MINISTRY OF ECONOMY AND FINANCE

Phnom Penh, 11 September 2008

PRAKAS

ON

SPECIAL CUSTOMS PROCEDURES TO BE IMPLEMENTED IN SPECIAL ECONOMIC ZONES

- Seen the Constitution of the Kingdom of Cambodia
- Having Seen Reach Kram No 02/NS/RKT/0704/124 dated 15 July 2004 on the Appointment of the Royal Government;
- Having Seen Reach Kram No 02/NS/94 dated 20 July 1994 promulgating the Law on the Establishment and Organization of the Council of Minister;
- Having Seen Reach Kram No 02/NS/RKM/0196/18 Dated 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having Seen Reach Kram No 02/NS/RKM/0707/017 dated 20 July 2007 promulgating the Law on Customs;
- Having Seen Anukret No 04 ANK.BK dated 20 January 2000 on the Establishment and Organization of the Ministry of Economy and Finance;
- Referring to the necessity of the Ministry of Economic and Finance.
HEREBY DECIDES

Praka 1.-
This Prakas is for the implementation of special customs procedures in SEZs as stipulated in the annex to this Prakas.

Praka 2.-
Any other laws or regulations that conflict with this prakas shall be considered nullified.

Praka 3.-
The Delegate of the Royal Government in charge of the Customs and Excise Department, tax collection points, Secretaries General, Chiefs of Cabinet, Department Directors and any other entities under the direction of the Ministry of Economy and Finance as well as other individuals and relevant institutions must effectively implement this prakas from the day of the signing of this prakas.

Senior Minister of
The Ministry of Economy and Finance
Signature
Keat Chhon

CC:
- Ministry of the Royal palace
- Secretariat General of the Senate
- Secretariat General of the National Assembly
- Cabinet of Samdech Akka Moha Sena
  Padei Techo Hun Sen Prime Minister
  of the Kingdom of Cambodia
- Council of the Minister Ministers
- Committee of Cambodia Special Economic Zones
  "To be informed"
- Customs and Excise Department
- As Praka 3
- Cambodia Chamber of Commerce
  "For publicized cooperation and implementation"
- Official Journal
- Document - Archive
ANNEX

To Prakas №: 734 MEF.BK Dated 11 September 2008
Issued by the Ministry of Economy and Finance on
SPECIAL CUSTOMS PROCEDURE
FOR THE IMPLEMENTATION OF THE SPECIAL ECONOMIC ZONE

1. Purpose and Scope

For the purposes of enhancing the competitiveness and attracting investment in the Kingdom of Cambodia in the Special Economic Zone (SEZ), trade facilitation relating to customs procedure require separate implementation of special customs procedure and less control mechanism than normal check points and to facilitate transportation in and out of the area. The special customs procedure is to be applied for current and future SEZ.

2. Definition

Special Economic Zone refers to the special area for the development of the economic sectors which brings together all industrial and other related activities and may include General Industrial Zones and/or Export Processing Zones. Each Special Economic Zone shall have a production area which may have a Free Trade Area, Service Area, Residential Area and Tourist Area. The procedure for establishment and management in the SEZ must be complied with existing Laws and Regulations especially Law on Investment, Fiscal Law, Customs Law and Sub-Decree on the Establishment and Management of the Special Economic Zone.

The special customs procedure for the implementation in the SEZ refers to the simplify customs formalities which competent customs officers, working permanently in each SEZ, can work persistently. The competent customs officers shall provide treatment or verify the conformity with the following provisions of point 3 of the special customs procedure for Zone Developer and Zone Investor both construction and business and production period. The duties are as follows:

- Implementing the decision of Cambodia Special Economic Zones Board to import construction materials and equipments for constructing the Zone Developer's area.
- Participating in the Special Economic Zone Administration to consider and to make in place decision of incentive imported production materials, construction equipments, production inputs by Zone Investors.

- In case of customs procedure is occasionally delayed, the competent customs officers shall facilitate for advance clearance.

- Managing controlling and verifying the compliances relating to task and duties of the Zone Developer and Investor during the construction, business, production, transportation to or from the area, Imported or Exported points and customs formalities at Entrance or Exit or in the Area.

3. The Special Customs procedure

3.1 Fencing SEZ and FTA.

3.1.1 To ensure the effectiveness of management, the Zone Developer shall firstly develop fence surround the zone with precise entrance and exit, build up office building for administration management in the area and necessary infrastructure in advance so that administrative officers working permanently in the SEZ, especially authorized customs officers who are responsible for coordinating and controlling Importation and Exportation in the Area.

3.1.2 Built-up concrete fence separately for producing, outward processing and FTA and all locations of each zone Investor.

3.2 Delegation to the representative of customs and excise working permanently in the SEZ: Director General of Customs and Excise Department shall authorize the representative to make decision on the permission of imported or exported goods in the SEZ on behalf of Ministry of Economy and Finance (MEF) or CED. Further delegation to the representative of CED working in SEZ on the decisions on behalf of MEF, can be done in case of prior approval or delegation in principal to CED by MEF. The duties are as follows:

3.2.1 Joining decision on master list of each item which is granted incentive imported duty or tax with the Special Economic Zone Administration.

3.2.2 Allowing to transport goods from border gate to process imported customs formalities in SEZ, both for the construction of infrastructure by zone developer and production process or business of the zone investor together with the right to authorize goods or equipments under state burden duty and tax compliance with the provisions of
existing law and regulation without limiting quantity or value, except for high sensitive or abnormal goods which shall be permitted from CED in advance.

3.2.3 Allowing to process exported customs formalities in place then transport straight to border under customs surveillance.

3.2.4 Allowing to process customs formalities exported goods from SEZ for home use and the goods from other customs territories into SEZ.

3.2.5 Cooperating with other competence authorities, if necessary, to permanently monitor and surveillance on possibility of occasional violation and any offences, especially relating to incentive goods in the purpose of SEZ but veer destination for domestic market.

3.3 Determination of National Customs Territory and Different Customs Territory of Special Economic Zone:

3.3.1 With mutual understanding between the Zone Developer and the Zone Investor in the framework of each Special Economic Zone Administration, the authorized Customs officer shall divide each Special Economic Zone into two different parts: National Customs Territory and Different Customs Territory.

3.3.2 National Customs Territory is an area where the export or import exits or enters the Customs territory, which is the objective of implementation of the existing Customs procedure such as process Customs formalities, Customs duties and taxes paid and getting the same treatment as normal procedure. National Customs Territory of Special Economic Zone consists of supply trade service and other services such as Transportation, Tourism, Living and Residential Construction which are the basis of trade activities and other needs.

3.3.3 Different Customs Territory is an area where export or import exits or enters the territory which is considered as temporary storage out of National Customs Territory; especially, involved with the implementation of the Different Customs Procedure in processing of quick Customs formality and getting the most favorite treatment as much as possible. Different Customs Territory of Special Economic Zone consists of General Industry Zone, Export Processing Zone and Free Trade Area.

3.4 Facilitation of internal goods flows in and out of the Different Customs Territory of Special Economic Zone of the Zone Investor:

3.4.1 For Special Economic Zone located near the official Border gate or twenty (20) kilometers from inland or coastal border of Customs Zone:
3.4.1.1 Setting up Seamless Route

A. The representative of authorized Customs officer in Special Economic Zone shall consider and propose to the Customs and Excise Department for determining the seamless route to transport goods in-out between Special Economic Zone and official border gate without submit Customs declaration at border gate by showing and giving a copy of supporting documents related to the transit goods.

B. Supporting documents of imported goods are Invoice, Transport Permit or other documents related to the goods or any evidences to identify the goods which have to transport to the Special Economic Zone where is neared the official border gate.

C. Supporting documents of exported goods are Customs declaration and other supporting documents which are certified by authorize Customs official who are working for the Special Economic Zone.

3.4.1.2 Gate Formality of Special Economic Zone:

A. The importer shall submit summary declaration or submit other supporting documents which are mentioned above to the authorized Customs officer.

B. The authorized Customs officer shall preliminarily verify the identification of involve staff, mean of transport and related documents then allow the goods enter the Zone Investor or other Areas of Special Economic Zone if the Investors do not have a proper place to store their goods.

C. The importers can manage their goods for using or processing according to their need without presence of authorized Customs officer consistent with a policy of Trade Facilitation through Risk Management, except a special request from those officers who have permission from Customs and Excise Department.

D. The importers shall submit the detail Customs declaration to the authorized Customs officer after unloading their goods with clearly description of each item whether have or not in the master list which was gotten approval from Special Economic Zone Administration or Cambodian Special Economic Zone Board.

E. The authorized Customs officer shall manage to verify all items declared with above Master List. The Zone Investor can request for advance clearance importation of the goods which is not in the Master List but the goods are incentive targeted by the representative of Zone Customs and Excise consistent with Sub-Decree No. 148 ANKr.BK on The Establishment and Management of The Special Economic Zone. Other Items excluded from above incentive targeted List is an objective of
implementation of the existing Customs Procedure; especially, paying Customs duties and taxes and other restrictions.

**F.** The customs formality for straight exportation to abroad shall be conducted inside the Special Economic Zone consistent with the existing Customs Procedure. If there is no irregularity found, the Zone Authorized Customs officer shall quickly release for export accompanied by a copy of export documents for showing the border gate authorized Customs officer. The customs seal, means of transport and relevance documents shall be verified by the border gate authorized Customs officer if there is no irregularity found; the goods shall be quickly released for export after cutting out the customs seal.

**G.** For exported or imported goods of the Special Economic Zone stated in 3.4.1 above by using exported or imported gate far from the seamless route have to implement the procedure 3.4.2 as following:

**3.4.2 For Special Economic Zone not located near the official border gate or not located within twenty (20) Kilometers of inland or coastal border of Customs zone.**

3.4.2.1 Gate Customs Formality of Special Economic Zone shall be implemented the same 3.4.1 above.

3.4.2.2. For transportation goods between the Special Economic Zone and other official border gate shall be implemented by procedure as follows:

**A. For importation**

Zone investor shall request in writing for imported goods to office or sub-branch of customs and excise at border gate in order to permit importation from the border gate to the Special Economic Zone which the zone investor does business under transit regime. The request, which certified by the representative authorized customs and excise officer in the Special Economic Zone, was submitted to customs and excise officer working at the office or sub-branch of customs and excise at border gate by attached transit declaration and other relevance documents.

Authorized Customs and Excise officer working at office or sub-branch of customs and excise at border gate have rights to examine, to verify transit procedure by this request and to be permitted to transport goods to the Special Economic Zone after affixing customs seal and attached other relevance documents according to existing customs transit procedure. In case that transportation can not affixed customs seal
properly such as goods unloading in container, customs and excise officer working at border gate have to cooperate setting up the mechanism of escort or surveillance.

**B. For exportation**

For straight exportation to abroad, export customs formalities have to be conducted in the Special Economic Zone compliance with the existing customs procedure. In the case of irregularity, authorized customs and excise officer has permitted to export quickly after affixing customs seal and attached with a copy of relevant exported documents for showing the authorized customs and excise officer at border gate. For bulky goods shall be set up as the above mention the surveillance mechanism.

**3.5. Other formalities related to other prohibited and restricted:**

3.5.1. Prohibited and restricted goods imported from abroad or brought from national customs territory that listed in the master list and issued by Special Economic Zone administration from Cambodian Special Economic Zone Board or other competence authorities are not required any permitted letters except for absolute prohibited goods for importation or exportation or taking the highest risk to public safety.

3.5.2. Production of counterfeit goods which impact on copy rights, monopoly, rule of origin, or other restriction related to quality and production standard are subject to implement consistence with existing law and regulation.

3.5.3. Special measures stated in chapter 5 of this Sub-Degree No. 48 ANKr. BK dated December 29, 2005 on the Establishment and Management of Special Economic Zone related to selling goods into local market or using in National Customs Territory of Special Economic Zone shall be implemented compliance with the Special Customs Procedure in the purposes of management, surveillance and controlling in compliance with other general operation in Special Economic Zone.