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## Cambodia

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### Cambodia Exporter Guide

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Exporter Guide

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**Report Highlights:**

This guide serves as a resource for U.S. companies seeking to export high-value consumer-oriented foods to Cambodia and provides guidance and information on local business practices, consumer preferences and trends, food standards and regulations, and import and inspection procedures. This guide also discusses the opportunities and entry approaches for Cambodia's food retail and food service industries.

## **Section I: Executive Summary**

This report provides U.S. exporters with basic information on exporting high value consumer-oriented food and beverages to Cambodia.

U.S. agricultural exports to Cambodia have expanded significantly in recent years, totaling almost US\$ 28 million in 2014. After decades of civil conflict and economic stagnation, the market is making a transition from an aid-based to a commercial economy. The country's economy has averaged 8 percent annual growth over the past decade; the population is young, with half of Cambodia's people under the age of 25; and modern retail, restaurant, and fast food outlets continue to open in key cities. GDP per capita was at US\$1,130 in 2014. The country has a population of 15 million, of which 3 million live in the major cities.

Cambodians, in general, highly regard U.S. food products for their quality and safety, and U.S. food brands are popular among younger Cambodians. However, the Cambodian market remains small compared to neighboring markets and U.S. products are typically more expensive than Asian imports, due to high shipping and importation duties.

Due to the relatively small size of the market, there are a limited number of importers. These include supermarket operators as well as food service distributors. There are growing direct shipments from the U.S., but many U.S. food products enter the country via Singapore or other ASEAN markets. Working with a local partner is critical and the most effective way to reach Cambodian consumers.

Cambodia's healthy tourism industry and the growing bakery, quick service restaurant, and retail sectors offer the best opportunities for U.S. exporters of high-value foods and beverages. Consumers of U.S. products are likely to be young and higher income Cambodians, expatriates, and tourists. There is a surprisingly wide range of U.S. food products available in Cambodian supermarkets and growing food service offerings. Although the vast majority of food is sold in traditional markets, the situation is changing as more supermarkets, convenience stores, quick service restaurants, and other modern outlets are opening. There is limited food manufacturing in Cambodia, contributing to the impressive variety of imported processed foods from the U.S. and other sources.

Among the best prospects for U.S. products in the retail and food service sectors are beef, pork, processed meat products, dairy products, frozen potatoes, snacks, fresh fruit, and dried fruits and nuts. With the recent growth in the market and increasing demand for high quality products, there are a number of supermarkets that are looking to form relationships with grocery wholesalers and consolidators on the U.S. West Coast to import consolidated shipments of U.S. food products.

It is relatively easy to import product into Cambodia. Most of the food and agriculture standards that Cambodia follows are based on CODEX standards. Cambodia does not yet have many of its own regulations, but it is in the process of adopting general standards from CODEX. The market for U.S. meat and poultry was just opened and some phytosanitary documentation procedures apply to these shipments.

Imported high value food and beverage products for the HRI industry, such as chilled/frozen meat, frozen French fries, wines, cheese, and frozen seafood, etc., are subject to a 35 percent import tariff rate, while fresh fruits and vegetables are subject to 7 percent import duty. An excise tax of 10 to 25 percent and public lighting tax are applied to imported beers, wines and other alcoholic beverages on top of the import duty. Cambodia also applies a 10 percent flat rate VAT to all imported goods.

## **Section II: Market Overview**

### **Economic Situation**

Over the past five years, U.S. exports of agricultural and related products to Cambodia have increased by nearly 350 percent; from US\$6.6 million in 2009 to \$27.86 million in 2014 (see Table 1). After decades of civil conflict and economic stagnation, Cambodia is modernizing.

Cambodia has a population of 15 million, of which 3 million live in the major cities. The country's economy has averaged 8 percent annual growth over the past decade; the population is young, with half of Cambodia's 15 million people under the age of 25; and modern retail, restaurant, and fast food outlets continue to open in key cities. In 2014, Cambodia's GDP growth rate surpassed 7 percent year on year, and similar rates of growth are expected over the next two years. GDP per capita was at \$1,130 in 2014. The exact size of the middle class is unknown, but it is believed to be small and steadily increasing.

Cambodia remains an agrarian society, with the agricultural sector employing approximately 65-70% of the population. The goal of the Cambodian government is to increase milled rice exports to one million tons per year by 2015. However, the country exported only 379,000 tons in 2014. The country also exports fish, rubber, cassava, corn, and other plantation crops.

Garment manufacturing, construction and tourism have also helped to grow the Cambodian economy. Foreign investors have funded office, retail and hotel properties in the main cities. In 2013, shopping mall investment accounted for 11.8 percent of total FDI (foreign direct investment), and most shopping malls include at least one large modern supermarket. In 2014, tourism revenues nearly reached US\$3 billion for the first time.

Cambodia also receives significant international donor support. The United States, through USDA's McGovern-Dole initiative, has partnered with the United Nations World Food Program (WFP) and International Relief and Development (IRD) to implement school feeding programs at multiple primary and secondary schools in disadvantaged provinces, with a total contribution of approximately US\$24 million from 2013 to 2016. Over 550 international NGOs are registered in Cambodia. NGO personnel especially the expatriate staff make-up a sizable portion of the country's upper income consumers.

Despite economic progress and cultural cohesion, the country faces many challenges. Cambodia remains one of the poorest countries in the world, with approximately 17.7% of the population below the poverty line in 2012. In recent years there has also been public frustration regarding bureaucratic inefficiency and low-wages. Long-term economic development will require improvements in social services, such as education, a larger population of skilled labor, infrastructure improvements, and good governance.

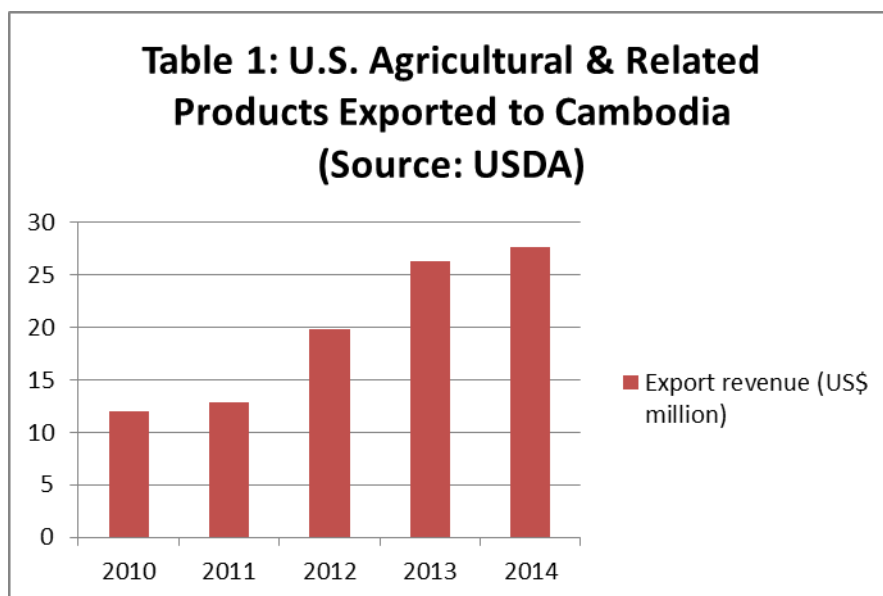
Elections over the past decade have been peaceful and the government is relatively stable. The Cambodian People's Party (CPP) has held power since 1998, but there has been growing opposition. The CPP's victory in the 2013 general election was contested by the Cambodian National Rescue Party (CNRP), which alleged widespread voting irregularities.

The Cambodian government has begun working with bilateral and multilateral donors, including the Asian Development Bank, the World Bank and IMF, to address the country's many pressing needs. In 2014, more than 50 percent of the government's budget came from donor assistance.

In an effort to encourage international investment and increase exports, Cambodia has entered into several multi-national trade agreements. In 2004, the country joined the World Trade Organization. In 2006, the U.S. and Cambodia agreed to a Trade and Investment Framework Agreement (TIFA) to promote trade and investment in both countries and to provide a forum for addressing bilateral trade and investment issues. The two countries have also begun discussions on a Bilateral Investment Treaty. Cambodia is a member of the Association of Southeast Asian Nations (ASEAN) and the Asia Free Trade Area (AFTA). The ASEAN Economic Community (AEC), comes into force by the end of 2015, will establish an ASEAN single market and production base with free flow of goods, services, investment, capital and skilled labor.

### **Agricultural Trade and U.S. Exports**

According to USDA Bico Data, U.S. agricultural exports to Cambodia totaled US\$27.9 million in 2014. Since 2009, these shipments have been expanding at an average of 70 percent per year and reached a record high in 2014. Consumer-oriented foods make up 46 percent of the total, while exports of bulk and intermediate commodities account for 16 percent and 34 percent, respectively. The most popular consumer-oriented foods were fresh fruit (\$3.1 million), beef and beef products (\$2.5 million), prepared foods (\$2.3 million) and dairy products (\$1.4 million). However, official export statistics undervalue the amount of U.S. goods imported into Cambodia. Many U.S. products, particularly food products, are brought-in from Singapore, Thailand and other ASEAN countries, which are not reported as U.S. exports.



### **Opportunities and Challenges for U.S. Exporters**

Cambodians, in general, highly regard U.S. food products for their quality and safety, and U.S. food brands are popular among younger Cambodians. However, the Cambodian market remains small

compared to neighboring markets and U.S. products are typically more expensive than Asian imports, due to high shipping and importation duties.

Opportunities for U.S. Exporters	Challenges for U.S. Exporters
<ul style="list-style-type: none"> <li>One of Asia’s fastest growing economies (Cambodia GDP rates have averaged over 7% growth from 2011 and 2014 and this rate of growth is expected to continue over the next few years).</li> </ul>	<ul style="list-style-type: none"> <li>The market remains small, when compared to more developed Southeast Asian countries, such as the Philippines and Thailand. Importers are usually not in a position to buy container loads of products direct from the U.S.</li> </ul>
<ul style="list-style-type: none"> <li>Continued growth of the tourism sector and western style fast food chains, and modern food retail chains, bakeries, restaurants, and hotels.</li> </ul>	<ul style="list-style-type: none"> <li>Limited infrastructure and distribution for perishable products and products that require frozen and cool chain distribution. Consistent cold chains only exist in the cities of Phnom Penh and Siem Reap.</li> </ul>
<ul style="list-style-type: none"> <li>Familiarity with U.S. products and established importers of U.S. goods.</li> </ul>	<ul style="list-style-type: none"> <li>Limited number of importers and distribution options.</li> </ul>
<ul style="list-style-type: none"> <li>U.S. food and beverage products have a strong reputation for quality and safety.</li> </ul>	<ul style="list-style-type: none"> <li>Cambodia is a member of ASEAN, which has many free trade agreements with Australia, New Zealand, Japan, and other countries importing quality products, which puts U.S. food products, which are burdened with import tariffs and shipping costs, at a price disadvantage.</li> </ul>
<ul style="list-style-type: none"> <li>A large number of NGO-employed expatriates create a market for western imported products.</li> </ul>	<ul style="list-style-type: none"> <li>Small Cambodian middle and upper class that can afford imported food products.</li> </ul>
<ul style="list-style-type: none"> <li>Western products are common in modern supermarkets.</li> </ul>	<ul style="list-style-type: none"> <li>Most consumers continue to shop at traditional (“wet”) markets.</li> </ul>

### Section III: Export Business Tips

#### Market Entry Strategy and Local Business Customs

Due to the relatively small size of the market, only a few supermarkets and a limited number of importers are in a position to import directly from the U.S. Most retailers and importers choose to source U.S. and other imported products from Thailand, Malaysia, Vietnam and Singapore. By importing from these markets, the supermarkets and importers are able to bring in a wider range of products, via smaller quantities than container loads. An alternative to direct shipments to Cambodia is to work with an exporter of U.S. products in these third country markets.

Some importers in Cambodia specialize in servicing the hotel restaurant and institution (HRI) trade and have the appropriate frozen and chilled storage and distribution infrastructure. Most of the modern food retailers, such as DFI Lucky and Thai Huot, also service the HRI trade through their retail stores or wholesale operations.

Working with a local partner, such as supermarkets that import or importers, is the most effective way to reach Cambodian consumers. A local partner can facilitate and expedite market entry by using market knowledge and established networks.

Like many other countries in Asia, business relationships in Cambodia have their foundations in personal relationships. Cambodians are open, approachable and friendly. It is recommended that you approach potential business contacts with a prior introduction or personal reference. Potential partners and customers in Cambodia frequently are more receptive if you arrive with an introduction or letter from a known government official or business contact. Although not absolutely required, small gifts with a company logo are appreciated, as are luncheon or dinner invitations.

### **Customer Preferences**

The market of U.S food products is still small and under development. The primary buyers of U.S. foods are expatriates and high income Cambodians, but Cambodians, in general, highly regard U.S. food products for their quality and safety. However, for most Cambodians, U.S. food products are too expensive. Even middle and upper income Cambodians, while American products are generally viewed as higher quality, will opt for cheaper priced products from China or Thailand. In Phnom Penh, where government and industry are centered, prices are higher and branded products are more popular.

Cambodians dispense a sizeable portion of their income on food items. More than half of total expenditures are for food, mostly basic food items like rice, salt, sugar, meat, vegetable oil, and sauces. The average household spends very little on high-value processed food products. The two staple foods in Cambodia are rice and fish. These foods are supplemented by maize, root crops (cassava and sweet potatoes), mung beans and groundnuts. A wide variety of fruits and vegetables are produced in Cambodia. Some pickling of fruit and vegetables occurs, but fruit and vegetable processing is little developed. There is almost no food canning, and very limited frozen food production in the country. Some bread is consumed in urban areas. Almost all dairy products are imported or reconstituted in the country.

But eating habits are changing in urban areas due to (1) increasing incomes, (2) growing awareness and concern about nutrition, quality, hygiene and food safety, (3) attraction to western lifestyle, (4) modern advertising and promotions.

The main attraction of foreign products is their perceived superior quality, reliability, and status. Products from developed countries, such as the U.S. and Japan, are perceived as having the highest quality and status.

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

Local vendors use a variety of advertising methods, but the popularity of social media is rapidly expanding and may be the most effective way to reach younger consumers. Special promotional campaigns, such as coupons, lucky draws, and discounts, are also popular and target consumers at local markets, shops, restaurants, Internet cafés, and movie theaters. Billboards are present on many streets in Phnom Penh and are used in provincial capitals as well. Leaflets and mobile loudspeakers are also popular advertising techniques.

### **Trading and Distribution Rights**

American goods and services are well regarded in Cambodia. As such, Cambodian firms are increasingly interested in becoming agents of or distributors for U.S. companies. However, most U.S. products are imported from Singapore, Malaysia, Thailand and other ASEAN countries, without distribution/ representation agreements.

U.S. companies should conduct due diligence on potential local partners to ensure they have the necessary credentials and qualifications to conduct business. U.S. companies should also ensure that the partnership agreements they put into place are in compliance with Cambodian law, thoroughly documenting the rights and obligations of each party and clearly stipulating dispute resolution procedures.

### **Credit and Finance**

As of June 2014, the banking system in Cambodia consisted of 35 commercial banks; nine specialized banks (banks set up to finance specific turn-key projects such as real estate development); 40 licensed microfinance institutions, of which seven were licensed microfinance deposit taking institutions; and 35 registered rural credit operators. Source: Cambodia Investment Climate Statement 2015. Domestic financing is difficult to obtain at competitive interest rates. The average annual interest rate on loans in U.S. dollars stood at 12.45 percent in August 2014.

## **Section IV: Market Sector Structure**

Cambodia's healthy tourism industry and the growing bakery, quick service restaurant, and retail sectors offer the best opportunities for U.S. exporters of high-value foods and beverages. Consumers of U.S. products are likely to be young and higher income Cambodians, expatriates, and tourists. In general, U.S. food products are highly regarded for their quality and safety. However, poor infrastructure limits most imports to the country's main cities.

### *Tourism*

In 2014, the number of foreign visitor to Cambodia reached 4.5 million, and total tourism-related earnings was US\$2.74 billion, a 23.8% increase since 2012 (see Table 2). By 2020, seven million international visitors, and as many as 10 million domestic tourists, are expected to visit the country's tourist destinations each year, bringing about US\$5 billion revenues.

The majority of tourists are attracted to the World Heritage site of Angkor Wat, located in the northern city of Siem Reap, but in recent years an increasing number of tourist (and business travelers) are also visiting the capital city, Phnom Penh. In 2015, Siem Reap and Phnom Penh combined contained 20 5-star hotels, and over 110 4-star hotels.

Growth outside the two main tourism areas is just beginning. The Cambodian government has approved many resort development projects for the country’s islands, southern coastline, and mountain areas. The government is also encouraging investment in eco-tourism, capitalizing on natural resources, such as mountains, rivers, lakes, waterfalls and rare animal species, like the Mekong Dolphin.

A new international airport near Phnom Penh has been planned in order to expand airport capacity to serve over 10 million passengers per year. The number of countries offering direct flights to Cambodia continues to increase. For example, scheduled airline Condor Air is now flying direct from Frankfurt to Siem Reap and Qatar Airways has begun flying from Doha to Phnom Penh.

**Table 2: Tourism inflows**

	2012	2013	2014
Number of International Tourists	3,584,307	4,210,165	4,502,775
Number of U.S. Tourists	173,076	184,964	191,366
Total Tourism Receipts (USD thousands)	2,210,000	2,547,000	2,736,000

Data Source: Ministry of Tourism

*Retail*

Although traditional markets still dominate the retail sector—it is estimated that about 90 percent of the food products move through this system—rising disposable incomes, the large expat NGO work force, and strong tourism industry have contributed to a growth of western-style restaurants, shopping malls, mini-marts, convenience stores and supermarkets.

According to Euromonitor, the emerging middle class and urbanization strongly pushed consumer demand for fast moving consumer goods between 2009 and 2013. Phnom Penh, Siem Reap and Sihanoukville emerged as hot spots for Cambodian retailers, with new supermarkets and shopping malls sprawling in these cities. The outlook for the retail trade remains positive, as the share of middle and high income workers is projected to reach 32% of the working population by 2017, up from 16% in 2008. All consumer goods categories in Cambodia have recorded significant growth in recent years, and the largest category was packaged foods, reaching a market value of \$779 million in 2013. The largest categories in packaged foods in 2013 were bakery and dairy, while the most dynamic was frozen and chilled processed food, which recorded a compound annual growth rate of 28% from 2009-2013. Source: <http://www.euromonitor.com/markets-of-the-future-in-cambodia/report>.

A wide variety of U.S. products can be found in modern outlets, such as Norbest Turkey, Lamb Weston frozen French fries, Washington apples, Hormel luncheon meats, Ocean Spray fruit juice, Campbell



canned soup, Hershey's chocolate, Kelloggs cereals, Betty Crocker cookies and cereals, Jim Beam bourbon and some California wines.

Lucky Markets is the leading retail chain in Cambodia, with 10 supermarket outlets, along with fast food operations (Lucky Burger) and in-store bakeries. Lucky imports some products directly from the U.S., such frozen potatoes, and others in consolidated shipments from Singapore. Dairy Farm International (DFI), of Hong Kong, recently acquired Lucky Markets and operates in Cambodia under the name DFI Lucky Private Limited.

Japanese retailer AEON opened a large mall and hypermarket in 2014 and was able to attract 15 million visitors in the first year. The company plans to open a second hypermarket in 2018. AEON imports many of their food products from Japan, Thailand and Singapore, but the hypermarket also carries some U.S. brands.

Other food retailers that offer a variety of imported products include: Bayon Markets, Thai Huot Supermarkets, Veggy's and Super Duper. Most modern retail outlets are located in Phnom Penh, but there is an increasing presence in Siem Reap, including Angkor Market, Lucky Market, Thai Huot Market, and Asia Market.

Modern retailers in Phnom Penh often import from foreign suppliers, while smaller supermarkets in Siem Reap position themselves as distributors and source their products from the importers based in Phnom Penh. Retailers, such as DFI Lucky and Thai Huot, also service the HRI trade through their retail stores and/or wholesale operations.

### *Food Service Sector*

There are approximately 1,200 restaurants in Phnom Penh and 200 in Siem Reap. According to the Cambodian Ministry of Tourism, the country will require an additional 1,000 restaurants by 2020 to serve the Kingdom's growing upmarket consumer class.

Cambodia's growing urban middle class, supplemented by a significant expatriate community, frequents restaurant franchises. Local "mom and pop" eateries, emulating US-style fast food restaurants are popular, busy and growing, such as BB World (5 outlets), pizza, doughnut and hamburger establishments. In 2005, Thailand's "The Pizza Company" was the first international-standard pizza business in Cambodia and the company has done well. In 2008, Swensens and KFC (11 outlets) opened their first outlets, and both are expanding throughout the country. Dairy Queen and Burger King (1 outlet each) have also recently entered the Cambodian market. The Hard Rock Café is expected to open a franchise in Siem Reap shortly.

The RMA/EFG Group, the franchise owner for Swensens, the Pizza Company, BBQ Chicken, and Dairy Queen, is an important player in the fast food business. So is CBM, an owner of many local franchise/fast food operations as well as KFC. Both of these groups are importers of key ingredients, but also source products from food service importers.

In addition to fast food outlets, new restaurants and bakeries are opening frequently. Tourism is a factor in this segment, but many tourists eat Cambodian and Asian cuisine. Menus can be very broad, including both Western and Asian dishes.

Export opportunities to Cambodia's HRI market may not be readily apparent, as many hotels and restaurants still prefer to source local products due to their availability, such as abundant local fish for

domestic Khmer cuisine, and the competitive price of local food and beverage products. However, there is limited local production of processed food products. To differentiate their outlets from the others, hotels and restaurants have to find other innovative food products to serve their clients. A growing demand for new and high quality products offers great opportunities for U.S. products to enter this market.

A few hotels import consolidated containers of products themselves, but most of the imported products that move into the HRI trade are purchased from local importers. A small number of food importers service this as well as the retail sector, including LSH Trading, AusKhmer, Lee's Frozen, Veggy's, Hung Hiep (wines) and Celliers d'Asie (wines and spirits).

### *Food Manufacturing*

The food manufacturing industry in Cambodia is still in its infancy and relatively small. There are a limited number of multinational players, such as Pepsi, Coca Cola, Liwayway, and a local food processing sector that is in its early stages.

The food manufacturing industry faces several constraints and weaknesses, including the lack of: capital; processing facilities; food processing technology and skills; market analysis and marketing information; and sanitation and hygiene knowledge. Additional challenges include poor infrastructure, an unreliable supply of raw materials, low levels of competitiveness of locally-produced products due to high operating costs, and a relatively small domestic market.

## **Section V: Best Prospects**

Among the best prospects for U.S. products in the retail and food service sectors are beef, pork, processed meat products, dairy products, frozen potatoes, snacks, fresh fruit, and dried fruits and nuts. According to sources, demand for processed pork and poultry is increasing in Cambodia due to insufficient domestic production. Total livestock includes 750,000 cows and buffaloes, 2.5 million pigs and 24 million poultries are affected annually by disease outbreaks such as FMD, HS and blackleg on cattle, PRRS on swine and AI on poultries.

High quality U.S. products face stiff competition from Thai and Chinese products that are cheap and commonly available in the market. With the recent growth in the market and increasing demand for high quality products, there are a number of supermarkets that are looking to form relationships with grocery wholesalers and consolidators on the U.S. West Coast to import consolidated shipments of U.S. food products.

## **Section VI: Government Import Regulations and Procedures**

### **International Trade Agreements**

Cambodia's trade volume has increased significantly since the country's accession to ASEAN in 1999 and to the WTO in 2004. Since its WTO accession, Cambodia has been working on trade-related laws and regulations to comply with its WTO obligations. The Cambodian Government has eliminated most

non-tariff barriers to trade. In 2006, the United States and Cambodia signed a Bilateral Trade and Investment Framework (TIFA). Several rounds of discussions have been held to promote trade and investment between the two countries to help monitor and support Cambodia's efforts to implement its WTO commitments, and to address bilateral issues. The single ASEAN Economic Community (AEC) market that enters into force in late December 2015 could propel significant economic growth for Cambodia.

Beside tariff removal under the Common Effective Preferential Tariff (CEPT) scheme for the ASEAN Free Trade Agreement (AFTA), Cambodia will benefit from the removal of numerous tariff lines under free trade agreements (FTAs) between ASEAN and other countries, such as China (effective 2015), India (2016), South Korea (2018), Japan (2026), Australia/New Zealand (2024). These agreements allow products produced in these countries to enter Cambodia duty-free. Cambodia has been serious about its commitments to ASEAN, as these are viewed as a means to facilitate exports.

### **Food Safety Regulations**

Most of the food and agriculture standards that Cambodia follows are based on CODEX standards. Cambodia does not yet have many of its own regulations. The country is in the process of adopting general standards from CODEX, including those pertaining to pesticide residues, food additives, food contaminants, and residues of veterinary drugs in foods. In addition, Cambodia uses the harmonized standards from the ASEAN Region.

With the United Nations Food and Agriculture Organization's support (FAO), Cambodia is in progress of finalizing a draft of the first food safety law. The process of approving and rolling out this law could take up to two years. Meanwhile, Prakas 868 provides the legal framework for food safety control and it also regulates the role and responsibilities of line ministries, including the Ministry of Agriculture, Ministry of Health, Ministry of Commerce, Ministry of Tourism, Ministry of Industry, and Ministry of Finance.

Additionally, the Ministry of Health is drafting a food registration Prakas which is expected to be rolled out by the end of 2016. In the meantime, food registration is conducted on voluntary basis. In another development, CAMCONTROL of The Ministry of Commerce is drafting a food import regulation, and the Ministry of Health drafted alcohol law that is being reviewed by the relevant ministries.

### **General Procedures for Imported Products**

There are four major ports for importing goods into Cambodia: Sihanoukville Port, Tomnop Rolork Port, Phnom Penh Dryport, and Phnom Penh International Airport. The import procedure is different for each port, so please refer to [www.customs.gov.kh](http://www.customs.gov.kh) for more details import procedures at these ports.

It is relatively easy to bring in product into Cambodia, e.g., no FDA requirements, no necessary permits, and little to no enforcement. However, red tape sometimes arises and this can be an impediment to the import process. Importers advise that all required documents be prepared to help ensure that there are no problems. U.S. exporters should also consult closely with their Cambodian importers prior to shipment to determine the latest developments in import regulations and procedures.

### **Phytosanitary and MRL Requirements**

On October 11, 2013, The Ministry of Agriculture of Cambodia officially recognized imports of U.S. meat and poultry products. Under this protocol, U.S. meat and poultry product shipments are required to enter with the U.S. Department of Agriculture's Food Safety and Inspection Service (FSIS) form 9060-5. Prior to Cambodia's recognition of the U.S. sanitary certificate and official acceptance of U.S. meat and poultry product imports, some major importers and retailers were hesitant to stock and promote those U.S. products. This official recognition by the Cambodian government provides transparency for traders and the potential for increased export sales of U.S. meat and poultry products, as well as greater U.S. food promotion efforts, in the Cambodia market.

There are no phytosanitary requirements for imports of other fresh or frozen products.

Cambodia follows CODEX/ASEAN Standards for MRL requirements.

### **Documentation Requirements**

Cambodia adopted a new Customs Law in June 2007, to bring the country into conformity with the terms of GATT/WTO Codes on Customs Valuation. The General Department of Customs and Excise of Cambodia (Customs) requires importers and exporters to lodge declarations accompanied by such documents as a bill of lading/airway bill, packing list, invoice, proof of insurance, inspector report of finding, if applicable, and other documents as required. The lodgment fee for imports and exports is US\$ 40.

### **Import Duties and Fees**

Import duties are levied on all imported goods, except goods qualifying for special privileges. For more information about these latter goods, please visit:

<http://www.cambodiainvestment.gov.kh/investment-scheme/investment-incentives.html>.

There are three types of duties and taxes that importers have to pay before the imported goods are released from Customs:

- Customs Import Duties with an ad-valorem rate;
- Special Tax for certain goods, including excise tax ranging from 10% to 25% on wine and beverages and public lighting tax of 3% on alcoholic drinks;
- Value Added Tax (VAT) of 10%.

The import tariff structure was changed in 2001, when the number of tariff bands was reduced from 12 to 4 and the maximum rate dropped from 120% to 35%, thus narrowing the spread. The tariff bands are now:

- 0% for exempt goods, such as medical and educational materials (covering 5% of tariff lines);
- 7% for primary products and raw materials;
- 15% for capital goods, machinery and equipment, locally available raw materials; and
- 35% for finished products, alcohol, petroleum products, vehicles, precious metals and stones.

Cambodia also applies a 10% flat rate VAT. All imported goods are subject to the 10% VAT.

According to trade sources, imported high value food and beverage products for the HRI industry, such as chilled/frozen meat, frozen French fries, wines, cheese, and frozen seafood, etc., are subject to a 15-35 percent import tariff rate, while fresh fruits and vegetables are subject to 7 percent import duty.

An excise tax of 10-15 percent is applied to imported wines and other alcoholic beverages on top of the import duty.

Please refer to <http://www.customs.gov.kh/dutyrateimports.html> for more detailed import duties and fees.

## **Labeling and Marking Requirements**

The government requires all packaged food products to provide expiration dates and bar codes printed on the packages. If the packages don't specify the expiration dates, it is compulsory for the importers to get pre-shipment clearance from local Custom officials, which is very complicated and time-consuming. Food products must have a 50 percent minimum remaining shelf life at the time of inspection.

Labels or marks are not mandatory for all imports, however, products need to have their labels certified and registered with relevant ministries before importing into Cambodia. Labels for different products are regulated and certified by different ministries. Food product labels should contain:

- name of product
- name, address of person(s) responsible for the products (producer(s), packagers or wrappers or traders)
- source
- quantity, weight, volume, etc.
- lot numbers and date of manufacturing
- date of expiry
- ingredients
- usage instructions (when applicable)
- license from the concerned authorities before product circulation (if required and for local products).

In addition to the above general requirements for label, the Ministry of Health's Sub-decree on Marketing of Products for Infant and Young Child Feeding requires labeling for products used by infant and young children (twelve to twenty four months of age).

The Industrial Standards Bureau of the Cambodia of Ministry of Industry, Mines and Energy has compiled general standards for the labeling of prepackaged foods for consumers in the Kingdom of Cambodia to use according to purposes and requirements of goods. More information on labeling and marking requirements can be found on the ISC website at <http://www.isc.gov.kh>.

Please refer to [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=223120#LinkTarget\\_521](http://www.wipo.int/wipolex/en/text.jsp?file_id=223120#LinkTarget_521) for detailed information about Cambodian Food Standards and Regulations on Labeling.

## **Useful Government Websites**

Cambodia Import Export Inspection and Fraud Repression Directorate-General (CAMCONTROL) website: <http://www.camcontrol.gov.kh/>

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

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

The Ministry Economy and Finance website: <http://www.mef.gov.kh>

Institute of Standards of Cambodia (marking and labeling) website: <http://www.isc.gov.kh>

Ministry of Tourism website: <http://www.tourismcambodia.org/mot/#comp>

## **SECTION VII – KEY CONTACTS AND FURTHER INFORMATION**

### **Office of U.S. Agricultural Affairs**

United States Consulate General  
Diamond Plaza Building, Floor 8  
34 Le Duan Street, District 1  
Ho Chi Minh City, Vietnam  
Contact:  
Gerald Smith, Senior Agricultural Attaché  
Tel: 848 – 3520-3631  
Email: [Gerald.Smith@fas.usda.gov](mailto:Gerald.Smith@fas.usda.gov)  
Vo Dinh Hoai Thanh, Agricultural Marketing Specialist  
Tel: 848-3520-4632  
Email: [Thanh.Vo@fas.usda.gov](mailto:Thanh.Vo@fas.usda.gov)

### **United States Embassy (Cambodia)**

No. 1, Street 96,  
Phnom Penh, Cambodia  
Contact: Margaret Hsiang, Economic Officer  
Tel: 855-2372-8401  
Email: [HsiangME@state.gov](mailto:HsiangME@state.gov)

### **Ministry of Commerce**

Address: Lot 19-61, MOC Road (113B Road), Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh, Cambodia  
Contact: H.E. Sun Chanthol, Minister  
Tel: (855) 23 866 088; (855) 23 866 478  
Fax: (855) 23 866 188; (855) 23 866 425  
E-mail: [moccab@moc.gov.kh](mailto:moccab@moc.gov.kh)  
Website: <http://www.moc.gov.kh>

### **Import Export Inspection and Fraud Repression Directorate-General (CAMCONTROL)**

Address: #50, Hassakan (144) Street, Sk. Phsar Kandal 1, Khan Daun Penh, Phnom Penh, Cambodia  
Contact: Mr. Dim Theng, Deputy Director General  
Tel: (855) 12 526 660

### **Ministry of Industry, Mines and Energy**

Address: # 45, Preah Norodom Blvd., Phnom Penh, Cambodia  
Contact: H.E. Cham Prasidh, Senior Minister  
Tel: (855) 23 211 759; (855) 23 211 751  
Fax: (855) 23 210 272  
E-mail: [industry@camnet.com.kh](mailto:industry@camnet.com.kh)/ [mine@cambodia.gov.kh](mailto:mine@cambodia.gov.kh)  
Website: <http://www.mine.gov.kh>

### **Ministry of Agriculture, Forestry and Fisheries**

Address: #200, Preah Norodom Blvd., Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia

Contact: H.E. Ouk Rabun, Minister

Tel: (855) 23 211 351; (855) 23 211 352

Fax: (855) 23 217 320

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

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

### **General Department of Customs and Excise**

Address: # 6-8, Preah Norodom Blvd., Sangkat Phsar Thmei III, Khan Daun Penh, Phnom Penh

Contacts: H.E. Pen Siman, Director General; Mr. Kun Nhem, Deputy Director General

Tel: (855) 23 214 065

Fax: (855) 23 214 065

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

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

### **Cambodia Chefs Federation (Phnom Penh)**

Address: #128F, Sothearos Blvd, Corner of Russian Embassy, Phnom Penh, Cambodia

Contact: Luu Meng, President

Tel: (855)-1288-9688

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

Website: <https://www.facebook.com/camchefs>

### **Cambodia Chefs Association (Siem Reap)**

Contact: Ving San, Vice President

Tel: 855-63-760-511

Email: [ving.san@grandsoluxeangkor.com](mailto:ving.san@grandsoluxeangkor.com)

Website: <http://cam-chefassociation.com/contactus.php>

## **APPENDIX – STATISTICS**

### **Key Trade and Demographic Data (2014)**

U.S. Exports of Agriculture and Related Products	US\$27.7 Million
Bulk	US\$4.4 Million
Intermediate	US\$9.5 Million
Consumer-oriented	US\$12.8 Million
Agriculture Related	US\$1.0 Million
Total Population /Annual Growth Rate (%)	15,458,332/1.46%
Per Capita Gross Domestic Product	US\$1,130
Number of Major Metropolitan Areas/Provinces	1 (Phnom Penh)/24
Unemployment Rate (%) (Source: World Bank) (2013)	0.3%
Exchange Rate	KHR4,054.3/US\$1