



**KINGDOM OF CAMBODIA
NATION RELIGION KING**

**LAW
ON
ADMINISTRATION OF
FACTORY AND
HANDICRAFT**

**11th GOVERNMENT-PRIVATE SECTOR FORUM, JANUARY 2007
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CHAPTER I

General Provision

Article 1:

This law governs all factories and handicrafts throughout Kingdom of Cambodia which are under the leading and administering authority of the Ministry of Industry, Mines and Energy without affecting authorities of other concerned ministries and institutions.

Article 2:

Factories and Handicrafts in this law mean buildings, places or vehicles for producing and transforming raw material or semi-final product to a new product or/and for performing other activities such as assembling, repairing, testing, packing, filling, maintenance, storage or improvement to satisfy the market demand

Article 3:

Factories and handicrafts, which are under the leading and administering authority of the Ministry of Industry, Mines and Energy, are as follows:

1. Food, beverage and tobacco
2. Textile, wearing apparel and leather product
3. Paper product
4. Chemical, rubber and plastic product, except oil and gas industry
5. Non-metallic mineral based product
6. Basic metal
7. Fabricated metal, machinery and equipment
8. Other sectors such as: Production of jewelry, decoration material, music instrument, sport equipment, toy and office equipment.

CHAPTER II

Establishment and Operation

Part I

Factory

Article 4:

The establishment of factory, as specified in article 3, shall have permit from the Ministry of Industry, Mines and Energy with the approval of the concerned institutions. The establishment of factory is targeting on:

- Preparation of location or / and the construction of building for the factory operation.
- Construction of building for installation of machinery for the factory operation.
- Machinery installation in a building, place or vehicle for the factory operation.
- Raw material for the factory operation.

Article 5:

The factory owner shall be governed by this law and may be physical or legal entity. The factory owner can manage the factory by him/herself or authorize other to manage the factory on his/her behalf. But in any case, the factory owner shall be legally liable for all activities of the factory and its products quality to consumers.

Article 6:

Quality control, standard determination, registration, and standard mark of product shall comply with the existing laws.

Article 7:

The Ministry of Industry, Mines and Energy shall provide any certificates concerning the production in according with the application of the factory owner if it deems to be necessary.

Article 8:

The Ministry of Industry, Mines and Energy shall reply with its decision to the applicant for the factory establishment within a maximum period of 7 (seven) working days from the date of the receipt of the complete and correct application.

In case of rejection of the application, the Ministry of Industry, Mines and Energy shall explain clearly the reasons of its decision.

Article 9:

Before starting the operation of the factory, the factory owner shall inform to the Ministry of Industry, Mines and Energy within the minimum period of 15 (fifteen) days in advance.

Article 10:

For the establishment and operation of factory, the factory owner shall give priority to Cambodian Engineer and technician. The conditions of the recruitment of foreign engineer and technician shall comply with the existing laws.

Article 11:

For the expansion or the establishment of branch or the relocation of the factory, the permit shall be obtained from the Ministry of Industry, Mines and Energy.

Article 12:

The expansion of factory means a 20 (twenty) % increase of the original capacity by:

1. The increase of number of machineries or the change of machineries.
2. The modification for preparation or expansion or construction of building.
3. The change of product item or the addition of the product item.
4. The expansion of the factory space.

The establishment of branch means the establishment of new production base which produces the product to support the mother factory.

The relocation is the change of the old to the new location of the factory.

Article 13:

In case of change of factory owner, the new owner shall apply for recognition as the factory owner to The Ministry of Industry, Mines and Energy within a maximum period of 10 (ten) working days from the date when he get the right to be the new factory owner. The Ministry of Industry, Mines and Energy shall reply to the factory owner within a maximum period of 4 (four) working days from the date of the receipt of the application.

Article 14:

In case of death or legal disability of the factory owner, the legal successor shall apply for recognition as the factory owner to the Ministry of Industry, Mines and Energy within a maximum period of 45 (forty five) working days from the date of death or legal disability.

The successor may temporarily operate the factory until there is the recognition as the factory owner from the Ministry of Industry, Mines and Energy.

Article 15:

The factory owner shall inform to the Ministry of Industry, Mines and Energy in writing within the minimum period of 1 (one) month prior to the date of the permanent cease of the operation.

Beside the case of the force majeure, the continuous cease of operation within the period of 12 (twelve) months shall be deemed as permanent cease of the factory operation. In this case, the Ministry of Industry, Mines and Energy shall invalidate the establishment permit.

Article 16:

The factory owner shall present the establishment permit and other permits at an appropriate open place in his/her factory, where it is easy to visually view.

Article 17:

In the case that the establishment permit and other permits have been lost by certain reasons, the factory owner shall apply for another permit or a replacement letter from the Ministry of Industry, Mines and Energy within a maximum period of 15 (fifteen) days from the date of loss.

Article 18:

Each factory shall have name and the signboard shall be written in Khmer while it shall be bigger than and on the top of other languages. The factory owner shall install his/her factory signboard in front of the factory, where it is easy to visually view.

Changing of the name of factory shall be approved by the Ministry of Industry, Mines and Energy.

Article 19:

The factory owner shall provide accurate data and necessary reports in accordance with the determination of the Ministry of Industry, Mines and Energy.

Article 20:

The factory owner, who is not under the authority of the Ministry of Industry, Mines and Energy, shall have the factory registration at the Ministry of Industry, Mines and Energy, and provide data and reports as prescribed in article 19.

Article 21:

Data and reports, provided by the factory to the Ministry of Industry, Mines and Energy, are professional secrets of the factory. These data and reports shall not be publicly released unless there is permission from the factory owner.

Article 22:

Factory owner, who is under this law, shall be obliged to pay service fees specified by the joint announcement of the Ministry of Industry, Mines and Energy and the Ministry of Economy and Finance.

Part II

Handicraft

Article 23:

The handicraft is permitted to establish and operate as long as the handicraft owner inform the local authority and register at the provincial / municipal department of Industry, Mines and Energy where his/her enterprise is located within maximum period of 7 (seven) days following the operation date, except the kind of handicraft specified by the announcement of the Ministry of Industry, Mines and Energy, which shall be applied for permit from the Ministry of Industry, Mines and Energy prior to the operation.

The formality of the establishment and operation of handicraft and other concerned provisions shall be specified by the announcement of the Ministry of Industry, Mines and Energy.

CHAPTER III

Industrial Safety

Article 24:

The set-up of all areas in the factory shall comply with the technical conditions set by the announcement of the Ministry of Industry, Mines and Energy.

No person without technical skill shall be hired or assigned to set up the factory.

Article 25:

All areas in the factory shall be ensured and maintained with appropriate light and enough ventilation, and shall be ensured that it is free of accident primarily caused by radio activity, noise, vibration, light, ray, smell, steam, heat, smoke, dust and other pollutants.

Article 26:

Factory shall have fire-extinguishing system which includes:

1. Fire alarm system and fire extinguisher utilities
2. "Fire Caution" sign at necessary places
3. At least two emergency exits at each floor
4. Rescue ways for fire fighting trucks
5. Other escape means
6. Compact plan for evacuation in emergency.

Article 27:

Machineries and part of machineries, which may eventually cause accident, shall have covers or protecting equipment. Area of factory, which may cause serious accidents, shall be surrounded by fence.

Article 28:

"Accident Caution" signs or "Prohibition" signs shall be placed at location where accident may occur.

Article 29:

The use of explosive, flammable material, poison, dangerous chemical or gas in the production shall comply with the technical conditions that ensure safety.

Article 30:

Steam boilers, steaming systems, equipment or tanks with high pressure shall be controlled by the Ministry of Industry, Mines and Energy before being allowed to operate. During the operation, the control of the above-mentioned equipment shall be done in phase specified by the Ministry of Industry, Mines and Energy.

Article 31:

Before being dumped, all kinds of industrial wastes shall be complied with the standard for discharge of waste and hazardous substances set by the regulation of competent institutions.

It is strictly prohibited to discharge toxic industrial wastes or hazardous substances polluting or affecting environment without coming across the treatment.

Industrial waste, which is to be reused, shall be thoroughly stored with specifications and technical conditions.

Article 32:

All kinds of industrial waste, which cannot be treated, or have been treated but are still toxic or consist of toxic substances causing pollution or affecting environment or consist of radioactive substance shall be controlled and permitted by competent institutions before being discharged or transported to other place for storage or other purposes.

Article 33:

Factory owner shall be liable for the discharge, cleaning and storage of all kinds of industrial waste of the factory.

Article 34:

Within the enforcement of this law, the Ministry of Industry Mines and Energy has the authority to issue regulations or request the Royal Government to issue sub-decree to administer the factory.

CHAPTER IV

Supports and Incentives

Article 35:

Supports and incentives for the development of large size factory shall be implemented in accordance with the law on investment of the Kingdom of Cambodia.

Article 36:

For medium and small factories and handicrafts, supports and incentives are approved by the Royal Government. Types, sizes and forms of the supports and incentives shall be specified by sub-decree.

CHAPTER V

Control and Inspection of Factory

Article 37:

Competent officials of the Ministry of Industry, Mines and Energy are eligible to enter the factory anytime in the working hours in accordance with a specified or a non-specified date to control the quality, factory situation, machinery, other means or activity where the factory owner violates the provisions of this law. In necessary case, the inspection of the factory is carried out by:

1. Taking the product sample with an appropriate quantity for quality analysis together with other concerned document.
2. Investigating, halting or restraining the product, material, raw-material and concerned document which may cause accident to human or asset of the factory or the surrounding area.
3. Questioning or summoning factory owner, manager, employee or worker in the factory to clarify information or to request for information and document.

Article 38:

The Ministry of Industry, Mines and Energy has the authority to temporarily cease the activity of any factory established without permit from the Ministry of Industry, Mines and Energy for a specified period to order the factory owner or manager to adjust the mistake.

If the adjustment is proper and completed on time, the Ministry of Industry, Mines and Energy shall issue the permit to the factory.

If the adjustment has not been carried out or is not proper or not on time, the Ministry of Industry, Mines and Energy has the authority to issue the announcement of the permanent closure of the factory.

The order of temporary cease of the production or the announcement of permanent closure of the factory shall be publicly presented in front of the factory or released in the press.

Article 39:

The Ministry of Industry, Mines and Energy has the authority to order the factory owner or manager to temporarily cease the entire production or certain sections of the factory for a specified period so as the factory owner or manager makes the adjustment or improvement in cases:

- Serious technical mistakes as prescribed in article 24.
- The production process which does not comply with the permit of the Ministry of Industry, Mines and Energy.
- The production which may cause accident to human or destruction of assets inside or outside the factory.
- The factory owner or manager intentionally disrespect the order letter of the Ministry of Industry, Mines and Energy.

If the adjustment is proper and completed on time, the Ministry of Industry, Mines and Energy shall issue permit the factory to restart the production.

If the adjustment has not been carried out or is not proper or not on time, the Ministry of Industry, Mines and Energy has the power to issue the announcement of the final closure of the factory.

The order of temporary cease of the production or the announcement of permanent closure of the factory shall be publicly presented in front of the factory or released in the press.

Article 40:

The Ministry of Industry, Mines and Energy has the authority to send the order letter to the residence or the factory of the factory owner or manager who shall directly receive this letter or by registered letter with the signature for receipt.

In case that factory owner or manager refuse to accept the order letter of the Ministry of Industry, Mines and Energy, the Ministry has the authority to invite authorities or police officers as witnesses to accompany with it. If the factory owner or manager is not in the residence or in the factory, the order letter can be given to any person who is legally related to the factory owner or manager.

If there is no person receiving the order letter on behalf of the owner or manager, the Ministry of Industry, Mines and Energy shall stick that letter at the entrance or the gate or at the residence of that factory owner or manager with the presence of the authorities or police officers as witnesses.

After what prescribed in the above paragraph are executed, the order letter is deemed to be received by the factory owner or manager.

Article 41:

In case that there is any incident or accident in the factory which leads to the complete cease of operation for more than 7 (seven) days, the factory owner or manager shall inform in writing to the Ministry of Industry, Mines and Energy within the maximum period of 10 (ten) days following the date of that occurrence.

At the time when the above incident or accident occurs, the Ministry of Industry, Mines and Energy shall inspect the factory and enforce article 37 or 39, paragraph 1 if necessary.

Article 42:

Officers of the Ministry of Industry, Mines and Energy shall present identification card and the letter of mission to the factory owner or the contact person during the inspection.

The inspection of the factory shall have proper and clear minute.

CHAPTER VI

Penalties

Article 43:

Any handicraft owner, who has not informed the local authority in writing, and not registered at the municipal or provincial department of Industry, Mines and Energy where his/her enterprises are located, as specified in article 23 paragraph 1, shall be subject to fine penalty from 500,000 Riels (five hundred thousand Riels) to 2,500,000 Riels (two million five hundred thousand Riels).

Any person who establishes handicraft, specified by the announcement of the Ministry of Industry, Mines and Energy as prescribed in the article 23 without permission or violates article 23 or other provisions relating article 23 paragraph 2 of this law, shall be subject to fine penalty from 1,000,000 Riels (one million Riels) to 5,000,000 Riels (five millions Riels).

Article 44:

Any factory owner, who violates article 11,13,14,15 paragraph 1, articles 16,17,18,41 paragraph 1, shall be subject to fine penalty from 2,000,000 Riels (two million Riels) to 10,000,000 Riels (ten million Riels).

Article 45:

Any factory owner, who violates article 24, shall be subject to fine penalty from 5,000,000 Riels (five million Riels) to 25,000,000 Riels (twenty five million Riels).

If there is the accident caused by violation of the above article, the factory owner shall compensate all the damage to the victims. In this case, the competent officials of the Ministry of Industry, Mines and Energy shall refer the case to the court for judgment in accordance with the existing laws.

Article 46:

Any factory owner, who violates article 26,27,28,29,30, shall be subject to fine penalty from 2,000,000 Riels (two million Riels) to 10,000,000 Riels (ten million Riels) .

In the case that this violation causes the fatal accident to human or destruction of asset inside or outside the factory, the competent officials of the Ministry Industry, Mines and Energy shall refer the case to the court for decision on the compensation of damages in accordance with the prejudgment, and on penalty in accordance with existing laws .

Article 47:

Any person who does not provide report or provide inaccurate report or violates article 19 is subject to fine penalty from 10,000,000 Riels (ten million Riels) to 50,000,000 Riels (fifty million Riels) and to penalty as specified in penalty law.

Article 48:

Any person, who operates the factory, violate article 38 paragraph 1 and article 39 paragraph 1 of this law, shall be subject to fine penalty from 20,000,000 Riels (twenty million Riels) to 100,000,000 Riels (one hundred million Riels) or to imprisonment from 6 (six) months to 1 (one) year.

In the case of violation of article 39 paragraph 3 of this law, he/she shall be subject to fine penalty from 30,000,000 Riels (thirty million) to 150,000,000 Riels (one hundred and fifty million Riels) and to imprisonment from 1 (one) to 3 (three) years.

Article 49:

Any person, who violates the article 4, 9, 20, shall be subject to fine penalty from 10,000,000 Riels (ten million Riels) to 50,000,000 Riels (fifty million Riels).

In the case that this violation causes the fatal accident to human or destruction of asset inside or outside the factory, the competent official of the Ministry Industry, Mines and Energy shall refer the case to the court for decision on the compensation of damages in accordance with the prejudgment and on penalty in accordance with existing laws.

Article 50:

Any factory owner, who violates article 10 and article 25, shall be subject to fine penalty and compensation in accordance with labor law.

Article 51:

Any factory owner, who violates article 31, 32, 33 of this law, shall be subject to fine penalty and compensation in accordance with the law on environmental protection and natural resources management.

Article 52:

Any competent official, who violates the article 8 paragraph 1 and article 21 of this law, shall be subject to administrative punishment in accordance with law on joint-articles of the civil servants or to fine penalty between 2,000,000 Riels (two million Riels) to 10,000,000 Riels (ten million Riels) and to imprisonment from 6 (six) months to 1 (one) year or any certain penalties.

Article 53:

Any person, who resists the enforcement of this law, shall be subject to fine penalty from 2,000,000 Riels (two million Riels) to 10,000,000 Riels (ten million Riels), and to imprisonment between 1 (one) month to 6 (six) months.

Article 54:

Any person, who commits the violation and not resolve the cease to this violation, shall be subject to double fine penalty in accordance with the violations of each article in this chapter.

Article 55:

For any fine penalty from 500,000 Riels (five hundred thousand Riels) to 10,000,000 Riels (ten million Riels), the competent official of Ministry of Industry Mines and Energy have authority to impose the transitional fine.

In the case of refusal to pay transitional fine, competent official of Ministry of Industry, Mines and Energy shall refer the case to the court.

CHAPTER VII

Transitional Provision

Article 57:

Subsequent to time when this law takes into effect, all factories and handicrafts which are already established without establishment certificate or permit or not yet registered, shall be completed with the formality in accordance with the provisions of this law at the ministry Industry, Mines and Energy or at the municipal or provincial department of Industry, Mines and Energy where they are located within the maximum period of 6 (six) months. In the necessary case, this period can be further extended to the additional period of 3 (three) months.

CHAPTER VIII

Final Provision

Article 58:

All provisions contrary to this law shall be abrogated.

Phnom Penh, 23 June 2006

King's Signature

NORODOM SIHAMONY

Have submitted for the King's Signature

Prime Minister

Signature

HUN SEN

Have informed to the Prime Minister
Minister of Industry, Mines and Energy
Signature

SUY SEM