

CAMBODIA
INVESTMENT GUIDEBOOK

January 2012

Council for the Development of Cambodia

MAP OF CAMBODIA



Department of Public Information
Cartographic Section

Note:

1. English translation of the provisions of laws and regulations quoted herein is unofficial and any provision of the laws and regulations quoted herein shall be ultimately interpreted according to the official Khmer versions.
2. While every reasonable effort has been made to ensure that the information in this publication is accurate, Japan International Cooperation Agency does not accept any legal responsibility for the fortuitous loss or damages or consequences caused by any error in description of this publication, or accompanying with the distribution, contents or use of this publication.

All rights are reserved to Japan International Cooperation Agency. The material in this publication is copyrighted.



A street in Phnom Penh



The port of Sihanoukville

CONTENTS

MAP OF CAMBODIA — i

CONTENTS — iii

LIST OF TABLES — x

LIST OF FIGURES — xii

LIST OF ABBREVIATION — xiii

I BASIC INFORMATION ON CAMBODIA — I-1

I-1 Geography and Climate — I-1

Geography — I-1

Climate — I-1

I-2 Political System — I-1

I-3 Legal System — I-1

Legal hierarchy — I-1

Legislation process — I-1

I-4 International Relations — I-2

Foreign Policies — I-2

Membership in Major International Organizations — I-2

I-5 Social Climate — I-2

Population — I-2

Ethnic groups — I-2

Religion — I-2

Language and literacy — I-2

Education system — I-2

Currency — I-3

Public holidays — I-3

II ECONOMIC OVERVIEW OF CAMBODIA — II-1

II-1 Economic Situation — II-1

GDP — II-1

GDP composition — II-1

Gross Domestic Expenditures (GDE) — II-3

GNI per capita — II-3

Consumer Price Index (CPI) — II-3

Indices of economic freedom — II-4

II-2 Investment Trend — II-5

FDI trend — II-5

Industrial Sub-sector — II-6

II-3 Trade — II-7

Trade balance — II-7

Export trend — II-7

Import trend — II-7

GSP — II-8

III BUSINESS OPERATING ENVIRONMENT — III-1

III-1 Regulatory Framework Relating to the Business Operations — III-1

III-2 Newly Enacted and/or Enforced Regulations — III-2

Civil Code — III-2

Book Three “REAL RIGHTS” — III-3

General Provisions — III-3

Ownership — III-3

Possessory Rights — III-3

Perpetual Leases — III-4

Usufruct — III-4

Right of Use and Right of Residence — III-4

Easements — III-5

Rights created by concession — III-5

Book Four “OBLIGATIONS” — III-5

General Provisions — III-5

Conditions, Time and Period — III-5

Formation of Contract — III-6

Agency — III-6

General Rules Concerning Non-Performance — III-6

Specific Performance — III-6

Termination of Contract — III-6

Burden of Risk — III-6

Avoidance of Fraudulent Act — III-7

Extinction of Obligation — III-7

Assignment of Claims — III-7

Book Five “PARTICULAR TYPES OF CONTRACTS/TORTS” — III-7

Sale — III-7

Loans for Consumption — III-8

Lease — III-8

Loan for Use — III-9

Mandate — III-9

Contract for Work — III-9

Contract of Employment — III-10

Deposit — III-10

Partnership — III-10

Compromise — III-10

Unjust Enrichment — III-11

Torts — III-11

Book Six “SECURITY” — III-12

General Provisions — III-12

Right of Retention — III-12

Statutory Liens — III-12

	<i>Pledge</i>	— III-13
	<i>Hypothec</i>	— III-13
	<i>Transfer as Security</i>	— III-14
	<i>Guaranty</i>	— III-14
	<i>Joint Obligation</i>	— III-15
	Law on the Implementation of Civil Code	— III-15
	Law on Anti-Corruption	— III-18
III-3	Principles of Economic Management	— III-19
III-4	Company	— III-19
	<i>Regulatory framework for the commercial enterprise</i>	— III-19
	<i>Limited company</i>	— III-19
	<i>Partnership</i>	— III-20
	<i>Foreign business</i>	— III-20
III-5	Trade and Customs	— III-21
	<i>Regulatory framework for the trading activities</i>	— III-21
	<i>Regulatory framework for the Customs</i>	— III-21
	<i>Export and import procedures</i>	— III-23
	<i>MFN and GSP</i>	— III-24
	<i>Local contents for exports</i>	— III-25
	<i>Incentives, limitations and taxation on exports</i>	— III-25
	<i>Duty-exempted imports (A Master List)</i>	— III-25
	<i>General tariff rates</i>	— III-25
	<i>Preferential tariff rates under the AFTA</i>	— III-25
	<i>Free trade agreements of ASEAN</i>	— III-25
	<i>AJCEP (ASEAN-Japan Comprehensive Economic Partnership)</i>	— III-26
III-6	Taxation and Accounting	— III-28
	<i>Taxation system</i>	— III-28
	<i>Forms of tax and current tax rate</i>	— III-28
	<i>Tax treaty</i>	— III-28
	<i>Accounting principles</i>	— III-28
	<i>Audit of corporate account</i>	— III-28
III-7	Bank, Lease, Securities, Insurance and Currency	— III-30
	<i>Banks</i>	— III-30
	<i>Financial lease</i>	— III-31
	<i>Securities market</i>	— III-32
	<i>Insurance</i>	— III-35
	<i>Law on Anti-Money Laundering and Combating the Financing Terrorism</i>	— III-36
	<i>Currency</i>	— III-36
III-8	Foreign Exchange	— III-36
	<i>Restriction on the foreign exchange</i>	— III-36
	<i>Remittance</i>	— III-36
III-9	Employment and Labor	— III-36

	<i>Regulatory framework for the labor relations</i> — III-36
	<i>Provisions under the Constitution relating to employment in Cambodia</i> — III-36
	<i>Major provisions under the Labor Law</i> — III-37
	<i>Foreign employees</i> — III-39
	<i>Worker employment information</i> — III-39
III-10	Social Security — III-40
	<i>Regulatory framework for the social security scheme</i> — III-40
	<i>Major provisions on social security schemes</i> — III-40
III-11	Land — III-42
	<i>Regulatory framework for the land system in Cambodia</i> — III-42
	<i>Component of a land</i> — III-42
	<i>Ownership</i> — III-42
	<i>Acquisition of ownership over immovable properties</i> — III-43
	<i>Effect of Real Rights Existing Prior to the Date of Application of Civil Code</i> — III-43
	<i>Land leases</i> — III-43
	<i>Mortgage</i> — III-43
	<i>Land concessions</i> — III-43
	<i>Economic Land Concession (ELC)</i> — III-44
	<i>The Cadastral Committee</i> — III-44
	<i>Limitations on land use</i> — III-45
III-12	Secured Transactions and Insolvency — III-45
	<i>Secured transaction</i> — III-45
	<i>Insolvency</i> — III-46
III-13	Dispute Settlement — III-47
	<i>Regulatory framework for commercial arbitration</i> — III-47
	<i>National Center of Commercial Arbitration (NCCA)</i> — III-48
	<i>Regulatory framework and procedures for labor dispute arbitration</i> — III-48
	<i>Regulatory framework for the dispute settlement of Qualified Investment Project (QIP)</i> — III-48
III-14	Environment Protection — III-49
	<i>Basic policy for the protection of the environment</i> — III-49
	<i>Regulatory framework for the environmental protection</i> — III-49
III-15	Standards — III-49
	<i>Regulatory framework for the Standards</i> — III-49
	<i>Major provisions on the Standards</i> — III-49
III-16	Intellectual Property Rights (IPR) — III-50
	<i>Regulatory framework for the protection of IPR</i> — III-50
	<i>Trade marks and names</i> — III-51
	<i>Copyright</i> — III-51
	<i>Patents, utility model certificates and industrial design</i> — III-51

IV INFRASTRUCTURE — IV-1

IV-1	Use, Development or Exploitation Concessions — IV-1
IV-2	Electricity — IV-1

- IV-3 Telecommunications — IV-3
- IV-4 Water Resource — IV-5
- IV-5 Aviation — IV-5
- IV-6 Roads — IV-7
- IV-7 Railways — IV-9
- IV-8 Sea Port — IV-9
- IV-9 Inland Water Transportation — IV-11
- IV-10 Industrial Land — IV-12

V INVESTMENT — V-1

- V-1 Policies toward FDI — V-1
- V-2 Regulatory Framework for Investment — V-1
- V-3 Outline of Investment Approval Scheme — V-1
- V-4 Responsible Organization — V-1
- V-5 Qualified Investment Project — V-1
- V-6 Investment Incentive — V-1
 - Investment incentives granted to a QIP* — V-1
 - Projects not eligible for the incentives* — V-2
 - Projects eligible for the incentives* — V-2
- V-7 Investment Guarantee — V-3
- V-8 Limitation on Foreign Investment — V-3
- V-9 Restrictions on Foreign Citizenship — V-3
 - Ownership and use of land* — V-3
 - Employment of foreigners* — V-3
- V-10 QIP Approval Procedures — V-4
- V-11 Incentives entitled to Specific Fields — V-4

VI THE SPECIAL ECONOMIC ZONES — VI-1

- VI-1 Legal Frame for the Special Economic Zone (SEZ) Scheme — VI-1
- VI-2 Basic Concept and Conditions for the SEZ — VI-1
- VI-3 Application Process for the Development of the SEZ — VI-1
- VI-4 Management Structure of the SEZ — VI-2
- VI-5 Procedures for Registration of the Investment Project in the SEZ — VI-2
- VI-6 Incentives (Chapter 4, the SEZ Sub-Decree) — VI-2
- VI-7 Other Regulations — VI-3
 - Rules for the Export Processing Zone (EPZ)* — VI-3
 - Workforce* — VI-3
 - Vocational training* — VI-3

VII PRIVATE SECTOR IN CAMBODIA — VII-1

- VII-1 General Situation of Private Sector in Cambodia — VII-1
 - Number of establishments in private sector* — VII-1
 - Number of establishment by sub-sector* — VII-1
 - Number of new Establishments* — VII-1
 - Street business* — VII-1

Annual sales of establishments — VII-1

VII-2 Regional Distribution of Private Firms — VII-1

Number of establishments by province and size of employment — VII-1

Number of establishment per 1,000 persons — VII-2

Number of establishments per 1,000 households — VII-2

VII-3 Employment by Private Sector — VII-3

Number of employment — VII-3

Employment by sub-sector and new establishments — VII-3

VII-4 Recent Tendency in Manufacturing Sector — VII-3

VII-5 Recent Situation of Major Sub-Sectors — VII-5

Garment industry — VII-5

Footwear industry — VII-6

Fabricated metal and electric/electronics products industries — VII-7

Food processing industry — VII-7

Agricultural, fishery and forestry industry — VII-8

Natural rubber industry — VII-9

Economic Land Concession — VII-11

Tourism industry — VII-13

VIII MAJOR PROVINCES — VIII-1

VIII-1 Explanation of the Provincial Study — VIII-1

VIII-2 Fact Sheets of 7 Provinces — VIII-1

A. Battangbang Province — VIII-1

B. Kampong Cam Province — VIII-7

C. Kampot Province — VIII-12

D. Kandal Province — VIII-18

E. Koh Kong Province — VIII-23

F. Preah Sihanouk Province — VIII-29

G. Siem Riap Province — VIII-34

IX COST OF DOING BUSINESS — IX-1

IX-1 Logistics cost — IX-1

For export — IX-1

For import — IX-1

IX-2 Real estate cost — IX-1

Industrial land cost — IX-1

Office space cost — IX-2

Factory rent/purchasing cost — IX-2

Warehouse cost — IX-2

IX-3 Manpower cost — IX-2

IX-4 Utility cost — IX-2

Electricity cost — IX-2

Water cost — IX-4

Gas tariff — IX-5

Fuel cost — IX-5

IX-5 Telecommunication cost — IX-5

Telephone tariff (Fixed Phone) — IX-5

Telephone tariff (Mobile Phone) — IX-6

Broadband internet charge — IX-7

X LIVING ENVIRONMENT FOR EXPATRIATES — X-1

X-1 Housing — X-1

X-2 Medical Services — X-4

X-3 Education — X-5

X-4 Security — X-6

REFERENCE : — R-1

APPENDIX I : LIST OF INVESTMENT AND BUSINESS RELATED LAWS AND REGULATIONS — R-1

APPENDIX II : LAW ON INVESTMENT — AP-8

**APPENDIX III : SUB-DECREE NO.111 ON THE IMPLEMENTATION OF THE AMENDMENT TO THE
LAW ON INVESTMENT — AP-13**

**APPENDIX IV : SUB-DECREE NO. 17 ON THE ESTABLISHMENT OF THE SUB-COMMITTEE ON
INVESTMENT OF THE PROVINCES-MUNICIPALITIE — AP-30**

**APPENDIX V : SUB-DECREE NO. 148 ON THE ESTABLISHMENT AND MANAGEMENT OF THE
SPECIAL ECONOMIC ZONE — AP-33**

APPENDIX VI : CONTACT INFORMATION FOR INVESTOR — AP-44

APPENDIX VII : PUBLIC SERVICES RELATING TO TRADE, INVESTMENT AND SME — AP-47

LIST OF TABLES

Table I-3-1	Legal Hierarchy in Cambodia — I-1
Table I-4-1	Membership of Major International Organizations — I-2
Table I-5-1	Projected Population in 2011: Top Ten Provinces and National Total — I-2
Table I-5-2	Schools, Students, Teaching Staff in Cambodia — I-3
Table I-5-3	School Enrolment Rate and Completion Rate in 2010 — I-3
Table I-5-4	School Attendance by Age Group in 2008 — I-3
Table I-5-5	Number of Higher Educational Level Students in 2009 and 2010 — I-3
Table I-5-6	Public Holidays in Cambodia in 2012 — I-3
Table II-1-1	GDP Growth Rate by Economic Activity, 2005-2011 — II-2
Table II-1-2	Breakdown of Industry in GDP, 2005-2011 (Unit: Billion Riel) — II-2
Table II-1-3	Composition of GDP of Selected Southeast Asian Countries in 2010, Unit: (%) — II-2
Table II-2-1	Investments Approved by CDC by Major Countries (1994 – September 2011) — II-5
Table II-2-2	Investment Fixed Assets by Source of Investment: 1994-September 2011 — II-6
Table II-2-3	Investment Approved by CIB by Sector: 1994 – September 2011 — II-6
Table II-2-4	CIB-Approved QIPs by Sector in Cambodia (1994-2011.9) — II-6
Table II-2-5	CIB-Approved Investment Trend by Sector in Cambodia (1994-2011.9) — II-7
Table II-3-1	Matrix of GSP Beneficiaries and Major Markets — II-8
Table II-3-2	Number of Articles Subject to Preferences under GSP schemes — II-8
Table III-1-1	Recently Enacted or Issued Laws and Regulations Relevant to Investment and Business — III-1
Table III-5-1	Applicable Rate of Import Duties in Cambodia (Major Commodities) — III-26
Table III-5-2	Cambodia's 2010 CEPT Package for Some Commodities — III-26
Table III-5-3	Summary of ASEAN's FTAs — III-27
Table III-6-1	Tax Scheme of Cambodia — III-29
Table III-6-2	Cambodian Accounting and Auditing Standards — III-30
Table III-9-1:	Major Vocational Training Centers in Cambodia — III-39
Table III-9-2:	Major Employment Agencies in Cambodia — III-40
Table III-9-3	Job Announcement Website — III-40
Table IV-2-1	Power Demand Forecast (MW) — IV-2
Table IV-2-2	Expansion Plan of Power Sources — IV-2
Table IV-2-3	Expansion Plan of Transmission Line — IV-3
Table IV-3-1	Telephone Subscribers and Coverage — IV-4
Table IV-3-2	Mobile Telephone Service Providers — IV-4
Table IV-3-3	Number of Client per Postal Station — IV-4
Table IV-4-1	Distribution of Households by Location of Source of Drinking Water (2008) — IV-5
Table IV-5-1	Present Status of Airports in Cambodia — IV-6
Table IV-5-2	Departure Flights from Phnom Penh International Airport — IV-6
Table IV-5-3	Number of International and Domestic Flights (PPIA and SRIA) — IV-7
Table IV-5-4	Number of Passengers (PPIA) — IV-7
Table IV-5-5	Number of Passengers (SRIA) — IV-7
Table IV-6-1	Length of Road Network (as of 2009) — IV-7
Table IV-6-2	International Roads in Cambodia — IV-8
Table IV-6-3	Major Road Improvement Projects in Cambodia — IV-8
Table IV-6-4	Major Bridge Constructions in Cambodia — IV-8
Table IV-7-1	Situation of Railway Facilities — IV-9
Table IV-8-1	Berthing Capacity of Sihanoukville Port — IV-10

Table IV-8-2	Cargo Handling Facilities of Sihanoukville Port — IV-10
Table IV-8-3	Storage Facilities of Sihanoukville Port — IV-10
Table IV-8-4	Cargo Throughput of the Sihanoukville Port — IV-10
Table IV-8-5	Current Ship Calling Status in Sihanoukville Port — IV-11
Table IV-9-1	Maximum Navigable Vessel Size in the Mekong River Basin — IV-11
Table IV-9-2	Current Situation of Phnom Penh Port — IV-12
Table IV-10-1	Cambodia's SEZ as of the end of October 2011 — IV-13
Table V-6-1	Priority Period — V-2
Table V-6-2	Duty-Free Import for QIPs — V-2
Table V-6-3	Minimum Conditions Required for the Provision of Incentives — V-3
Table V-10-1	QIP Application Process V-4
Table V-10-2	Procedures of QIP Application and Investment-related Registration/Permits — V-5
Table VI-3-1	Application Process for the SEZ Development — VI-1
Table VI-6-1	Incentives in the SEZ — VI-2
Table VII-2-1	Number of Establishments, Percent to Total & Size of Employee in 2011 — VII-2
Table VII-2-2	Number of Establishments per 1,000 Persons by Province in 2011 — VII-2
Table VII-2-3	Number of Establishments per 1,000 Households by Province in 2011 — VII-3
Table VII-4-1	Share of Manufacturing Sector in GDP at Current Prices (%) — VII-3
Table VII-4-2	Number of Factories Registered under Ministry of Industry, Mines and Energy: 2008 & 2011 — VII-4
Table VII-4-3	Number of Registered Factories of Manufacturing SMEs: 2004-2010 — VII-4
Table VII-4-4	Number of Employees in Manufacturing SMEs: 2004 - 2010 — VII-5
Table VII-4-5	Outputs of Manufacturing SMEs: 2004-2010 — VII-5
Table VII-5-1	Transition of Share of Agriculture, Fishery and Forest Sector in GDP (Current Prices) (%) — VII-8
Table VII-5-2	Rice Production in Cambodia 2006-2010 — VII-8
Table VII-5-3	Cultivated Areas for Four Main Crops 2006-2010 (Unit: Hectare) — VII-8
Table VII-5-4	Livestock and Poultry Production in Cambodia 2006-2010 — VII-9
Table VII-5-5	Fishery Production from 2006 to 2010 (Metric tons) — VII-9
Table VII-5-6	Maintaining and Tapping Area of Rubber 2002-2010 — VII-10
Table VII-5-7	Tapping Area, Production and Export of Rubber 2006-2010 — VII-10
Table VII-5-8	Transition of Total Rubber Plantation Area 2006-2010 — VII-10
Table VII-5-9	Cambodia Natural Rubber Plantation Area by Stage in 2010 — VII-10
Table VII-5-10	List of Economic Land Concessions related to Agro-industry — VII-11
Table VII-5-11	Top Ten Source Markets 2009-September 2011 — VII-14
Table VII-5-12	Number of Business Visitors by Major Country/Region in 2010 — VII-14
Table VII-5-13	Number of Tourism Services — VII-14
Table VII-5-14	CDC-approved Investment Projects in Tourism Industry (2001-2010) — VII-14
Table X-1-1	Apartment and Condo Rental — X-1
Table X-1-2	Selected Major Hotels — X-2
Table X-2-1	Selected Major Medical Clinics/Hospitals — X-4
Table X-3-1	Northbridge International School — X-5
Table X-3-2	International School of Phnom Penh — X-5
Table X-3-3	iCAN British International School — X-5
Table X-3-4	Zaman International School — X-6
Table X-3-5	International School of Siem Reap — X-6

LIST OF FIGURES

Figure I-3-1	Process of Legislation by Member of National Assembly — I-1
Figure I-5-1	Age by Sex Distribution — I-2
Figure II-1-1	Trend of GDP Annual Growth — II-1
Figure II-1-2	GDP Per Capita — II-1
Figure II-1-3	Composition of GDP by Economic Activity — II-1
Figure II-1-4	Composition of Gross Domestic Expenditures — II-3
Figure II-1-5	Composition of Gross Domestic Expenditures — II-3
Figure II-1-6	Contribution of Components to Changes in Gross Domestic Expenditures at 2000 Market Prices — II-3
Figure II-1-7	GNI Per Capita of ASEAN — II-3
Figure II-1-8	CPI Year on Year Change — II-4
Figure II-1-9	CPI All Items from 2008 to 2011(Index: 2006=100) — II-4
Figure II-1-10	Scores of Ten Economic Freedom Components of Cambodia — II-5
Figure II-2-1	Investment by Leading Countries — II-6
Figure II-2-2	Investment Trend by Sector (2006-2011.9) — II-6
Figure II-3-1	Trade Balance: 2002 – 2011 — II-7
Figure II-3-2	Exports 2006 - 2011 — II-7
Figure II-3-3	Imports 2006 - 2011 — II-7
Figure III-5-1	Import Procedures — III-24
Figure III-5-2	Export Procedures — III-24
Figure III-5-3	Procedures for Certificate of Origin for Garment Exports — III-25
Figure III-5-4	Comprehensive Tariff Reduction Schedules — III-26
Figure IV-10-1	Locations of SEZs — IV-12
Figure VII-5-1	CDC-approved Investment Projects in Garment (2001-2011) — VII-6
Figure VII-5-2	Composition of the GMAC Member Companies — VII-6
Figure VII-5-3	CDC-approved Investment Projects in Footwear (2001-September 2011) — VII-6
Figure VII-5-4	Number of International Tourist Arrivals in Cambodia — VII-13

LIST OF ABBREVIATION

ACCSQ	ASEAN Consultative Committee on Standards and Quality	ICSID	International Centre for Settlement of Investment Disputes
ADB	Asian Development Bank	IDA	International Development Association
AFA	ASEAN Federation of Accountants	IDRC	International Development Research Center
AFTA	ASEAN Free Trade Agreement	IEC	International Electrotechnical Commission
AII	Asian Insurance International	IFC	International Finance Corporation
AJCEP	ASEAN-Japan Comprehensive Economic Partnership	IFDA	International Fund for Agricultural Development
APO	Asian Productivity Organization	IFRS	International Financial Reporting Standards
BLT	Build-Lease-Transfer	ILO	International Labour Organization
BOO	Build-Own-Operate	IMF	International Monetary Fund
BOOT	Build-Own-Operate-Transfer	IMO	International Maritime Organization
BOT	Build-Own-Transfer	INTERPOL	International Criminal Police Organization
ASEAN	Association of Southeast Asian Nations	IPO	Initial Public Offering
CAA	Cambodia Angkor Air Ltd	IPP	Independent Power Producers
CAMS	Cambodia Airport Management Services Ltd.	IPR	Intellectual Property Rights
CAMINCO	Cambodia Insurance Company	ISC	Institute of Standards of Cambodia
CASs	Cambodian Accounting Standards	ISIC	United Nations International Standard Industrial Classification of Economic Activities
CC	Change in Chapter	ISO	International Organization for Standardization
CDC	Council for the Development of Cambodia	ITTO	International Tropical Timber Organization
CEPT	Common Effective Preferential Tariff	ITU	International Telecommunication Union
CESS	Cambodia Energy Sector Strategy	JETRO	Japan External Trade Organization
CFRSs	Cambodian Financial Reporting Standards	JICA	Japan International Cooperation Agency
CIB	Cambodian Investment Board	KHR	Khmer Riels
CJCC	Cambodia-Japan Cooperation Center	KICPAA	Kampuchea Institute of Certified Public Accountants and Auditors
C/O	Certificate of Origin	KRX	Korea Stock Exchange
C.P.	Cambodia Post	Lao PDR	Lao People's Democratic Republic
CPI	Consumer Price Index	LDC	Least Developed Country
CPP	Cambodian People's Party	LEPNRM	Law on Environment Protection and Natural Resource Management
CRC	Conditional Registration Certificate	MAFF	Ministry of Agriculture, Forestry and Fisheries
CSA	Cambodian Standards on Auditing	MAI	Myanmar Air
CSX	Cambodia Securities Exchange	MEF	Ministry of Economy and Finance
CSEZB	Cambodian Special Economic Zone Board	MFN	Most Favored Nation
CTH	Change of Tariff Heading	MIGA	Multilateral Investment Guarantee Agency
CVI	Cambodia-Vietnam Insurance Company Plc.	MIME	Ministry of Industry, Mines and Energy
DPWS	Department of PoTable Water Supply, MIME	MLMUPC	Ministry of Land Management, Urban Planning and Construction
DRHC	Department of Rural Health Care, MRD	MLVT	Ministry of Labor and Vocational Training
DRWS	Department of Rural Water Supply, MRD	MOC	Ministry of Commerce
EAC	Electricity Authority of Cambodia	MOFA	Ministry of Foreign Affairs
EBA	Everything-But-Arms Initiative	MOWRAM	Ministry of Water Resources and Meteorology
EDC	Electricite Du Cambodge	MPTC	Ministry of Posts and Telecommunications
EIA	Environmental Impact Assessment	MRD	Ministry of Rural Development
ELC	Economic Land Concessions	NAC	National Accounting Council
EMF	Export Management Fee	NBC	National Bank of Cambodia
EMS	Express Mail Service	NCCA	National Center of Commercial Arbitration
EPA	Economic Partnership Agreement	NGO	Non Government Organization
EPZ	Export Promotion Zone	NIS	National Institute of Statistics of Cambodia
EU	European Union	NL	Northern Line
FAO	Food and Agriculture Organization	NR	National Road
FDI	Foreign Direct Investment	NSDP	National Strategic Development Plan
FIU	Financial Intelligence Unit	NSSF	National Social Security Fund
FRC	Final Registration Certificate	PAS	Port Authority of Sihanoukville
FTA	Free Trade Agreement	PCA	Post Clearance Audit
GDCE	General Department of Customs and Excise	PMIS	Provincial-Municipal Investment Sub-Committee
GDE	Gross Domestic Expenditures	PPA	Power Purchase Agreement
GDP	Gross Domestic Product	PPIA	Phnom Penh International Airport
GMAC	Garment Manufacturers Association in Cambodian	PSR	Product Specific Rule
GMS	Great Mekong Sub-region	PPWSA	Phnom Penh Water Supply Authority
GNI	Gross National Income	QIP	Qualified Investment Project
GSP	Generalized System of Preferences	REE	Rural Electricity Enterprises
GVA	Gross Value Added	REF	Rural Electrification Fund
HCMC	Ho Chi Minh City		
IBRD	International Bank for Reconstruction and Development		

RGC	Royal Government of Cambodia
ROO	Rules of Origin
RVC	Regional Value Content
RWSS	Rural Water Supply and Sanitation
SAD	Single Administrative Document
SCA	Société Concessionnaire des l'Aéroports
SECC	Securities and Exchange Commission of Cambodia
SEZ	Special Economic Zone
SEZ TSC	Special Economic Zones Trouble Shooting Committee
SL	Southern Line
SMEs	Small and Medium Enterprises
SPZ	Special Promotion Zone
SRIA	Siem Reap International Airport
SRP	Sam Rainsy Party
SRWSA	Siem Reap Water Supply Authority
SSCA	State Secretariat of Civil Aviation
TBT	Technical Barriers to Trade
UN	United Nations
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UPU	Universal Postal Union
US	United States
USTR	Office of the United States Trade Representative
VAT	Value-added Tax
VNM	Value of Non-originating Materials
VoIP	Voice over Internet Protocol
WB	World Bank
WCO	World Customs Organization
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

I BASIC INFORMATION ON CAMBODIA

I-1 Geography and Climate

Geography

Cambodia is situated on the southwestern part of the Indochina peninsula. It shares a 2,615 km boarder with Vietnam (1,270 km), Thailand (805 km), and Laos (540 km). Its total area is 181,035 square kilometers, which is about half the area of Japan.

Climate

Cambodia has a tropical monsoon climate with two seasons: a wet season from May to October and a dry season from November to May. The annual average temperature is about 27.7 degrees centigrade, and the average temperature exceeds 30 degrees centigrade in the hottest months, April and May.

I-2 Political System

Cambodia is a constitutional monarchy. The present King, His Majesty Norodom Sihamoni, acceded to the throne on 29 October 2004. The Constitution stipulates that Cambodia adopts a policy of liberal democracy and pluralism, and that the Cambodian people are masters of the country. The Constitution also sets out that the power of the Legislative, Executive and Judicial branches shall be separated (Article 51).

The country has a bicameral legislature, which consists of the National Assembly and the Senate. The latest elections for the National Assembly

was held on 27th July 2008 in which the Cambodian People's Party (CPP) won landslide victory and currently occupied 90 seats, followed by Sam Rainsy Party (SRP), Human Right Party, FUNCINPEC and Norodom Ranaridh Party which won 26 seats, 3 seats, 2 seats and 2 seats respectively. The Senate held its last election in 2006, through which the CPP gained 45 seats, FUNCINPEC 10 seats and SRP 2 seats. Remaining 2 seats are appointed by the King. The Election for the Senate members of 3rd legislature will be held on Sunday, 29 January 2012.

Above all, the CPP has formed the Royal Government with FUNCINPEC Party and Mr. HUN SEN has been elected as the PRIME MINISTER OF THE KINGDOM OF CAMBODIA.

I-3 Legal System

Legal hierarchy

In the current legal system in Cambodia, the hierarchy of laws and regulations is understood as shown in Table I-3-1.

Legislation process

The process of legislation by a member of the National Assembly is shown in the flow chart in Figure I-3-1. After the adoption by the National Assembly, the Senate reviews the law, followed by the Royal Kram of the King to promulgate the Law.

Table I-3-1 Legal Hierarchy in Cambodia

- 1) **The Constitution:** The Supreme Law of the Kingdom of Cambodia
- 2) **Treaties and Convention:** According to Article 26 of the Constitution, the King shall sign and ratify international treaties both multilateral and bilateral, and conventions, following the approval of the National Assembly and Senate. After such ratification, international treaties (both multilateral and bilateral) and conventions shall become laws and may be used as the basis for judicial decisions.
- 3) **Laws (Chhbab):** Laws adopted by the National Assembly
- 4) **Royal Kram (Preah Reach Kram) and Royal Decree (Preah Reach Kret):** To be issued under the name of the King for executing his constitutional powers
- 5) **Sub-Decree (Anu-Kret):** To be signed by the Prime Minister after adoption by the Cabinet Meeting. In case the sub-decree has not adopted by the Cabinet Meeting, countersignature by the Minister(s) in charge shall be required. The Prime Minister can use this in exercising his own regulatory powers.
- 6) **Ministerial Order (Prakas):** To be issued by members of the government in exercising their own regulatory powers.
- 7) **Decision (Sechkdei Samrech):** Individual decision of the Prime Minister and Decision (Prakas-Deika) of a Minister or a Governor, which is used in exercising his own regulatory powers.
- 8) **Circular (Sarachor):** In general, to be issued by the Prime Minister as head of government, and by a minister as an official of the ministry either to explain or clarify certain legal regulatory measures or to provide instructions.
- 9) **Provincial Deka (Arrete):** To be used by a provincial governor within the geographical limits of his province

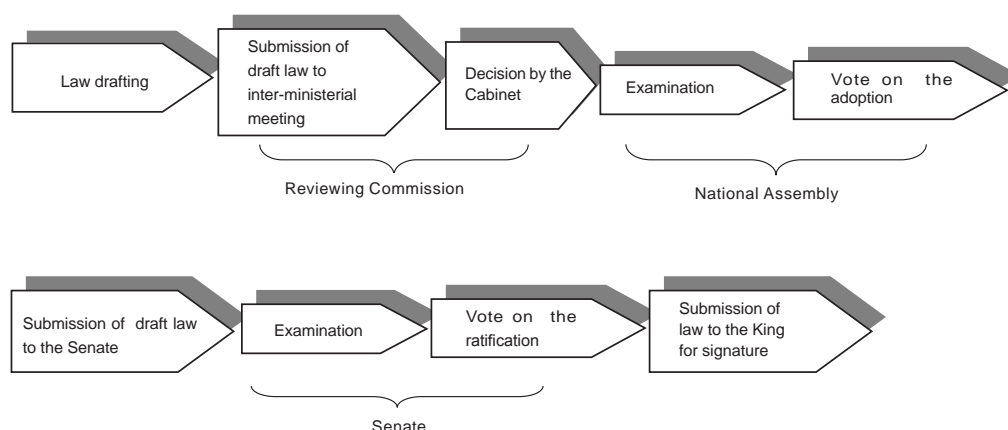


Figure I-3-1 Process of Legislation by Member of National Assembly

The preliminary review will be undertaken by the Private Sector Working Group, the Judicial Council and the Economic, Social and Cultural Council before the draft law is sent to Cabinet for examination.

I-4 International Relations

Foreign Policies

The Constitution declares a policy of permanent neutrality and non-alignment for Cambodia. The Kingdom of Cambodia follows a policy of peaceful co-existence with its neighbors and with all other countries throughout the world, shall not invade any country, or interfere in any other country's internal affairs, directly or indirectly, and shall solve all problems peacefully with due respect for mutual interests. The Kingdom of Cambodia shall not join in any military alliance or military pact that is incompatible with its policy of neutrality (Article 53).

Membership in Major International Organizations

Cambodia joined the UN in 1955. After the prolonged civil war was ended in the early 1990's, the pace at which Cambodia joined various international economic organizations picked up. Table I-4-1 shows some of the Cambodia's membership in international organizations to which Cambodia belongs. In addition, Cambodia is also a member of FAO, IMF, Interpol, UNCTAD, UNESCO, UNIDO, WHO, etc.

Table I 4-1 Membership of Major International Organizations

Organization	Member Since
Food and Agriculture Organization of the United Nations	1950
International Telecommunication Union (ITU)	1952
United Nations (UN)	1955
International Criminal Police Organization (INTERPOL)	1956
International Civil Aviation Organization	1956
International Maritime Organization (IMO)	1961
Asian Development Bank (ADB)	1966
Universal Postal Union (UPU)	1969
International Bank for Reconstruction and Development (IBRD)	1970
International Development Association (IDA)	1970
International Fund for Agricultural Development (IFAD)	1992
World Intellectual Property Organization (WIPO)	1995
International Finance Corporation (IFC)	1997
Multilateral Investment Guarantee Agency (MIGA)	1999
Association of Southeast Asian Nations (ASEAN)	1999
International Labour Organization (ILO)	1999*
World Customs Organization (WCO)	2001
World Trade Organization (WTO)	2004
Asian Productivity Organization (APO)	2004
International Centre for Settlement of Investment Disputes (ICSID)	2005
Asia-Pacific Telecommunity	2007
International Tropical Timber Organization (ITTO)	2009

Note: * Cambodia ratified six fundamental conventions of the ILO in 1999

Source: Ministry of Foreign Affairs and International Cooperation

I-5 Social Climate

Population

According to 2008 Population Census, Cambodia's population was 13.4 million with annual growth rate of 1.54%. Phnom Penh, the capital and the largest city, has a population of 1.3 million. Percentage of urban population is 19.5% and density of population per square kilo meters is 75.

"Report of Population Projection of the 2008 Population Census" projected the national population in 2011 as shown in Table I-5-1.

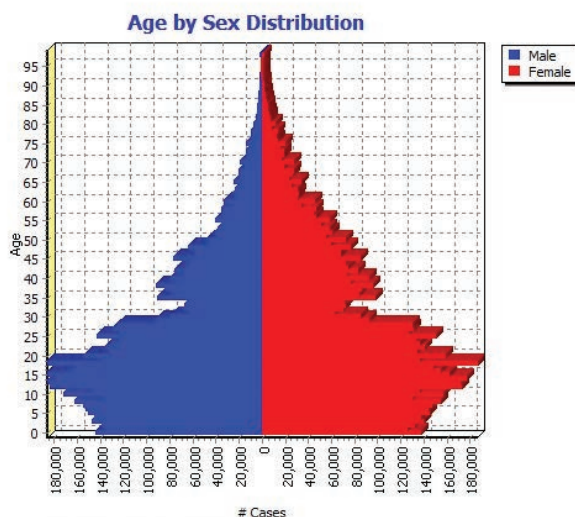
Table I-5-1 Projected Population in 2011: Top Ten Provinces and National Total

Rank	Province	Projected Population in 2011	% to Total Population
1	Kampong Cham	1,745,054	12.0
2	Phnom Penh	1,744,901	12.0
3	Kandal	1,189,955	8.2
4	Battambang	1,126,345	7.8
5	Siem Reap	999,703	6.9
6	Prey Veng	980,667	6.8
7	Takeo	877,839	6.0
8	Kampong Speu	767,827	5.3
9	Banteay Meanchey	745,618	5.1
10	Kampong Thom	668,876	4.6
	Cambodia Total	14,521,275	100.0

In 2008, Percentage of population by age group was as follows.

- Children (0-14 age): 33.7%
- Economically productive age group (15-64): 62%
- The elderly population (65+): 4.3%

(Source: General Population Census 2008¹ NIS)



Source: General Population Census 2008¹, NIS

Figure I-5-1 Age by Sex Distribution

Ethnic groups

The majority are Khmer (90%). Small ethnic groups include Cham, Vietnamese and Chinese.

Religion

Buddhism is established as a national religion by the Constitution (Article 43, The Constitution) and 90% of the population is Buddhist. Other religions practiced in Cambodia include Islam, Christianity and others.

Language and literacy

The official language is Khmer. The adult Literacy rates in 2008 were 77.6 % in total, 85.1 % for males, and 70.9 % for females. (Source: General Population Census 2008, NIS)

Education system

The educational system in Cambodia consists of elementary school (grade 1 to 6), junior high school (grades 7 to 9), senior high school (grades 10 to 12) and university and other institutions of higher education. Compulsory education is until grade 9.

The situation of schools at various grades in 2010-2011 is shown in Table-I-5-2.

Note 1: General Population Census of Cambodia 2008: National Report on Final Census Results, which was released in September 2009.

Table I-5-2 Schools, Students, Teaching Staff in Cambodia

	# of Schools	# of Classes	Enrolment	Repeaters	Teaching Staff
Pre-school	2,092	3,343	103,315	-	3,549
Primary School	6,767	57,697	2,191,192	158,287	45,408
Lower Secondary (Grade 7-9)	1,573	12,504	560,868	11,818	25,423
Upper Secondary (Grade 10-12)	407	6,786	334,734	5,915	10,057

Source: Education Statistics and Indicators_2010-2011, Ministry of Education, Youth and Sport, Cambodia

The percentages of enrollment and completion by education level in 2010 are shown in Table I-5-3.

Table I-5-3 School Enrollment Rate and Completion Rate in 2010

Education Level	Gross Enrollment Rate ²	Net Enrollment Rate ³	Completion Rate ⁴
Primary school (grade 1 to 6)	116.0	95.2	85.3
Junior high school (grade 7 to 9)	58.5	35.0	46.8
Senior high school (10 to 12)	32.9	20.6	28.5

Source: Educational Statistics & Indicators 2010/2011

The school attendance situation by age group in March 2008 is also shown in the Table I-5-4.

Table I-5-4 School Attendance by Age Group in 2008

Attendance Status	Age Group	Male	Female	Total	% to Total Population by Age
Never	5-6	220,596	208,957	429,553	73.1
	7 - 12 yrs	142,220	126,264	268,484	14.6
	13 - 15 yrs	42,044	38,615	80,659	7.6
	16 - 18 yrs	47,134	51,798	98,932	9.9
	19-22 yrs	65,973	95,215	161,188	14.4
Now	5-6 yrs	79,924	78,474	158,398	26.9
	7 - 12 yrs	796,487	759,211	1,555,698	84.3
	13 - 15 yrs	449,000	405,870	854,870	81.0
	16 - 18 yrs	281,019	220,812	501,831	50.3
	19-22 yrs	146,674	91,897	238,571	21.2
Past	5-6 yrs	0	0	0	0.0
	7 - 12 yrs	10,935	9,686	20,621	1.1
	13 - 15 yrs	56,119	63,792	119,911	11.4
	16 - 18 yrs	182,576	215,044	397,620	39.8
	19-22 yrs	342,803	380,598	723,401	64.4
Total	5-6 yrs	300,520	287,431	587,951	100.0
	7 - 12 yrs	949,642	895,161	1,844,803	100.0
	13 - 15 yrs	547,163	508,277	1,055,440	100.0
	16 - 18 yrs	510,729	487,654	998,383	100.0
	19-22 yrs	555,450	567,710	1,123,160	100.0

Source: General Population Census 2008,
NIS: <http://celade.cepal.org/khmnis/census/khm2008/>

As for higher education, there are 91 higher education institutions consisting of 34 public institutions and 57 private institutions in 19 municipalities/provinces of Cambodia. 55 of them are under the Ministry of Education, Youth and Sport Performance (MoEYS)'s supervision. As can be seen from the Table I-5-5, there are 173,264 bachelor level students in 2010, which increased by 7.3% comparing to 2009. Both the numbers of master degree and doctorates also slightly increased from 2009 to 2010.

Table I-5-5 Number of Higher Educational Level Students in 2009 and 2010

	2009			2010		
	Male	Female	Total	Male	Female	Total
Bachelor						
The number of students	96,769	64,747	161,516	102,310	70,954	173,264
Sex ratio	59.9%	40.1%	100.0%	59.0%	41.0%	100.0%
Master degree						
The number of students	10,545	2,258	12,803	10,544	2,343	12,887
Sex ratio	82.4%	17.6%	100.0%	81.8%	18.2%	100.0%
Doctorates						
The number of students	903	53	956	926	55	981
Sex ratio	94.5%	5.5%	100.0%	94.4%	5.6%	100.0%

Source: Education Congress Report_2010-2011, Ministry of Education, Youth and Sport, Cambodia

Currency

Although the official national currency is the Riel, US dollars are commonly used in business and commercial transactions.

Public holidays

Public holidays in 2012 are as shown in Table I-5-6.

Table I-5-6 Public Holidays in Cambodia in 2012

1 January	: International New Year Day
7 January	: Victory Day over the Genocide Regime
7 February	: Meak Bochea Day
8 March	: International Women's Day
14, 15 & 16 April	: Khmer New Year
1 May	: International Labor Day
5 May	: Visak Bochea Day
9 May	: Royal Plowing Ceremony
13, 14 & 15 May	: King Norodom Sihamoni's Birthday
1 June	: International Children Day
18 June	: Queen Norodom Monineath Sihanouk's Birthday
24 September	: Constitution's Day
14, 15 & 16 October	: Pchum Ben Day
29 October	: Coronation's Day of King Norodom Sihamoni,
31 October	: Birthday of His Majesty King-Father Norodom Sihanouk
9 November	: Independence Day
27, 28 & 29 November	: Water Festival
10 December	: International Human Right Day

Any holiday falling on the weekend (Saturday or Sunday) shall move to the following day of next week. However, if the holidays fall on both Saturday and Sunday, only one day shall be carried over into the next week.

Note 2: Gross Enrolment Rate: The number of pupils or students enrolled in a given level of education, regardless of age, expressed as a percentage in the age group for the same level of education.

Note 3: Net enrolment Rate: The number of pupils or students in the age group for the given level of education enrolled in that level, expressed as a percentage of the total population in that age group.

Note 4: Completion Rate to Primary Education: The number of new pupils in grade 6 in that year, expressed as a percentage in total number of population aged 11,