

THE MANUAL WAS PREPARED IN COOPERATION WITH:

Ministry of Industry and Handicrafts (Cambodia) – H.E. PHORK Sovanrith, Secretary of State, HORT Pheng, General Department of Industry (Chapter 2 Potential products to enhance agri-business in Cambodia, Chapter 4.1 Cambodia Industrial Development Policy, Investment law, Chapter 4.2 Cambodia International Machinery Industry Fair (CIMIF))

Ministry of Commerce (Cambodia) – Mr. MOEUN Ratanak, Department of Planning Statistics and Trade Information (Chapter 2 Potential products to enhance agri-business in Cambodia, Chapter 4.1 Cambodia Industrial Development Policy, Investment law, Chapter 4.3 Checklist Information for Exporting to Cambodia, Chapter 5.1 Current state of trade between Cambodia and Czech Republic)

Ministry of Agriculture, Forestry and Fisheries (Cambodia) – Mr. IV Phirun, Department of Industrial Crops (Chapter 2 Potential products to enhance agri-business in Cambodia)

Czech Agriculture and Food Inspection Authority (Czech Republic) – Josef Hrdina (Chapter 3.1 Requirements for import of agri-products to Czech Republic)

Czech Development Agency (Czech Republic) – Barbora Latečková (Chapter 5.2 Business to Business (B2B) grant programme of the Official Development Assistance of the Czech Republic)

Ministry of Industry and Trade (Czech Republic) (Chapter 5.3 Aid for Trade programme)

Business Platform for Foreign Development Cooperation (Czech Republic) – Věra Venclíková (Chapter 5.4 Business Platform for Foreign Development Cooperation)

CONTENT

1. Introduction.....	4
2. Potential products to enhance agri-business in Cambodia.....	5
3. Starting export of agri-products to Czech Republic.....	7
3.1 Requirements for import of agri-products	7
3.1.1 Foodstuffs that can only enter EU via DPE (designated point of entry)	9
3.1.2 Foodstuffs imported into the EU are prohibited	10
3.1.3 „Red List“ – based on REGULATION (EC) No 882/2004 of the European Parliament and of the Council.....	10
3.1.4 Foodstuffs with special import conditions according to national legislation	11
3.2 Important websites and guidelines – import to Czech Republic (and EU).....	13
3.3 Important contacts: Czech associations and unions of private companies active in agri-business and related sector (technologies, etc.).....	14
4. Investment opportunities in Cambodia	15
4.1 Cambodia Industrial Development Policy, Investment law.....	15
4.2 Cambodia International Machinery Industry Fair (CIMIF).....	18
4.3 Checklist Information for Exporting to Cambodia.....	20
4.4 Important contacts: Cambodian governmental institutions dealing with foreign investments and agri-business	21
4.5 Important contacts: Cambodian associations and private companies active in agri-business	23
5. Cooperation between Cambodia and Czech Republic	25
5.1 Current state of trade between Cambodia and Czech Republic	25
5.2 Business to Business (B2B) grant programme of the Official Development Assistance of the Czech Republic	27
5.3 Aid for Trade programme.....	28
5.4 Business Platform for Foreign Development Cooperation.....	29

INTRODUCTION

This manual was developed in consequence of the Aid for Trade project „Enhancement of Agri-business Activities in Cambodia“. The Aid for Trade program aims particularly to assist partner countries in trade facilitation in order to develop and enhance their business and capacities, their better integration into the international trade system and obtaining the related benefits and profits, promotion of business climate, development of small and medium-sized enterprises, etc. Cambodia has been included in the Czech Development Cooperation Strategy 2010-2017 as one of the priorities countries and will be included as priority country in the following period as well.

Royal Government of Cambodia gives agriculture a prominent place in its Rectangular Strategy and a high priority in its national development agenda. In addition, Agro-industry is one of the industrial priorities to be supported by the Ministry of Industry and Handicrafts. One of the main goals of the Royal Government of Cambodia is to move the country from subsistent farming to agricultural commercialization.

Each year in average, Cambodia export the agricultural products around 6% of its total export value. Cambodia needs to expand the export value of this sector due to its potential inputs for agricultural sectors (productive land, labor force, etc.). The agricultural products mainly exported (and with the highest potential) include rice, cashew nuts, cassava, maize, silk, rubber, soybean, fruits, palm sugar and vegetables. There is need for more private sector investment in agro-industrial crops, livestock, aquaculture, etc., to fill the local demand gap and export. The exported products need to meet quality standards for the export to EU countries. In addition, improvement of processing technologies level would be recommendable in order to increase not only the export volume of the agricultural products but the overall profit amount.

The manual should serve for Cambodian producers, processors and exporters of agricultural products, Czech importers of agricultural products and exporters of technologies for agricultural products treatment and processing in order to enhance the agro-business activities between Cambodia and Czech Republic and to increase the quality and quantity of exported agricultural products from Cambodia.

2. POTENTIAL PRODUCTS TO ENHANCE AGRI-BUSINESS IN CAMBODIA

Base on the information provided by the Ministry of Industry and Handicrafts, agro-industry in Cambodia is currently aimed mainly at following:

- Cassava processing (for production of starch, capsules, ethanol, etc.)
- Rubber processing (of semi-products)
- Rice milling (for local market as well as export)
- Sugar cane processing (for production of sugar, alcohol, fertilizers, etc.)
- Palm oil processing (for export)
- Raw and dry fruit processing (for example of mangos and bananas)
- Corn processing (for production of starch, animal feed, etc.)
- Furniture manufacturing (with use of local plantation trees as well as imported wood)
- Pepper packaging (in Small and Medium Enterprises)
- Cashew nuts processing (in Small and Medium Enterprises)

TABLE 1: CAMBODIA AGRICULTURE PRODUCTS EXPORTED IN 2015

DESCRIPTION	RICE	RUBBER	PAPER	MANGO	CASHEWNUT	PALM SUGAR	MORINGA (POWDER)
PRODUCTION (ton)	9,335,284	126,861	11,819	1,044,016	60,000	n/a	n/a
EXPORT (ton)	538,396	152,160	665.07	9,117	103,258	35.43	0.71

Source: General Directorate of Agriculture, December 2015

During meetings and round tables organized within the project „**Enhancement of Agri-business Activities in Cambodia**“, several agri-products were identified by the Cambodian partners (representatives of governmental institutions as well as private companies, business and production associations) as of the most potential for agri-business. These products are:

RICE (PROCESSED) / RUBBER (SEMI-PROCESSED) / PEPPER (PROCESSED) / MANGO CASHEW NUTS / PALM SUGAR / CASSAVA / SOYA / CORN / FISH MORINGA / SALT

Some of the above mentioned products lack of quality standards needed to be met for the export to EU countries. In addition, improvement of processing technologies level would be recommendable in order to increase not only the export volume of the agricultural products but the overall profit amount.

Picture 1, Picture 2, Picture 3: Processing of Kampot pepper



Source: archive of Kristina Rušarová

3. STARTING EXPORT OF AGRI-PRODUCTS TO CZECH REPUBLIC

3.1 REQUIREMENTS FOR IMPORT OF AGRI-PRODUCTS

Import of food of non-animal origin to Czech Republic is officially controlled by the Czech agriculture and Food Inspection authority (CAFIA). The scope of the official food control is as follows: food safety, food fraud, food quality, primary production, organic food, labelling and documentation, e-commerce, commercials, etc. CAFIA is one of the supervisory bodies for food safety in the European Union market.

Generally, for import from third countries into the EU, no special approvals or certificates are needed, unless otherwise specified.

The most important legislation on import of foodstuffs are following:

- Commission Regulation (EC) No **1881/2006** setting maximum levels for certain contaminants in foodstuffs - available to download from the link:
<http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32006R1881>

- Regulation (EC) No 178/2002 of the European Parliament and of the Council - laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety

- **Article 11 - Food and feed imported into the Community**

Food and feed imported into the Community for placing on the market within the Community **shall comply** with the relevant requirements of food law or conditions recognized by the Community to be **at least equivalent** thereto or, where a specific agreement exists between the Community and the exporting country, with requirements contained therein

- **Article 19 - Responsibilities of food importers**

If a **food business operator** considers or has reason to believe that a food which it has **imported** is **not in compliance** with the food safety requirements, it **shall immediately initiate procedures** to **withdraw** the food in question from the market where the food has left immediate control of that initial food business operator and **inform the competent authorities**.

- REGULATION (EC) No 852/2004 of the European Parliament and of the Council on the hygiene of foodstuffs
- REGULATION (EC) No 882/2004 of the European Parliament and of the Council on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules
- REGULATION (EC) No 853/2004 of the European Parliament and of the Council laying down specific hygiene rules for on the hygiene of foodstuffs
- REGULATION (EU) No 1169/2011 of the European Parliament and of the Council on the provision of food information to consumers
- COMMISSION REGULATION (EC) No 2073/2005 on microbiological criteria for foodstuffs
- COMMISSION REGULATION (EC) No 669/2009 on increased level of official controls on imports of certain feed and food of non-animal origin
- COMMISSION REGULATION (EC) No 543/2011 in respect of the fruit and vegetables and processed fruit and vegetables sector
 - Specific standards for listed kinds of fruit and vegetable (for example apples, citrus fruit, peaches, nectarines etc.), General standards for others
 - Maturity requirements, colour, weight.....
 - Specify requirements classes (Class I, Class II) in some cases
- REGULATION (EC) No 396/2005 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on maximum residue levels of pesticides in or on food and feed of plant and animal origin
- Act. No. 110/1997 on Foodstuffs and tobacco products

THERE ARE FIVE TYPES OF IMPORTED FOODSTUFF DEFINED BY LEGISLATION:

1. Foodstuffs that can only enter EU via DPE (designated point of entry)
2. Foodstuffs imported into the EU are prohibited
3. „Red List“ – based on REGULATION (EC) No 882/2004 of the European Parliament and of the Council
4. Foodstuffs with special import conditions according to national legislation
5. No special conditions for others

3.1.1 FOODSTUFFS THAT CAN ONLY ENTER EU VIA DPE (DESIGNATED POINT OF ENTRY)

The consignments from third countries can only enter EU via designated point of entry (DPE). The designated points of entry for the organisation of the official controls are defined by each EU member state. The DPE in the Czech Republic – as stated in the COMMISSION REGULATION (EC) No 669/2009 – is Vaclav Havel Airport. The designated point of import (DPI) in the Czech Republic – as stated in the COMMISSION IMPLEMENTING REGULATION (EU) No 884/2014 – is the customs office Rudná. Food business operators (FBO's) have to inform relevant supervisory authorities about estimated date and time of reception (at place of the Custom office) of selected sorts of foodstuffs before this action - For commodities under COMMISSION REGULATION (EC) No 669/2009, No 884/2014, No 885/2014, No 2015/175, 2011/884/EU, No 2016/6, No 2016/166. In general, prior notification via common entry document (CED) is required. The CED needed („Formular_Nahlaseni prichodu zasilky_web.xls“ and „SVD_CZ.pdf“ – both in Czech language) can be downloaded from this CAFIA link: <http://www.szpi.gov.cz/dokumenty-ke-stazeni.aspx>.

Official control at the DPE consists of systematic documentary check – all consignments have to go through it. Based on the risk assessment, random identity and physical check is carried out. The consignment is under official detention until the results of the official control are obtained. Increased levels of official controls on imports of certain feed and food of non-animal origin is needed in case of content of heavy metals, mycotoxins, residues of pesticides (COMMISSION REGULATION (EC) No 669/2009) and in risk of aflatoxins (COMMISSION IMPLEMENTING REGULATION (EU) No 884/2014). **The Annex I of the COMMISSION REGULATION (EC) No 669/2009 changes on regular basis – every 6 months. Currently, there are following products**

under risk of pesticide residue (with frequency of physical control of 50%): Yardlong beans, aubergines and Chinese celery. The actual Maximum Residue Levels (MRL) of specific pesticide allowed in specific products can be searched at this link: <http://ec.europa.eu/food/plant/pesticides/eu-pesticides-database/public/?event=pesticide.residue.selection&language=EN>.

Maximum levels for certain contaminants in foodstuffs (based on Commission Regulation (EC) No 1881/2006) is available to download from the link: <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32006R1881>.

In case of non-compliance of the consignment in the official control, following actions are possible: destruction of the consignment (especially if the result of the official control indicates that a consignment is injurious to human health), special treatment or re-dispatch of the consignment. The feed or food business operator responsible for the consignment or its representative shall be liable for the costs incurred by competent authorities.

3.1.2 FOODSTUFFS IMPORTED INTO THE EU ARE PROHIBITED

Currently, there are prohibited to import foodstuffs containing or consisting of betel leaves („Piper betle“) from Bangladesh (COMMISSION IMPLEMENTING DECISION 2014/88/EU) until 30.6.2018 and dried beans from Nigeria declared under CN code 0713 39 00 (COMMISSION IMPLEMENTING REGULATION (EU) 2015/943) until 30.6.2019.

3.1.3 „RED LIST“ – BASED ON REGULATION (EC) NO 882/2004 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

According to Article 15 Regulation (EC) No 882/2004, a member state can create own list of commodities not regulated by European law with the potential risk of non-compliance with the European or member state law. Information about consignment for CAFIA is given by the Custom Office. Currently in the Czech republic, following foodstuffs are on the „Red list“: brazil nuts from Bolivia, wheat from USA, jelly candies from all third countries (for example E 425), dietary supplements from India and China.

3.1.4 FOODSTUFFS WITH SPECIAL IMPORT CONDITIONS ACCORDING TO NATIONAL LEGISLATION

Food business operators (FBO) have to inform relevant supervisory authorities on the reception of selected sorts of foodstuffs originating in other EU Member States or a third country. There is no designated point of entry, goods can be unloaded anywhere. Following foodstuffs of plant origin are concerned by the Government Regulation: fresh fruit (peaches and nectarines, pears, apples, plums and damson plums, oranges, bananas and table wine grapes), fresh vegetables (onion and garlic, carrot, knob celery, tomatoes, peppers and salad cucumbers, cabbage, cauliflower and broccoli), early consumable potatoes and late consumable potatoes, products made from grapes (pursuant to Regulation No. 1308/2013 on common organization of the markets in agricultural products, including pomace, in packaging no smaller than 2 l (not intended for final consumers) and wine in bulk), fresh wine grapes other than table grapes, poppy seeds and food supplements. For food of animal origin (except for fresh fish products, collagen and similar), the competent authority is the State Veterinary Office.

The FBO have to provide mandatory information in the place of destination pursuant to the Government Regulation. These information include: kind of the foodstuffs arriving into the place of destination, amount of foodstuffs arriving into the place of destination, member state or third country, name and address of the FBO dispatching the foodstuff into the place of destination, name, address and identification number of the place of destination and recipient of the foodstuff and date of arrival of the foodstuffs into the places of destination. Information of the arrival of the foodstuff has to be delivered by the FBO using the CAFIA notification web form (only in Czech. <http://www.szpi.gov.cz/dovozy-prihlaseni.aspx>). The information shall be sent 24 hours before the arrival of the foodstuffs at the latest.

REQUIREMENTS FOR FBO - ESTABLISHMENT

FBO from third countries do not have to fulfil REGULATION (EC) No 852/2004 of the European Parliament and of the Council on the hygiene of foodstuffs itself but have to follow the same requirements and aims set up in this regulation. As far as possible, food business operators are to ensure that primary products are protected against contamination. Food business operators are to keep and retain records relating to measures put in place to control hazards in an appropriate manner and for an appropriate period, commensurate with the nature and size of

the food business. FBO have to keep clean and, where necessary after cleaning, to disinfect, in an appropriate manner, facilities, equipment, containers, crates, vehicles and vessels. Anyway, HACCP IS RECOMMENDED NOT OBLIGATORY.

GENERAL FOOD HYGIENE REQUIREMENTS

Conveyances and/or containers used for transporting of foodstuffs are to be kept clean and maintained in good repair and condition to protect foodstuffs from contamination and are, where necessary, to be designed and constructed to permit adequate cleaning and/or disinfection. Food waste, non-edible by-products and other refuse are to be removed from rooms where food is present as quickly as possible, so as to avoid their accumulation. There is to be an adequate supply of potable water, which is to be used whenever necessary to ensure that foodstuffs are not contaminated. Clean water may be used with whole fishery products.

Every person working in a food-handling area is to maintain a high degree of personal cleanliness and is to wear suitable, clean and, where necessary, protective clothing. A food business operator is not to accept raw materials or ingredients, other than live animals, or any other material used in processing products, if they are known to be, or might reasonably be expected to be, contaminated with parasites, pathogenic microorganisms or toxic, decomposed or foreign substances to such an extent that, even after the food business operator had hygienically applied normal sorting and/or preparatory or processing procedures, the final product would be unfit for human consumption.

At all stages of production, processing and distribution, food is to be protected against any contamination likely to render the food unfit for human consumption, injurious to health or contaminated in such a way that it would be unreasonable to expect it to be consumed in that state. Where foodstuffs are to be held or served at chilled temperatures they are to be cooled as quickly as possible following the heat-processing stage, or final preparation stage if no heat process is applied, to a temperature which does not result in a risk to health.

Food handlers must be supervised and instructed and/or trained in food hygiene matters commensurate with their work activity. Those responsible for the development and maintenance of the procedure referred to in Article 5(1) of this Regulation or for the operation of relevant guides have received adequate training in the application of the HACCP principles. Every person working in a food-handling area is to maintain a high degree of personal cleanliness and is to wear suitable, clean and, where necessary, protective clothing. No person suffering from, or being

a carrier of a disease likely to be transmitted through food or afflicted, for example, with infected wounds, skin infections, sores or diarrhea is to be permitted to handle food or enter any food-handling area in any capacity if there is any likelihood of direct or indirect contamination. Any person so affected and employed in a food business and who is likely to come into contact with food is to report immediately the illness or symptoms, and if possible their causes, to the food business operator.

3.2 IMPORTANT WEBSITES AND GUIDELINES – IMPORT TO CZECH REPUBLIC (AND EU)

Ministry of Industry and Trade of the Czech Republic is the central body of state administration for the economic and commercial policy, the affairs of small and medium-sized enterprises, the energy and raw material policy of the state, and co-ordination of the Czech Republic's foreign trade policy in relation to the different countries and in support for export, for electronic communication and postal services.

<http://www.mpo.cz/en/>

Ministry of Agriculture of the Czech Republic is a central department of state administration, responsible for agriculture, water management, the food industry and forest, hunting and fishing management in the Czech Republic, excluding the areas of national parks.

<http://eagri.cz/public/web/en/mze/ministry/>

Czech agriculture and Food Inspection authority (CAFIA) is a state administration body subordinate to the Ministry of Agriculture. It is a state authority responsible for supervision of safety, quality and labelling of foodstuff.

<http://www.szpi.gov.cz/en/default.aspx>

CAFIA: **Information for Importers.** <http://www.szpi.gov.cz/en/informations-import.aspx>

European Commission: GUIDANCE DOCUMENT. Key questions related to import requirements and the new rules on food hygiene and official food controls.

https://ec.europa.eu/food/sites/food/files/safety/docs/ia_ic_guidance_import-requirements.pdf

European Commission: Import Conditions.

http://ec.europa.eu/food/safety/international_affairs/trade_en

Czech Chamber of Commerce: Business in the Czech Republic.

<http://www.komoracz.eu/doing-business-in-the-czech-republic/business-in-the-czech-republic/business-in-the-czech-republic.aspx>

Czech – East Asian Chamber of Commerce.

<http://www.asian-center.cz/?cesko-vychodoasijska-komora,3>

Euro-Asijská mezinárodní obchodní komora, o.s. (Euro-Asian international chamber of commerce), address: Václavské náměstí 808/66, Nové Město (Praha 1), 110 00 Praha

3.3 IMPORTANT CONTACTS: CZECH ASSOCIATIONS AND UNIONS OF PRIVATE COMPANIES ACTIVE IN AGRI-BUSINESS AND RELATED SECTOR (TECHNOLOGIES, ETC.)

Confederation of Industry of the Czech Republic (SP) – in the field of international trade, the SP organizes business missions accompanying highest political representatives of the Czech Republic, reciprocal receiving of the foreign business delegations, production of various seminars and trade promotion meetings and dissemination of related information.

<http://www.spcr.cz/en>

Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic is the main representative of the broadest business segment and apart from legislation, export, innovation, education, and financing of SME it focuses its activities on family businesses, crafts, young business, local producers, small shops and gastronomy establishments, women in business, and businesses in the countryside.

<http://www.ampsp.cz/?lang=2>

Czech Agricultural And Forestry Machinery Association A.ZeT - The Czech Agricultural And Forestry Machinery Association A.ZeT website allows to get access to hundreds of machines from stocks of the Czech companies, not only the A.ZeT member firms. The information on this site is provided directly from sellers lists and it's updated regularly.

<http://www.zetis.cz/htm/en/intro.phtml>

Czech Chamber of Commerce is independent business support organisation, largest and most representative business association in the Czech Republic representing small, medium-sized and large companies, self-employed entrepreneurs, associations, unions and craftsmen organizations

<http://www.komoracz.eu/>

4. INVESTMENT OPPORTUNITIES IN CAMBODIA

4.1 CAMBODIA INDUSTRIAL DEVELOPMENT POLICY, INVESTMENT LAW

The development of Cambodia's industrial sector is confronted with five key obstacles: First, the lack of leadership, coordination and effective decision-making especially on all important issues especially related to the inadequate supply of electricity, infrastructure and logistics, human resource and skills as well as other supporting infrastructures; Second, the scarcity of basic technical knowledge and skills that is crucial to transform an unskilled labor-force into a skilled labor force capable of absorbing new and high value technical and technological skills; Third, inadequate preparation of the necessary industrial infrastructure, especially as related to insufficient coordination in physical infrastructure investment such as supply of electricity,

cleanwater, telecommunication network, sewage and public service provision; Fourth, limited financial market development that hinders the financing of industrial projects and lack of financing mechanism for public and private sector projects; and Fifth, issues related to the labor market and industrial relations that is key to labor market stability with adequate supply of labor, increase in productivity and better livelihood for the workers.¹

The Royal Government of Cambodia (RGC) vision is to transform and modernize Cambodia's industrial structure from a labor-intensive industry to a skill-driven industry by 2025, through connecting to regional and global value chain; integrating into regional production networks and developing interconnected production clusters along with efforts to strengthen competitiveness and enhance productivity of domestic industries; and moving toward developing a technology-driven and knowledge-based modern industry. In order to realize the said vision and the targets set above, the RGC has embraced four strategies:

First, mobilizing and attracting foreign investments as well as private domestic investments by focusing on large industries, expanding markets and enhancing more technology transfer; Second, developing and modernizing small and medium enterprises (SMEs) (expanding and strengthening the manufacturing base, modernizing the registration of enterprises, ensuring technology transfer and industrial linkages); Third, revisiting the regulatory environment so as to strengthen the country competitiveness (investment climate and trade facilitation, market information dissemination and informal fees reduction); and Fourth, coordinating supporting policies (development of human resource, technical training, improvement of industrial relations, development of support infrastructure such as transportation/logistics and information

and communication system (ICT), supply of electricity and clean water, and public, social and financial services².

The strategic approach of the Industrial Development Policy 2015 - 2025 is to promote the development of the manufacturing sector and agro-processing industry through integration into regional and global production chain

The Law on Foreign Investment in the Kingdom of Cambodia of 1994 established the Council for the Development of Cambodia (CDC). This law made the CDC the highest decision-making level of the government for private and public sector investment. It is chaired by the Prime Minister and composed of senior ministers from related government agencies. In addition to reviewing applications for investment incentives, the mission of the Council for the Development of Cambodia (CDC) is to promote and facilitate foreign and local investments. In order to accomplish this goal, it is charged with several functions:

- to provide information to potential investors;
- to review investment applications and grant incentives;
- to monitor investment projects after implementation.
- to provide after-care service to investor in their project's implementation
- to provide a platform for private sector to participate in policy dialogue with the government

through its bi-annual Government-Private Sector Forum³

At the CDC webpage, you can find information about relevant laws and regulations, investment scheme of information needed to start investments in Cambodia.

Investments in Cambodia could be granted with investment incentives, especially for the Qualified Investment Projects (QIP) which shall be entitled to import production equipment, construction materials exempt of duties. Export QIP shall be entitled to import production equipment, construction material, raw material, intermediate goods and production input accessories exempt of duties. A QIP shall be entitled to exemption from the tax on profit imposed under the Law on Taxation by obtaining a profit tax exemption period, the tax exemption period is composed of a Trigger Period + 3 Years + Priority Period. A QIP shall be entitled to 100% exemption of export tax, except for activities as stipulated in laws in effective⁴.

According to the Ministry of Commerce⁵, there are several reasons why to invest in Cambodia, for example macroeconomic stability, pro-business government, competitive Investment Incentives, one stop service investment promotion agency, investment protection, efficient infrastructure and strategic location, sound financial sector and abundant resources, labor and land. Currently, investment opportunities in Cambodia are especially in these sectors:

- Agriculture and Agro-Industry
- Labor Intensive Industry
- Processing Industry
- Tourism Sector
- Transportation and Logistic
- ICT
- Energy
- Oil, Gas and Mining
- Human Resource Development and Education⁵

IMPORTANT LINKS:

- Council for the Development of Cambodia: Cambodia Investment Guidebook. 2013.
http://www.cambodiainvestment.gov.kh/content/uploads/2014/03/Guidebook2013_English_ALL.pdf
- Council for the Development of Cambodia: Investments Incentives.
<http://www.cambodiainvestment.gov.kh/investment-scheme/investment-incentives.html>
- Royal Government of Cambodia: Cambodia Industrial Development Policy 2015 - 2025.
http://www.mih.gov.kh/File/UploadedFiles/12_9_2016_4_40_0.pdf
http://www.cambodiainvestment.gov.kh/content/uploads/2015/09/IDP-English-Version_FINAL1.pdf
- General Department of Customs and Excise of Cambodia: Handbook on Customs Clearance Available at: <http://www.customs.gov.kh/publication-and-resources/publications/>

4.2 CAMBODIA INTERNATIONAL MACHINERY INDUSTRY FAIR (CIMIF)

According to the Ministry of Industry and Handicrafts, one of the best ways to start the business with technologies related to agri-business (for example, processing of agricultural products, packaging, machineries, etc.) is to participate at the Cambodia International Machinery Industry Fair as an exhibitor.

Cambodia International Machinery Industry Fair (CIMIF) is the largest specialized exhibition in Cambodia (almost 8,900 visitors participated in CIMIF 2015). The Fair is a great opportunity for exhibitors to reach a large proportion of the International Machinery Industrial in Cambodia. CIMIF is co-organized with Ministry of Industry and Handicrafts and Cambodia Chamber of Commerce. The CIMIF is organized every year, usually in summer. In 2017, CIMIF will be organized in August 25-28 in Phnom Penh.

The Fair is divided to several sections:

- CamboAuto - Cambodian Int'l Auto parts & Accessories Exhibition
- CamboPlas - Cambodian Int'l Plastics, Rubber Fair
- CamboPack - Cambodian Int'l Packaging Fair
- CamboPrint - Cambodian Int'l Printing Fair
- CamboFoodtech - Cambodian Int'l Foodtech Industry Fair
- CamboAgrotek - Cambodian Int'l Agriculture Techniques & Equipment Exhibition
- CamboMachtool - Cambodian Int'l Machine Tool and Automation Exhibition
- CamboToolware - Cambodian Int'l Hardware & Tools Fair
- CamboP&E - Cambodian Int'l Electrical, Electronic, Electric Power Equipment and Lighting Technology Fair



4.3 CHECKLIST INFORMATION FOR EXPORTING TO CAMBODIA

1) Registration:

- Be a company registered with DBR/Ministry of Commerce
- Register for VAT at GDCE/Ministry of Economy and Finance

2) Prohibited and Restricted Goods:

Make sure that the goods do not fall into the category of prohibited and restricted goods (weapons, narcotics, psychotropic substances and hazardous chemical substances).

3) Sanitary and Phytosanitary Requirements:

Related goods to SPS, you will have to comply with the special regulations relating to those goods. You may need to be registered, obtain a license and for each consignment a permit those goods, either from the GDL/GDA at the Ministry of Agriculture, Forestry and Fisheries

4) Technical Requirements:

For certain types of products it may be necessary to obtain a permit that certifies that the products conform to certain technical standards. These technical regulations are administered by the Ministry of Industry and Handicrafts.

5) Customs Declaration:

All goods must be declared and duty and taxes are payable on them unless they are covered by an exemption or such duty and taxes are suspended

6) Classification and Valuation Verification:

Customs duty is payable on imported goods as a percentage of their declared value. The rate of duty payable on good imported into Cambodia varies according to the commodity and the country origin.

7) ASYCUDA World:

The importer may use Customs provided computer terminals to complete the Customs Declaration
- SAD

8) Payment of Duties:

After successful payment of import duties and taxes, Customs will issue a Customs receipt through ASYCUDA

9) CAMCONTROL:

Government agency mandated to ensure the quality and safety of products and services for the protection of consumers' health and safety; ensure the protection of consumers' economic interests; ensure the compliance of the regulatory requirements related to trade; and provide the service of commercial inspection. - The goods of Food, Chemicals, Drugs and Electric and Electronic equipment, must be made to the office of CAMCONTROL

10) Certificates of Origin:

Cambodian exporter would be required to obtain a Certificate of Origin.

For more detailed information, please go to the link:

<http://www.cambodiantr.gov.kh/index.php?r=site/display&id=3>

4.4 IMPORTANT CONTACTS: CAMBODIAN GOVERNMENTAL INSTITUTIONS DEALING WITH FOREIGN INVESTMENTS AND AGRI-BUSINESS

- Council for the Development of Cambodia (CDC) is the highest decision-making level of the government for private and public sector investment. It is chaired by the Prime Minister and composed of senior ministers from related government agencies. The CDC, through its operational arms the Cambodian Investment Board (CIB) and the Cambodian Special Economic Zones Board (CSEZB), assists investors to respond to any questions or address the needs of potential investors in Cambodia.

<http://www.cambodiainvestment.gov.kh/>

- Cambodia Chamber of Commerce is a voluntary membership-based and is a not-for-profit institution representing private sector interests in commercial, industrial, service and craft and agricultural sectors and dedicates to the economic well-being of their territory and of the country as a whole.

www.ccc.org.kh

- Cambodia Investment Board

<http://www.cambodiainvestment.gov.kh/>

- Ministry of Industry and Handicrafts (MIH) of the Kingdom of Cambodia is a government ministry responsible for industry and handicrafts in Cambodia.

<http://www.mih.gov.kh/>

- Ministry of Commerce (MoC) of the Kingdom of Cambodia provides to the public all the services to meet business and investment interests and implements Cambodia's trade policies for the benefit of the Cambodian people. The MoC responsibilities include the areas of trade, economic development, technology, entrepreneurship, business development and a provider of statistical research and analysis. Ministry of Commerce is committed to providing transparent services by automating the Company Registration and Certificate of Origin processes and by educating the Ministry's staff to better serve the private sector needs of Cambodia.

www.moc.gov.kh

- Ministry of Economy & Finance (MEF) of the Kingdom of Cambodia accounts for the administration of financial and economic policy and affair in the Kingdom of Cambodia.

www.mef.gov.kh

- Ministry of Agriculture, Forestry and Fishery (MAFF) is responsible for governing activities of agriculture, forestry and the fishery industry in Cambodia.

www.maff.gov.kh

- Cambodian Agricultural Research Development Institute provides trainings and consultancy in agricultural practices, provides seeds and transplantation material.

<http://www.cardi.org.kh/?page=&lg=en>

- General Department of Customs and Excise of Cambodia is responsible for any legal action pertaining to duty levied by the government on any imported and exported goods. Other responsibilities include management, control and levying taxes and fare on any imported and exported goods, curb and prevent any kind of act regarding customs wrongdoings. In addition, the General Department of Customs and Excise of Cambodia facilitates international trade.

www.customs.gov.kh

4.5 IMPORTANT CONTACTS: CAMBODIAN ASSOCIATIONS AND PRIVATE COMPANIES ACTIVE IN AGRI-BUSINESS

- Cambodia Rice Federation (CRF) is a voice of Cambodia rice industry established by election on 19 May 2014 by 213 founding members representing the rice exporter federations, farmer federations, rice miller associations, rice exporter companies, logistics companies, etc.

<http://www.crf.org.kh/>

- Cambodian Rubber Association

- Kampot Pepper Promotion Association (KPPA) is in charge of managing the Kampot Pepper geographical indication. This inter-professional association regroups all the actors of the industry: producers, traders, processors and packagers.

<http://www.kampotpepper.biz/>

- Cambodia Cassava Development Association's mission is to promote, foster and encourage the development and popularity of sustainable cassava cultivation in Cambodia, as well as promoting Cambodian economic development.

www.cambodiacassava.org or <https://www.facebook.com/CambodiaCassavaDevelopment>

- Cashew Nut Association of Kampong Thom

<http://kh56156.ypp.com.kh/>

- Federation of Associations for Small & Medium Enterprises of Cambodia (FASMEC) is a non profit organization, working to enhance SMEs promotion and development and lobbying for a good business environment for SMEs. FASMEC provides a robust web based service to all kind of companies, organizations and governmental institutions.

<http://www.fasmec.com/> or <https://www.facebook.com/FASMEC>

- Cambodian Organic Agriculture Association (COorAA) is nationwide private sector organization working for the promotion of organic agriculture in Cambodia. COorAA is unifying organizations and individuals in Cambodia that are active in organic farming, processing, marketing, trading, and any kinds of support to organic agriculture

<http://kh28510.ypp.com.kh/> or <https://www.facebook.com/Cambodian-Organic-Agriculture-Association-COrAA-101302199967897/>

- Co-operative Association of Cambodia is a not-for-profit and not-for-charity organisation, working with local co-ops to help villagers establish agri-businesses and micro-enterprises such as palm sugar processing or ceramics production, teach basic business skills and help the villagers find and access markets for their products.

<http://caccambodia.com/language/en/home/>

- Khmer Organic Cooperative focuses on production of organic fruits and vegetables at an affordable price for Cambodians and the rest of the world.

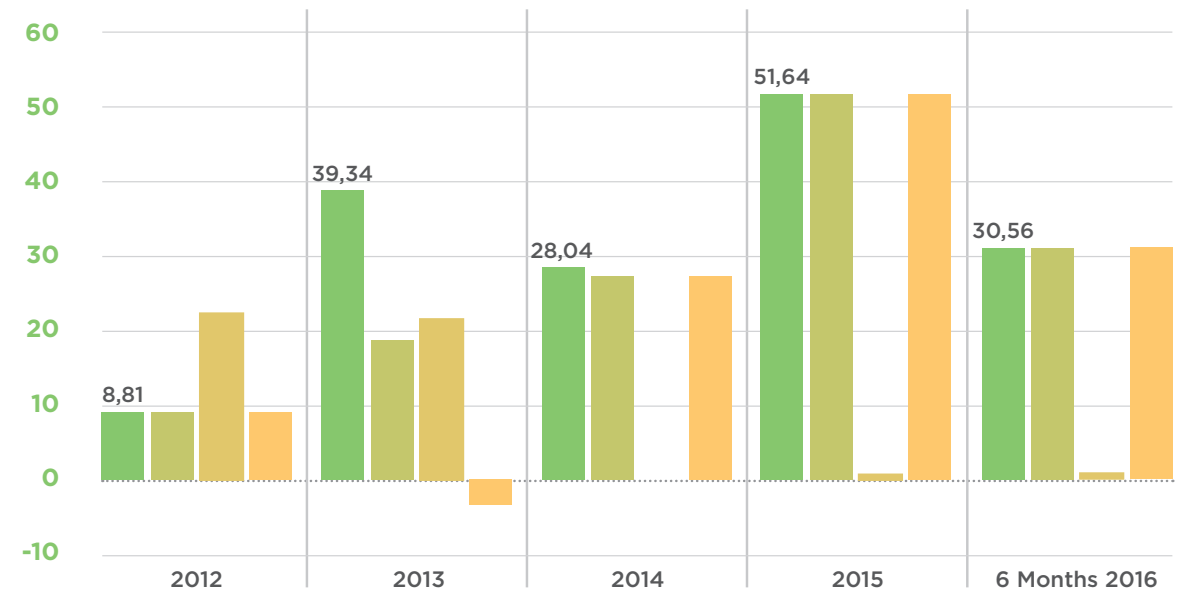
<http://www.khmer-organic.com/>

5. COOPERATION BETWEEN CAMBODIA AND CZECH REPUBLIC

5.1 CURRENT STATE OF TRADE BETWEEN CAMBODIA AND CZECH REPUBLIC

Based on the information provided by the Ministry of Commerce (Cambodia), Cambodia is exporting to Czech Republic mainly textiles, cereal & related agricultural products, machinery and electronics spare part. On the other hand, Cambodia is importing from Czech Republic following goods: machinery, vehicles, electronic products, beverages and related chemical elements. The data related to the trade between Cambodia and Czech republic are defined in Figure 1 and Table.

FIGURE 1: CAMBODIA'S TRADE WITH CZECH REPUBLIC (IN USD – MIL.)



● Trade Volume ● Export ● Import ● Trade Balance

Source: Ministry of Commerce

TABLE 2: CAMBODIA'S TRADE WITH CZECH REPUBLIC

YEAR	EXPORT (USD-MIL)	IMPORT (USD-MIL)	TRADE VOLUME	VARIATION TRADE VOLUME (%)
2012	7,68	0,05	7,73	
2013	17,61	20,61	38,22	394%
2014	27,78	0,14	27,92	-27%
2015	51,43	0,23	51,66	85%
6 Months 2016	30,39	0,35	30,74	

Source: General Department of Customs and Excise, CAMBODIA

Regarding trade with the world, Cambodia is exporting preliminary textiles and footwear, agricultural products (rice, rubber, sugar, cassava, etc.), bicycles, machinery spare parts and electronics parts. The most important commodities imported to Cambodia include raw materials of textiles and footwear, petroleum, vehicles, machinery, electronics and electricity device, construction materials.

Each year in average, Cambodia export the agricultural products around 6% of its total export value. Cambodia needs to expand the export value of this sector due to its potential inputs for agricultural sectors (productive land, labor force, etc.). The agricultural products mainly exported (and with the highest potential) include rice, cashew nuts, cassava, maize, silk, rubber, soybean, fruits, palm sugar and vegetables.

5.2 BUSINESS TO BUSINESS (B2B) GRANT PROGRAMME OF THE OFFICIAL DEVELOPMENT ASSISTANCE OF THE CZECH REPUBLIC

Czech Development Agency supports active engagement of the Czech private sector in the development of local markets. The Agency provides financial support to Czech partners to establish new partnerships with local entrepreneurs. The aim is to support private sector development in the developing countries, by establishing e.g. joint ventures, or through private sector engagement through assistance to assist Czech companies with drafting of business plans and feasibility studies when entering the local markets. As a bottom line, the programme looks for new solutions to development challenges through facilitated transfer of know-how, standards, and technologies.

Czech Development Agency can help Cambodian companies to find a suitable partner for their businesses as the Agency aims to connect local businesses with Czech investors and/or entrepreneurs. The business of Cambodian companies can be enhanced through cooperation with the Czech partners by:

- Facilitating expertise training by Czech experts for the local company employees
- Exchanging the know-how on products, management or financing
- Finding a suitable investor for a project of the of Cambodian company
- Identifying new export opportunities for the company products

The Agency encourages Czech companies to contribute to the development of the business environment, and the expertise of local partners. The Czech Development Agency offers up to 90% co-financing in the preparatory and 50% in the implementation phase. These projects should be implemented by Czech companies in collaboration with local partners. Typically, the following activities are supported: feasibility studies; expertise training (transfer of know-how); capacity building; drafting of business plans; setting up of joint ventures; longer-term B2B projects (business partnerships). The grant scheme is opened twice a year for the submission of proposals (usually November, May).

Czech Development Agency is a state agency under the authority of the Ministry of Foreign Affairs of the Czech Republic. It is an implementing body of the Czech Development Cooperation. The Agency is primarily focused on reducing poverty, increasing quality of life and supporting global sustainable development. Its main tasks include designing, financing and monitoring of development projects. At the same time it provides necessary support during the implementation

phase of the projects. Currently, it manages projects in 12 partner countries. The annual budget of the Czech Development Agency is approximately 180 million EUR.

More information is available at the link <http://www.czechaid.cz/en/get-involved/private-sector/>

The relevant contact at the Czech Development Agency is

Ms Barbora Latečková (Manager of the B2B Programme):
lateckova@czda.cz, +420 702 144 504.

5.3 AID FOR TRADE PROGRAMME

The Aid for Trade programme is managed by the Ministry of Industry and Trade of the Czech Republic in cooperation with the Ministry of Foreign Affairs. Czech Embassy is collecting the suggestions and topics for future projects and is forwarding them to the Ministry of Industry and Trade until 30 of September. Based on the best suggestions, calls for proposals are announced at the beginning of the following year. The project suggestions and topics are collected at the Czech Embassy in the form of document – “Development Project Identification Form” which has to be filled out by the Cambodian partner, best by a governmental institution. For example, in case of the Aid for Trade project 2016, the Form was submitted to the Czech Embassy by the Ministry of Industry and Handicrafts and UNIDO Cambodia.

The projects under the Aid for Trade programme aim in particular for assistance to partner countries in trade facilitating and liberalizing in order to develop their business and needed capacities, their better integration into the international trading system and obtaining the related benefits and profits, help the state administration in creating trade policies, determination of the rules and strategies for administrative barriers removal, in formulating and implementing the rules of the domestic market, promotion of business climate, development of small and medium-sized enterprises, etc. In a broader sense, the projects aim also for the development of local production capacity, infrastructure establishment in order to promote trade, technology transfer and services associated with their installation, etc.

The Aid for Trade projects reflect needs of the partner country in different sectors based on the strategic governmental documents.

At presents, the projects are rather smaller (with the maximum budget of approx. 1 mil. CZK – equivalent to 38,000 USD including VAT), their duration is up to 8 months (latest until 25 of November). The typical activities of the Aid for Trade projects are organization of trainings, workshops, round tables, feasibility studies development, etc. with the aim of Czech know-how transfer and experience sharing. Provision of small technical equipment might be part of the projects too.

5.4 BUSINESS PLATFORM FOR FOREIGN DEVELOPMENT COOPERATION

The Business Platform for Foreign Development Cooperation is a voluntary society uniting Czech entrepreneurs and its associations involved or interested in projects of foreign development cooperation and official development assistance. Membership includes major employers associations and major implementers of development projects. More than 1,200 companies are represented in the Platform (either individually or through associations). The list of the Business Platform members is available at this link:

<https://www.ppzrs.org/inpage/clenska-zakladna/>

One of the main goal of the Platform is to assist to the Czech private sector in form of support in Official Development Assistance (ODA) projects engagement, support in investing to developing countries and consulting them in doing business in partnership with companies from foreign market. In future, the Business Platform plans to further support business partnerships between Czech companies and their partners in developing countries; cooperate with the Czech development agency in B2B programme running; search for efficient tools of development financing focused to business investment projects in developing countries; and focus on the dissemination of Czech companies' know-how into international development cooperation projects.

According to the Business Platform, the perspectives of the private sector in development cooperation are mainly in:

- Business partnership with local partners
- Investment projects supported by the European development finance institutions

For these, proper environment has to be enabled in the development countries. For example through education of the local public officers of how to support local investments, development of standardisation and technical norms or proper implementation of internal auditing and finance management in the public institutions. The cultivation and building of the capacity of employers' associations and chambers of commerce as intermediaries between recipients of technical assistance and worldwide donor organizations is an important precursor to the business of the partnership but also to foreign investors. This cultivation for sustainable development, fair trade and investment is needed on both sides of the development line.

Link of the Business Platform for Foreign Development Cooperation: <https://www.ppzrs.org/>

MANUAL ENHANCEMENT OF AGRI-BUSINESS BETWEEN CAMBODIA AND CZECH REPUBLIC

Name:

MANUAL. ENHANCEMENT OF AGRI-BUSINESS BETWEEN CAMBODIA AND CZECH REPUBLIC

Publisher:

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Intended mainly for:

**PRIVATE COMPANIES AND BUSINESS ASSOCIATIONS DEALING
WITH AGRICULTURAL PRODUCTS IN CAMBODIA AND CZECH REPUBLIC**

Printed by:

BANTU DESIGN, S.R.O.

Number of copies: **40**

Number of pages: **30**

Year of publication: **2017**