed of 60 km/h when carrying 3-4 passengers.

(2) Motorized taxis. It is more common in the capital city of Phnom Penh, and the drivers are basically residents around Phnom Penh.

(3) Manpower tricycle. It has two front wheels and one rear wheel. Passengers sit in front of the tricycle, and the driver sits behind the tricycle and rides. Because it is a rickshaw, the driving speed is relatively slow.

(4) Bamboo train. The special Cambodian train is made of bamboo and driven by a small engine of a car or motorcycle. It can run on the light rail like a normal train, and the fare is relatively low.

6. How to buy real estate in Cambodia?^③

Buying real estate in Cambodia requires a lawyer to handle legal documents. Under normal

① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Cambodia (2020)

② Finder: <https://www.finder.com.au/destinations/cambodia>.

③ Global Property Guide: <https://www.globalpropertyguide.com/Asia/Cambodia/Buying-Guide>.

circumstances, the lawyer's fee is paid by the buyer, and is about 600-800 US dollars, and the deed tax is 4% and the real estate tax is 0.1%.

According to the *Foreigner Property Rights Law*, foreigners who buy houses above the second floor of a high-rise building in Cambodia can obtain the same property ownership certificate as their citizens, and can independently rent and buy houses, enjoy freehold property rights, but individuals cannot purchase land and villas.

Foreigners can buy a house with a local loan for a maximum of 12 years, and can obtain a loan of 65% of the total property price, with an annual interest rate of about 9.96%.