



# អគ្គនាយកដ្ឋាននគយនិងរដ្ឋាករកម្ពុជា

## General Department of Customs and Excise of Cambodia



ព្រះរាជាណាចក្រកម្ពុជា  
KINGDOM OF CAMBODIA

ក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ  
MINISTRY OF ECONOMY AND FINANCE

### តារាងពន្ធនគយកម្ពុជាឆ្នាំ២០១៧

#### CUSTOMS TARIFF OF CAMBODIA 2017

ចេញផ្សាយលើកទី១  
1<sup>st</sup> Edition  
October 2016



អង្គការយោធាពិភពលោក  
WORLD CUSTOMS ORGANIZATION



សហភាពប្រទេសអាស៊ីអាគ្នេយ៍  
ASSOCIATION OF SOUTH EAST ASIAN NATIONS



អគ្គនាយកដ្ឋាននគយនិងរដ្ឋាករកម្ពុជា  
General Department of Customs and Excise of Cambodia

## 2016 Korean Business Promotion Forum “ Taxes and Customs”

# Customs Updates

## Trade Policies, Law, Regulations and Procedures

By: Chea Samnang  
Head of International Affairs  
General Department of Customs and Excise of Cambodia

5<sup>th</sup> December 2016, Phnom Penh, Cambodia



# Contents

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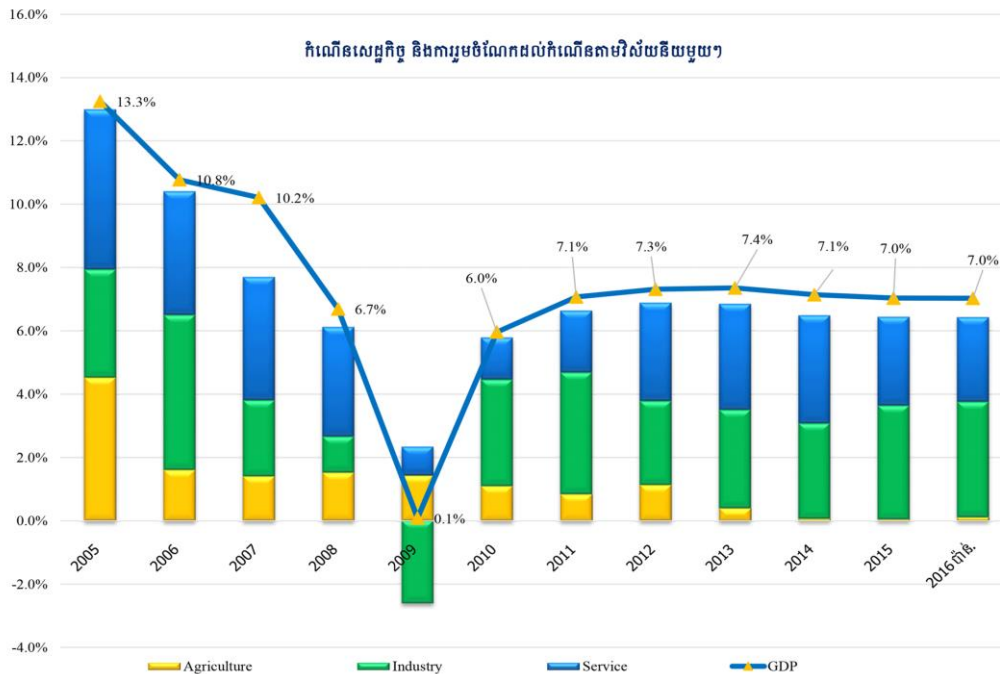


# I. Introduction to Trade and Customs



# Cambodia Economy

## Recent Macro-economic Indicators (GDP Growth Rate)



Sources: Ministry of Economy and Finance, 2016

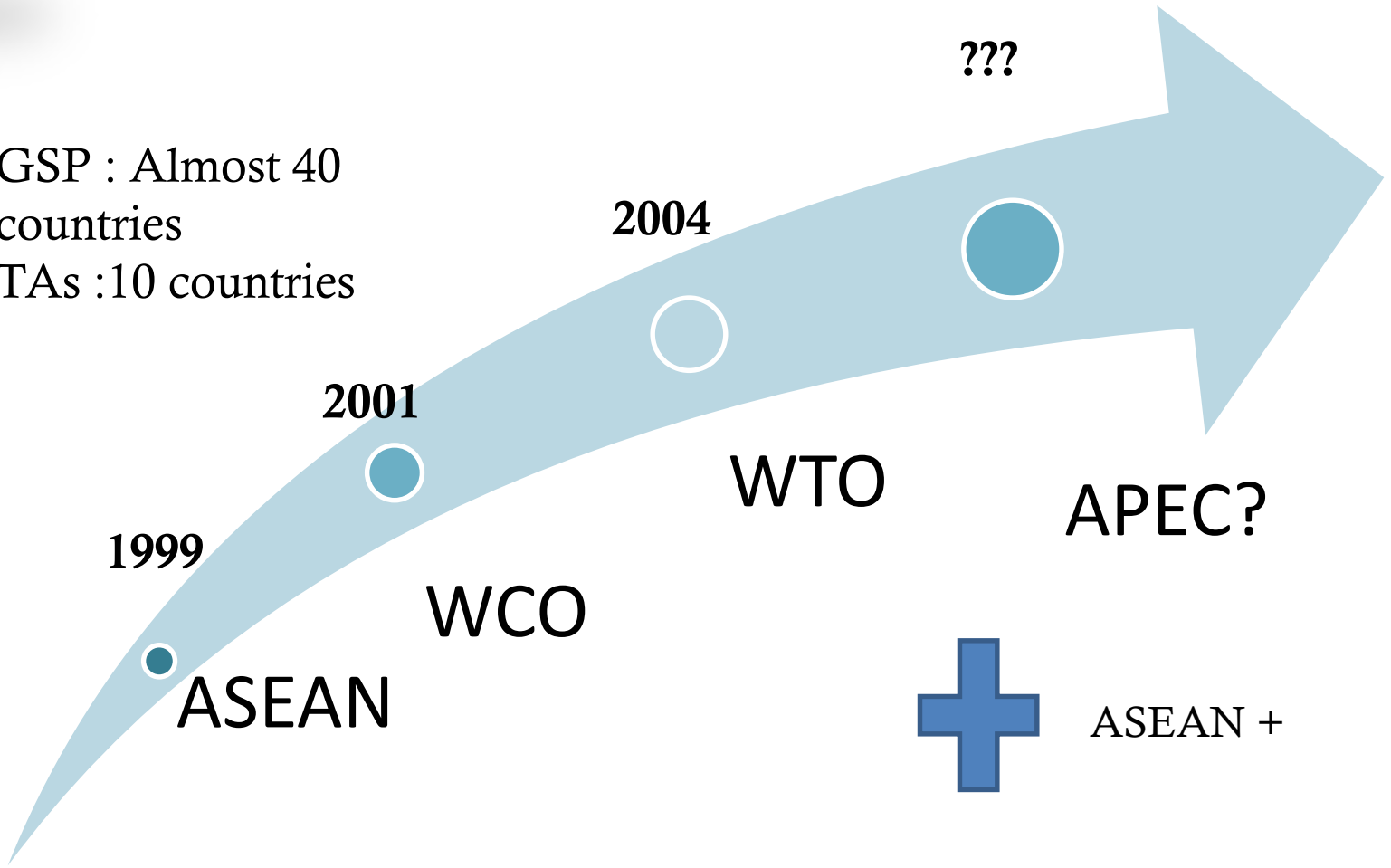
- GDP : About 20 B USD in 2016
- GDP Growth Rate: 7% in 2016
- GDP per capita: 1,300 USD in 2016
- Asia New Tiger Economy in May 2016
- Cambodia joined the middle income club in July 2016
- Trade Volume: 22 Billion USD (2013)
- **Major Import:** Petroleum products, construction materials, machinery, motor vehicles, pharmaceutical products
- **Major Export :** Clothing, footwear, timber, rubber, rice, fish, tobacco



# Trade Policy and Integration



GSP : Almost 40 countries  
TAs : 10 countries



1999

ASEAN

2001

WCO

2004

WTO

???

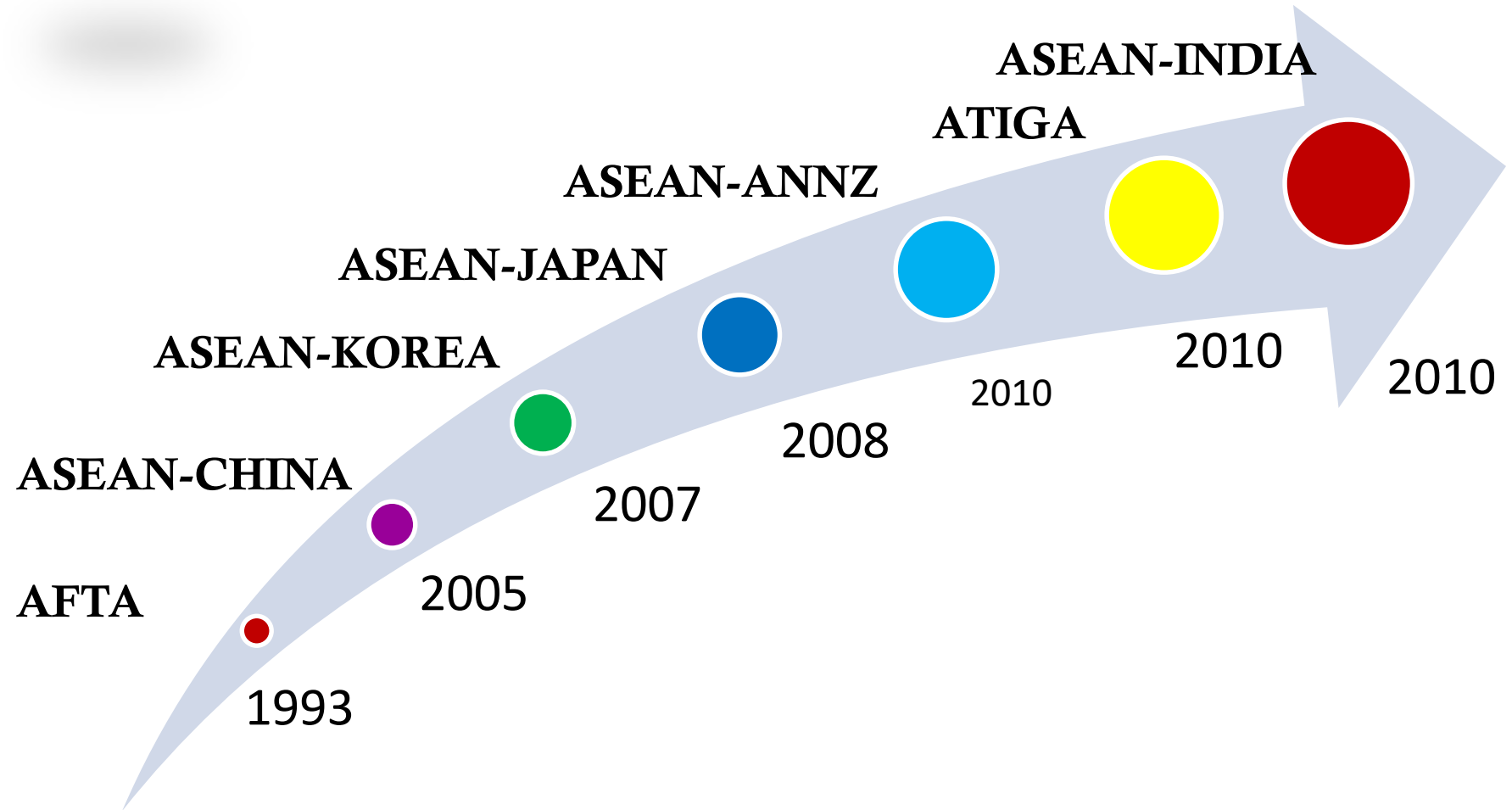
APEC?



ASEAN +



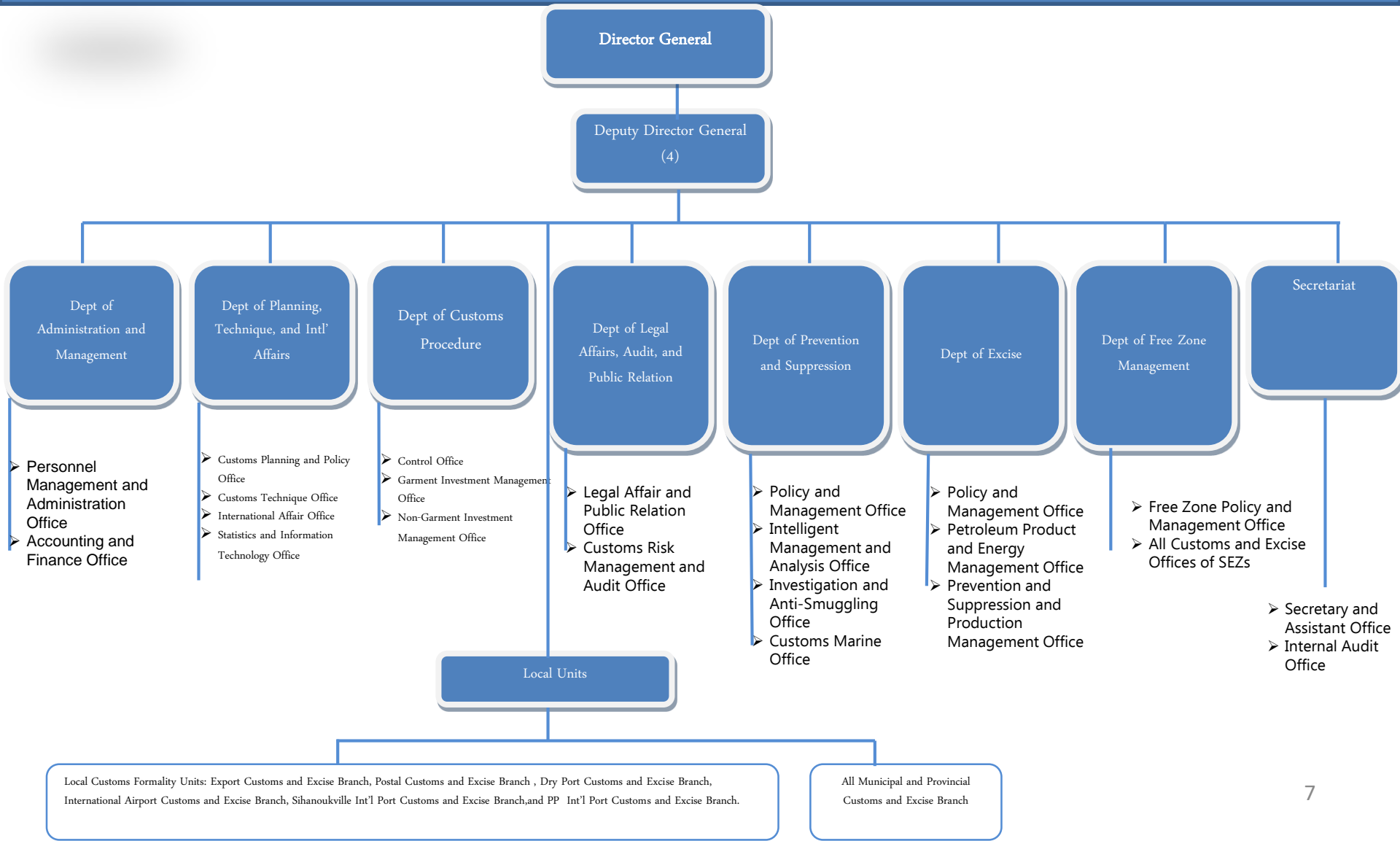
# ASEAN AND OTHER DIALOGUE PANTHERS



Source : WCO 2012, <http://origindb.wcoomdpublishations.org/SearchResults.aspx>



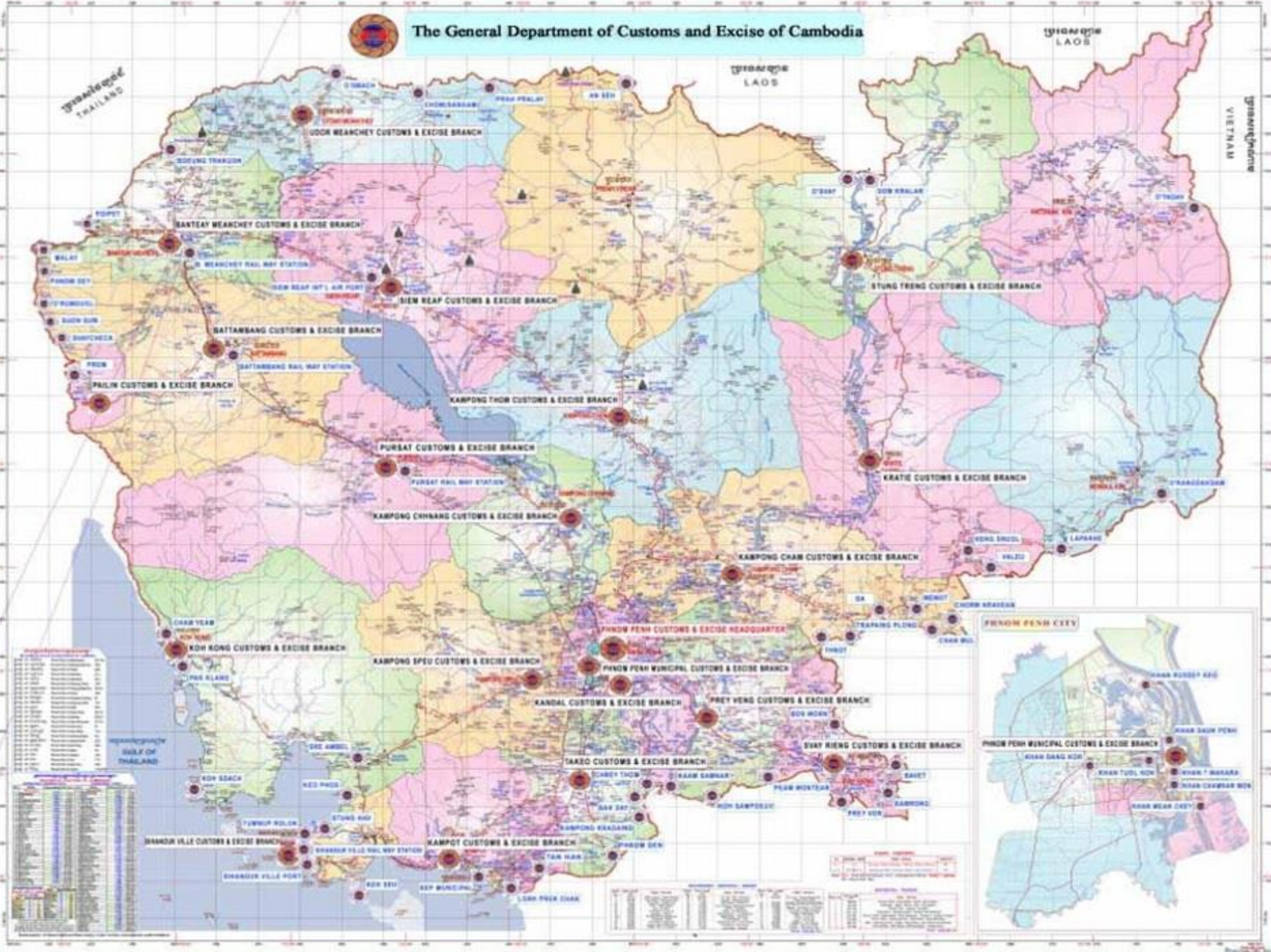
# Organizational Structure







# The General Department of Customs and Excise of Cambodia



**Legend**

| Color  | Region |
|--------|--------|
| Yellow | North  |
| Orange | West   |
| Green  | South  |
| Pink   | East   |
| Purple | Center |

**Branches**

|            |                              |
|------------|------------------------------|
| Red Dot    | Customs & Excise Branch      |
| Red Circle | Customs & Excise Headquarter |

**Other Symbols**

|                           |                       |
|---------------------------|-----------------------|
| Blue Circle               | International Airport |
| Blue Square               | Railway Station       |
| Blue Triangle             | Seaport               |
| Blue Diamond              | Border Crossing       |
| Blue Star                 | Provincial Capital    |
| Blue Hexagon              | District Capital      |
| Blue Octagon              | Commune Capital       |
| Blue Circle with Dot      | Subsector Capital     |
| Blue Circle with Square   | Subsector Capital     |
| Blue Circle with Triangle | Subsector Capital     |
| Blue Circle with Diamond  | Subsector Capital     |
| Blue Circle with Hexagon  | Subsector Capital     |
| Blue Circle with Octagon  | Subsector Capital     |
| Blue Circle with Star     | Subsector Capital     |
| Blue Circle with Hexagon  | Subsector Capital     |
| Blue Circle with Octagon  | Subsector Capital     |
| Blue Circle with Star     | Subsector Capital     |



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| Blue Circle with Square   | Subsector Capital     |
| Blue Circle with Triangle | Subsector Capital     |
| Blue Circle with Diamond  | Subsector Capital     |
| Blue Circle with Hexagon  | Subsector Capital     |
| Blue Circle with Octagon  | Subsector Capital     |
| Blue Circle with Star     | Subsector Capital     |





# Vision and Mission

## *Vision*

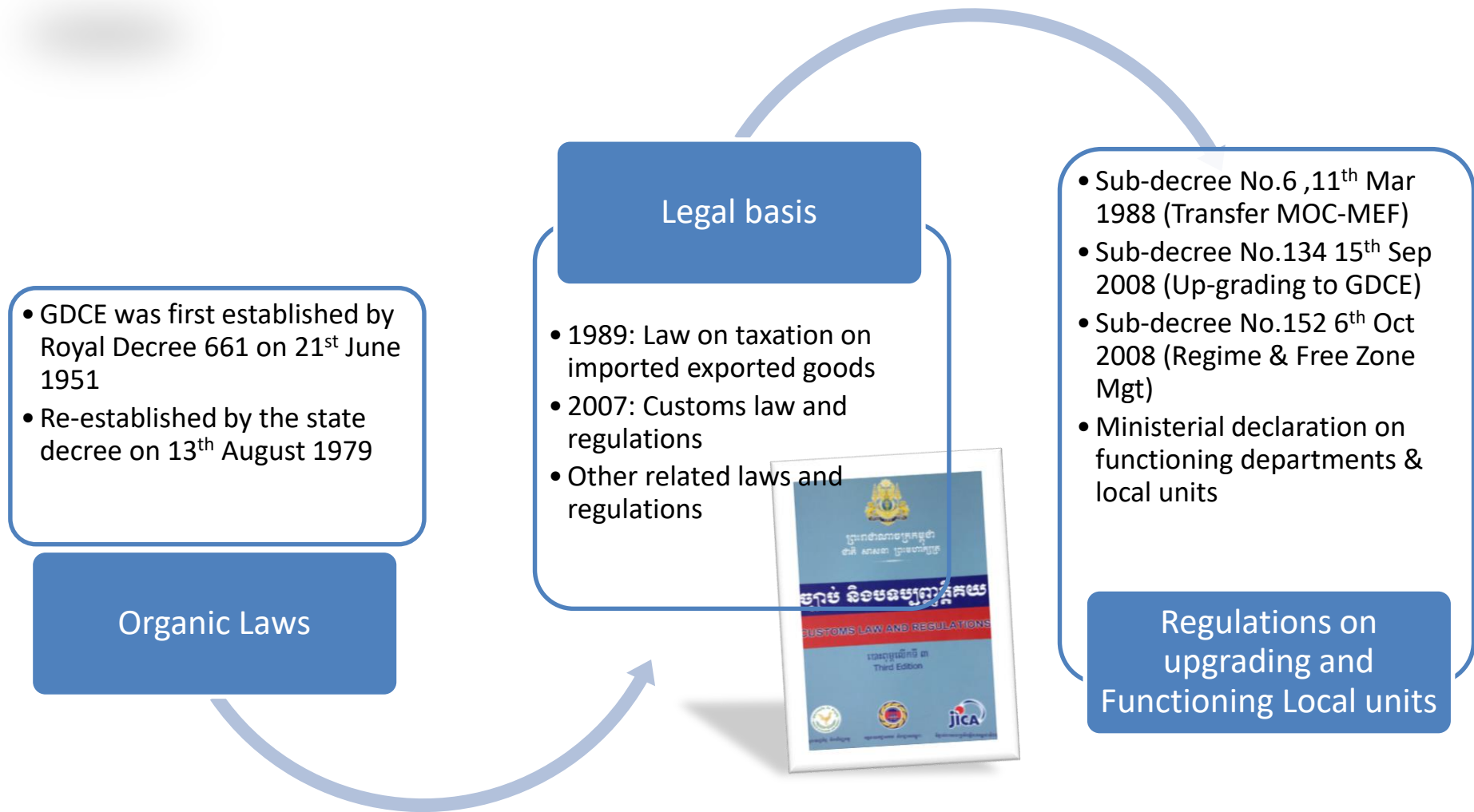
To become a modern Customs Administration that meets international standards and best practices recognized both internationally and within Cambodia for its administrative and operational efficiency and high quality of service to stakeholders.

## *Mission:*





# Legal Instruments





# International Affiliation of the GDCE

155<sup>th</sup> member  
of the World  
Customs  
Organization

International  
Convention  
on the  
Harmonized  
Commodity  
Description  
and Coding  
System

ASEAN  
Agreement on  
Customs

WTO  
TFA, Feb  
2016

Convention  
Establishing A  
Customs-  
Cooperation  
Council

International  
Customs Co-  
operation and  
Mutual  
Administrative  
Assistance  
Agreements

94<sup>th</sup> Contracting  
Party of Revised  
Kyoto Convention  
(28 June 2014).



# Key Achievements of the GDCE

- Law on Customs and its supporting regulations and Customs Procedures to be in line with the provisions of the RKC
- Implementation of (ASYCUDA) in goods clearance processes
- Customs Valuation in consistent with the WTO Agreement
- Trade Facilitation through Risk Management and (PCA)
- Leading role at the border in terms of international trade management, inter-agencies trade facilitation and National Single Window
- Customs–Private Sector Partnership Mechanism (CPPM)
- Best Trader Incentive Mechanism
- Prevention and Suppression Mechanism
- FTAs implementation



# Taxes collected by customs

| <u>Tariff Rate</u> | <u>CD</u> | <u>ST</u> | <u>VAT</u> | <u>ET</u> |
|--------------------|-----------|-----------|------------|-----------|
| <b>0</b>           | 1289      | 8647      | 1          | 8733      |
| <b>5</b>           |           | 16        |            | 39        |
| <b>7</b>           | 3784      |           |            |           |
| <b>10</b>          |           | 239       | 9550       | 567       |
| <b>15</b>          | 3482      | 47        |            | 49        |
| <b>20</b>          |           | 137       |            | 21        |
| <b>25</b>          |           | 346       |            |           |
| <b>35</b>          | 992       |           |            |           |
| <b>45</b>          |           | 121       |            |           |
| <b>50</b>          |           |           |            | 82        |
| <b>15+0.02\$/L</b> | 6         |           |            |           |
| <b>35+0.02\$/L</b> | 1         |           |            |           |
| <b>0+0.04\$/L</b>  | 4         |           |            |           |

Revenue collected by GDCE represents:

approximately 52% of national revenue

8.5% of GDP in 2015

Source: Cambodia Customs Tariff Book 2015





# Customs Tariff 2017

## មូលហេតុសំខាន់ៗនៃការធ្វើបច្ចុប្បន្នភាព

បរិស្ថាន សុវត្ថិភាព សង្គម

១ មុខទំនិញប្រឆាំងគ្រុធាវិយា សារធាតុហាមឃាត់ក្រោមសន្ធិសញ្ញាទាតា

បច្ចេកវិទ្យា

១ ដំឡើង រថយន្តប្រើអគ្គិសនី

ការវិវត្ត និងបែបផែនការណ៍ជំរុញ

១ ស្រាយបៀវត្សនជាតិអាល់កុល ឥដ្ឋកូរ៉ូ

កំហុសអក្ខរាវិរុទ្ធ

១ ឈ្មោះវិទ្យាសាស្ត្រ



ព្រះរាជាណាចក្រកម្ពុជា  
KINGDOM OF CAMBODIA

ក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ  
MINISTRY OF ECONOMY AND FINANCE

## តារាងពន្ធគយកម្ពុជាឆ្នាំ២០១៧ CUSTOMS TARIFF OF CAMBODIA 2017

រចនាប្រភេទទី១  
1<sup>st</sup> Edition  
October 2016



ក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ  
Ministry of Economy and Finance



សម្រាប់ព្រះបរមរាជវាំង  
Ministry of the Royal Palace



ក្រសួងពន្ធដារ និងរដ្ឋាករ  
Ministry of Customs and Excise

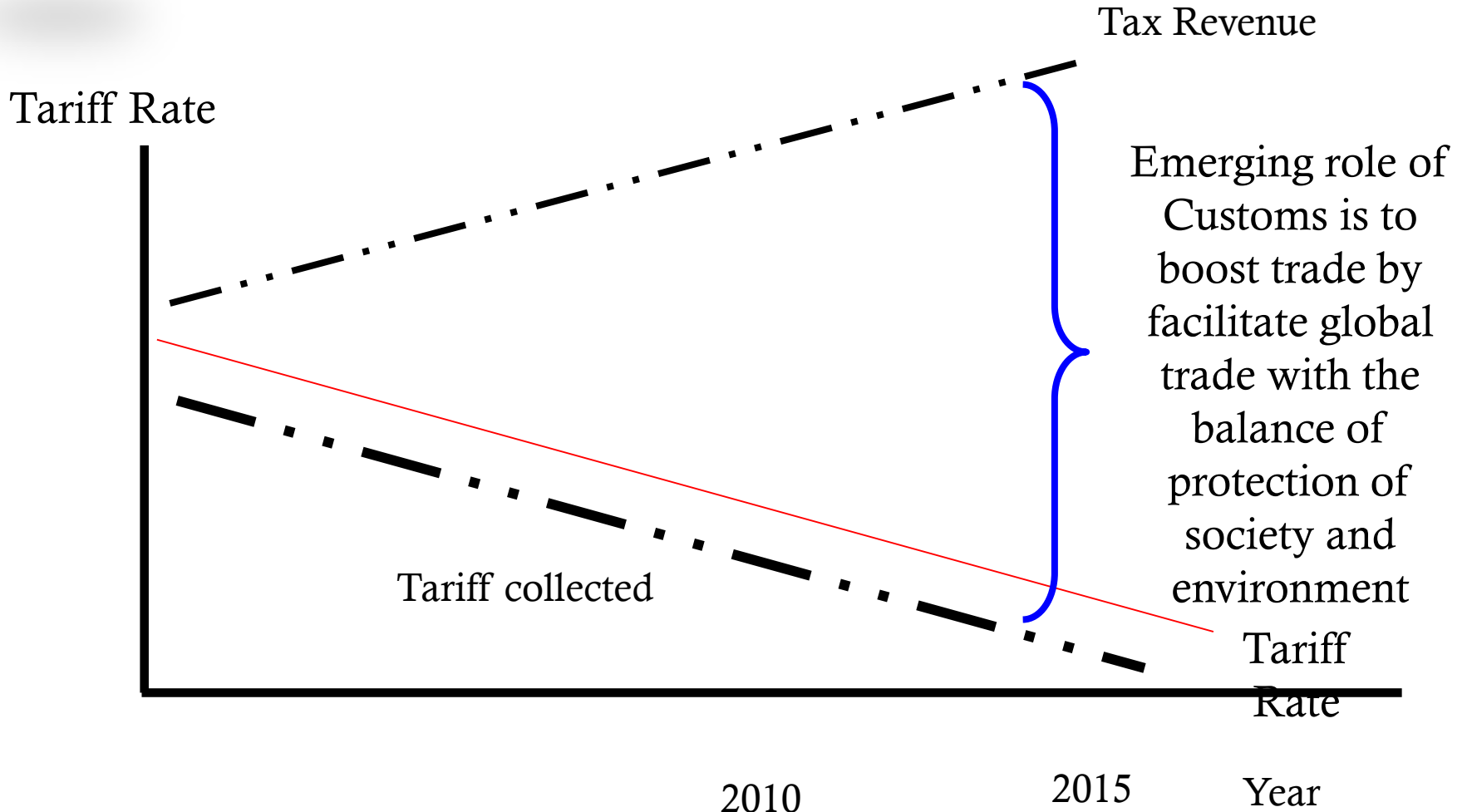


# ការកែសម្រួលតារាងពន្ធគយ

| ឆ្នាំ                | ផ្នែកលើ                           | លេខពូជ (ខ្ទង់) | ចំនួនបន្ទាត់ពន្ធ | អត្រាមធ្យម (%) |
|----------------------|-----------------------------------|----------------|------------------|----------------|
| មុនឆ្នាំ ១៩៩៣        | ពុំទាន់ប្រើប្រាស់តារាងពន្ធគយនៅឡើយ |                |                  |                |
| <a href="#">១៩៩៣</a> | HS 1993                           | ៦              | ២២០០             | ១៧,៣៣          |
| <a href="#">២០០០</a> | HS 1997 & AHTN 2000               | ៨              | ៦.៨២២            | ១៧,១៥          |
| <a href="#">២០០៤</a> | HS 2002 & AHTN 2004               | ៨              | ១០.៦៨៩           | ១៥,៧៨          |
| <a href="#">២០០៧</a> | HS 2007 & AHTN 2007               | ៨              | ៨.៣១៤            | ១៤,២៧          |
| <a href="#">២០១២</a> | HS 2012 & AHTN 2012               | ៨              | ៩.៥៧៤            | ១១,៨៦          |
| <a href="#">២០១៧</a> | HS 2017 & AHTN 2017               | ៨              | ១០.៨៣៩           | ១២,២១          |



# The challenges





# Trade facilitation payoff

Connecting  
to  
Compete

2014

Trade Logistics in the  
Global Economy



The Logistics Performance Index and Its Indicators

Cambodia LPI : 83<sup>rd</sup> in 2014 Vs. 129<sup>th</sup> in 2010  
: 83<sup>rd</sup> in 2014 to 73<sup>rd</sup> in 2016

Clearance time : 5.9 days Vs. 1.4 days  
GDP Growth : 7%, Asia New Tiger Economy  
2016, Joined Middle Income  
Country

Trade Volume : 22B Vs. 10B  
Revenue : USD 1.6B Vs. USD 714M

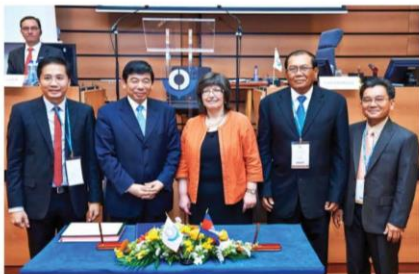
Mainly resulted from modernization program  
2004-2008, 2009-2013: Law on Customs, abolish  
PSI, ASYCUDA, Risk Management,  
PCA, CPPM, AEOs, Advanced Ruling, RKC  
accession and Capacity Building.



# Accession to RKC

E-Newsletter July 2014

## A Journey of Cambodia to RKC



As shown in the table, administrative endorsement and legal approval process is recognized the most challenging step as it needs to go through several rigorous discussions and reviews by relevant Committees of the Council of Ministers, National Assembly and the Senate respectively before passing to their plenary sessions for formal approval. According to the timetable above, Cambodia spent more than 1 year to go through the administrative endorsement and legal approvals.

Cambodia's accession to and the implementation of

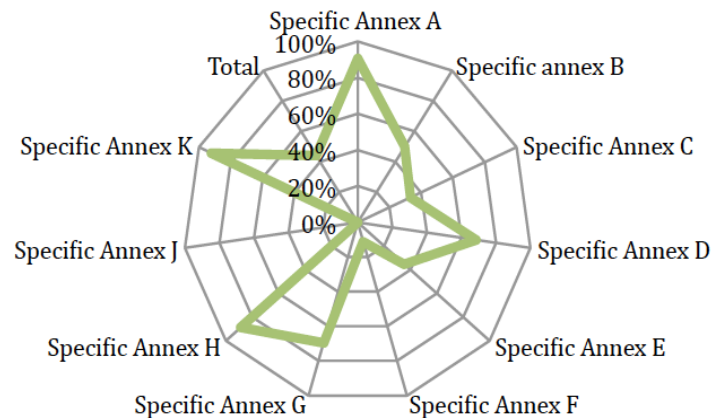
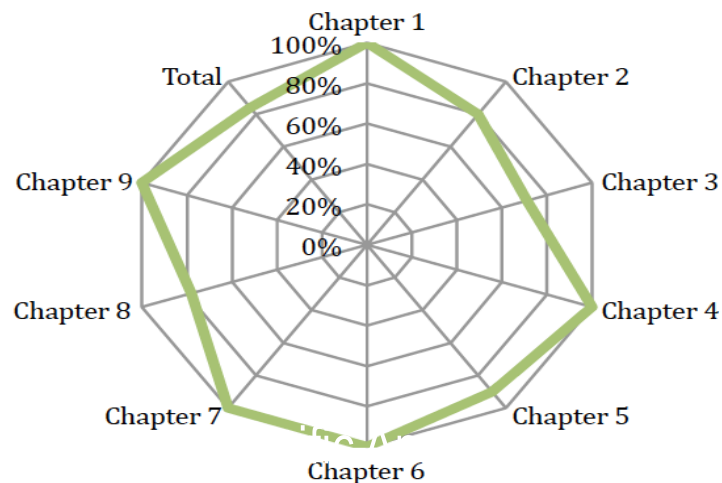
**ROCB** SPECIAL TOPICS

and modernization of Cambodia customs. The accession to the Convention also sends a positive message to the world business community about the government commitment for improving trade facilitation and customs reform and modernization. Moreover, it reflects that government service for the international trade, business transaction, investment climate in Cambodia is being carried out on the rule-based environment and using international standards.

In accordance with the World Bank's Report, Cambodia LPI ranking has risen spectacularly by 46 places, to 83 in 2014 out of 160 countries, from 129th in 2010. This improvement can be linked to the time to clear customs which fell from 5.9 days in 2010 to only 1.4 day in 2014. The GDP growth was maintained at average of 7% in the same period. The volume of international trade has increased from USD10 billions in 2010 to about USD20 billions in 2013, which resulted in more revenue collection by customs. The World Bank also reported that the poverty rate in Cambodia fell from 45% in 2007 to about 20% in 2011.

Source: Chea Samnang, Research Paper of WCO 61 Fellowship Program, Accession to the Revised Kyoto Convention and Cambodia Customs Reforms and Modernization, 2013

## General Annex, 86%



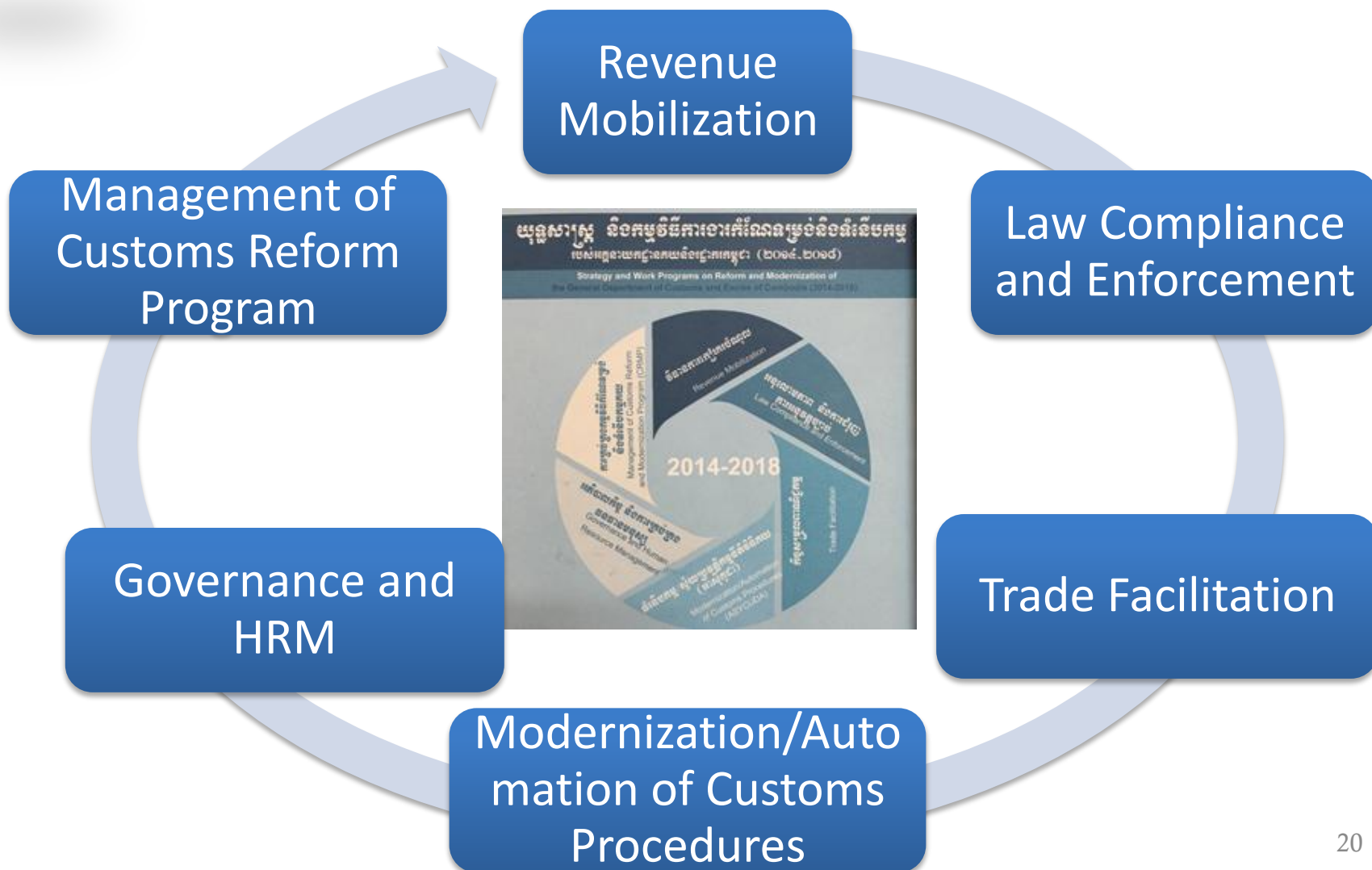




## **II. Customs Reform and Modernization**



# 2. Customs Modernization and Reform Strategy (2014-2018)





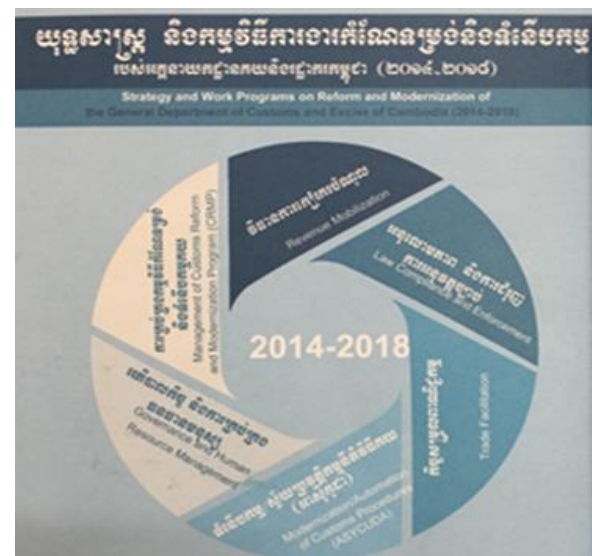
# Customs Modernization and Reform Strategy (2014-2018)

## Law Compliance & Enforcement

1. **Development of a Compliance and Enforcement Strategy including Risk Management Policy**
2. Development of National Anti-Smuggling Policy and Action Plan
3. Expansion and Enhancement of Post-Clearance Audit (PCA) Program.
4. **Strengthening the Customs Risk Management Database System (CRMDS)**
5. **Development of Joint Inter-Ministerial Prakas on Risk Management**
6. Implementation of the WCO SAFE Framework of Standards
7. Strengthening the Capacity of the Customs Marine Office
8. Improving Effectiveness of Non-Intrusive Inspection (NII) Technologies
9. Developing a Customs Fraud Investigation Capacity
10. Strengthening Customs Intelligence Systems and Capacity
11. Improving Inter-Institutional and International Cooperation
12. Implementing IPR Programme Activities
13. Developing Increased Capacity to Combat Trans-national Crimes
14. Capacity Building of Customs Law Enforcement Officers

## Automation of Customs Procedures

1. Development of an updated ICT Strategy
2. ASYCUDA World Geographic and Functional Expansion
3. Participating in International Conventions related to Customs
4. Automation of Rule of Origin
5. Streamlining Import-Export Procedures
6. Regularly conducting Time Release Study



## Trade Facilitation

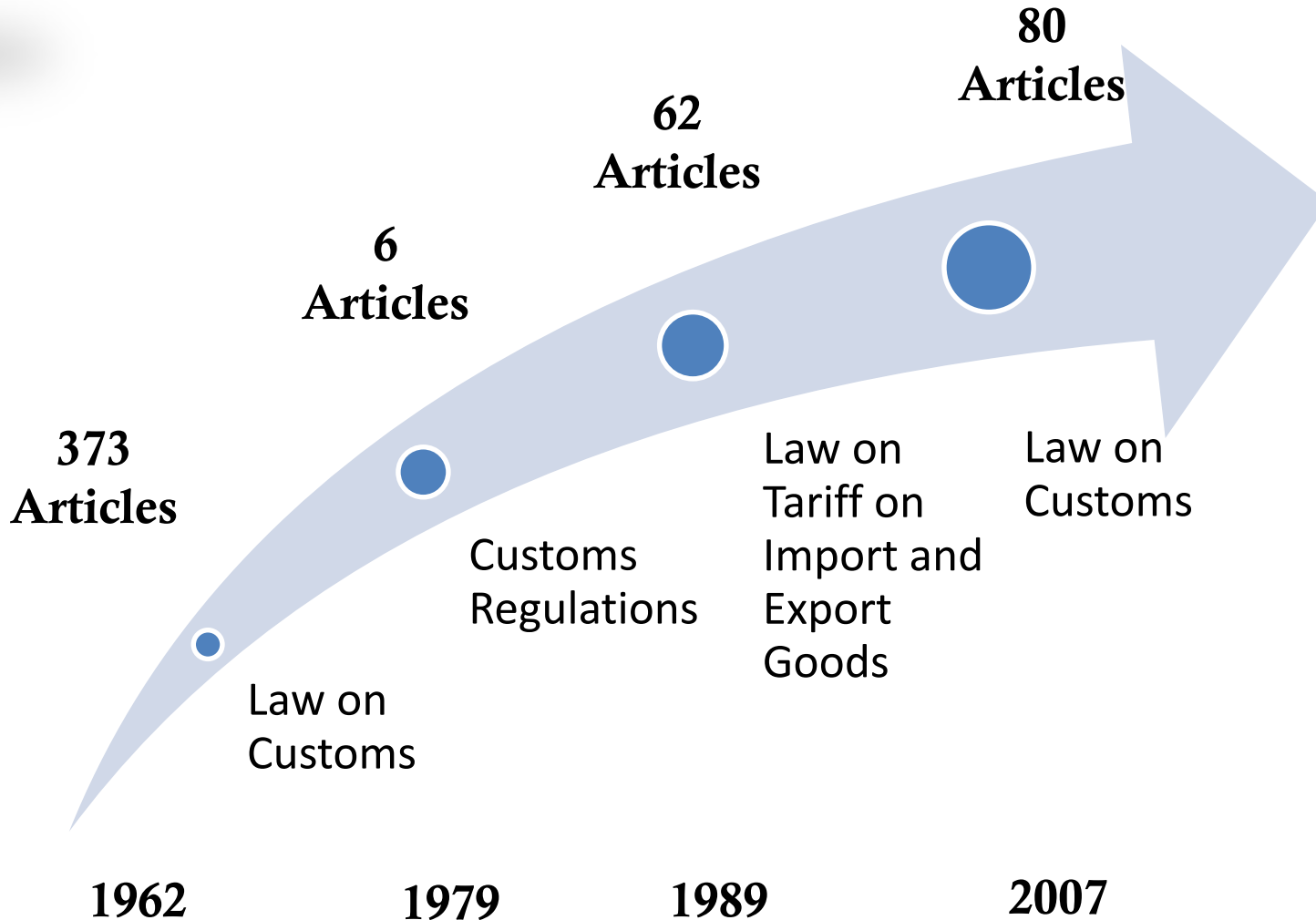
1. Implementation of the National Single Window (NSW)
2. Expanding Use of Electronic Transactions
3. Establishing connectivity between the National Single Window (NSW) and the ASEAN Single Window (ASW)
4. **Expansion of the Best Trader Program and Development of the Authorized Economic Operator Program**
5. Exemption Regime Management
6. Implementation of the ASEAN Trade in Goods Agreement (ATIGA) by 2015
7. Implementation of Free Trade Agreements
8. Implementation of the WTO Agreement on Trade Facilitation
9. Strengthening Customs-Private Sector Partnership Mechanism (CPPM)
10. Eliminating/reducing Non-Tariff Barriers to Trade
11. Implementation of Appeal Mechanism Pursuant to the WTO



## **III. Customs Policies, Law and Regulations**



# Customs Laws and regulations







# Background of Law on Customs





# Law on Customs



The customs law is based (i) simple, precise, easy to enforce, (ii) international standard and (iii) reflecting the economic development



Two Anukret (sub-decree) and 32 Ministerial Prakas to fully implement the Customs Law.



Anukret on Prohibited and Restricted Goods List and 25 Ministerial Prakas have been approved and 7 Ministerial Prakas are the remaining



Authorization for Customs officers to carry out duties abroad and Vice versa



# The 25 approved Prakas

## Name of Prakas

1. Prakas on Provision and Procedure of Customs Declaration
2. Prakas on Establishment and Functioning of Customs Brokers
3. Prakas on Customs Valuation of Imported Goods
4. Prakas on Customs Bonded Warehouse
5. Prakas on Customs Temporary Storage
6. Prakas on Refund of Customs Duties and Taxes
7. Prakas on Security
8. Prakas on Reporting, Movement, Storage and Transport of Exported Goods
9. Prakas on Importation of Goods under Temporary Admission
10. Prakas on Management of Documents, Books, Records, and other Information
11. Prakas on Determination of Exempt Goods
12. Prakas on Exempt Goods Control Procedures
13. Prakas on Management of Unclaimed Goods  
Prakas on Temporary Export of Goods

## Name of Prakas

14. Prakas on Customs Formalities outside Customs Offices
15. Prakas on Extension of Customs Zone
16. Prakas on Post Clearance Audit by Customs and Excise Department
17. Prakas on Customs Transit
18. Prakas on Special Customs Procedure in Special Economic Zone
19. Prakas on Procedures for the Management of Special Designed Goods
20. Prakas on Transportation Distribution and Possession of Imported Goods in the Customs Territory
21. Prakas on Use of Information Obtained by Customs Officers
22. Prakas on Settlement of Customs Offences
23. Prakas on Customs Tariff and Tariff Classification of Goods
24. Prakas on Reward Distribution



# The remaining prakas

## Name of Prakas

1. Prakas on Procedures on Payment of Duty and Taxes and other levies on Imported and Exported Goods
2. Prakas on Reporting of Imported Goods
3. Prakas on Setting of Interest Rates on Debts
4. Prakas on Procedures for Temporary Seizure of Goods, Conveyances, Documents and Other Items
5. Inter-Ministerial Prakas on Seizure (offence) Report
6. Prakas on Appeal Procedures
7. Prakas on Exemption for Travelers, Crews, and Border Crosser

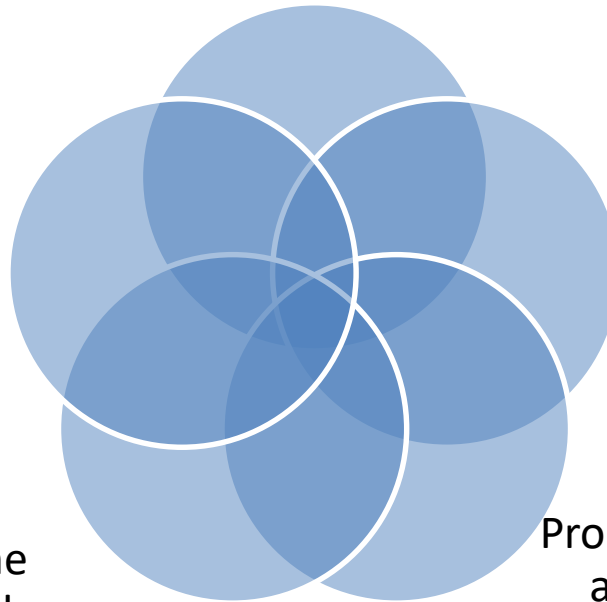


# General Provision: Purpose

Provide the right for the administration, control and collection of duties, taxes and fees on imported and exported goods,

Promote the application of international standards and best practices regarding customs control and trade facilitation.

Participate in implementing the international trade policy



Provide for the control and regulation of the movement, storage and transit of such goods,

Promote the prevention and suppression of fraud and smuggling,



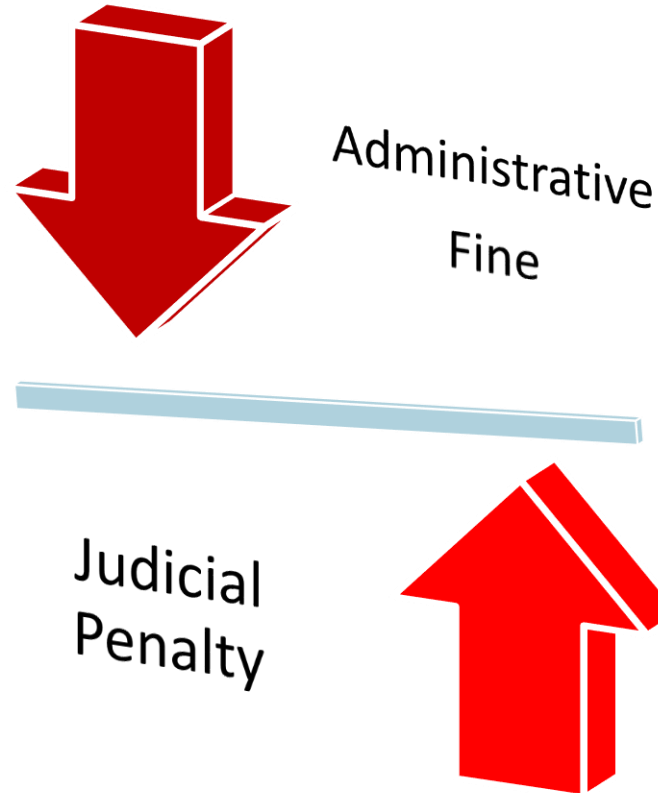
# Penalty Provision

## Tax Evasion

Tax evasion , Not P&R Products:

Administrative fines of 1to3 times the duty and tax evaded and (or)

Judicial penalty of confiscation of the goods and of the conveyance, or imprisonment for 1 month to 1year



## Minor violations

Inaccuracies, omissions or failure to complete any information required in a customs declaration

No impact on duties, taxes, prohibitions, or restrictions

Administrative Fine:  
100,000 riels  
to 500,000 riels





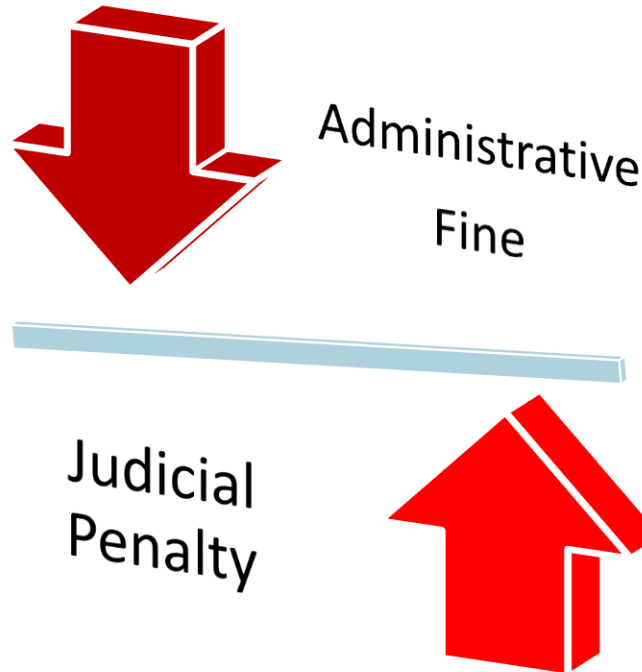
# Prohibited and restricted goods

## Judicial Penalty

Confiscation of the goods, conveyance, and other things used to conceal smuggled goods,

or

imprisonment of the offender for one (1) year to five (5) years, or to one of the above.



## Administrative Fine

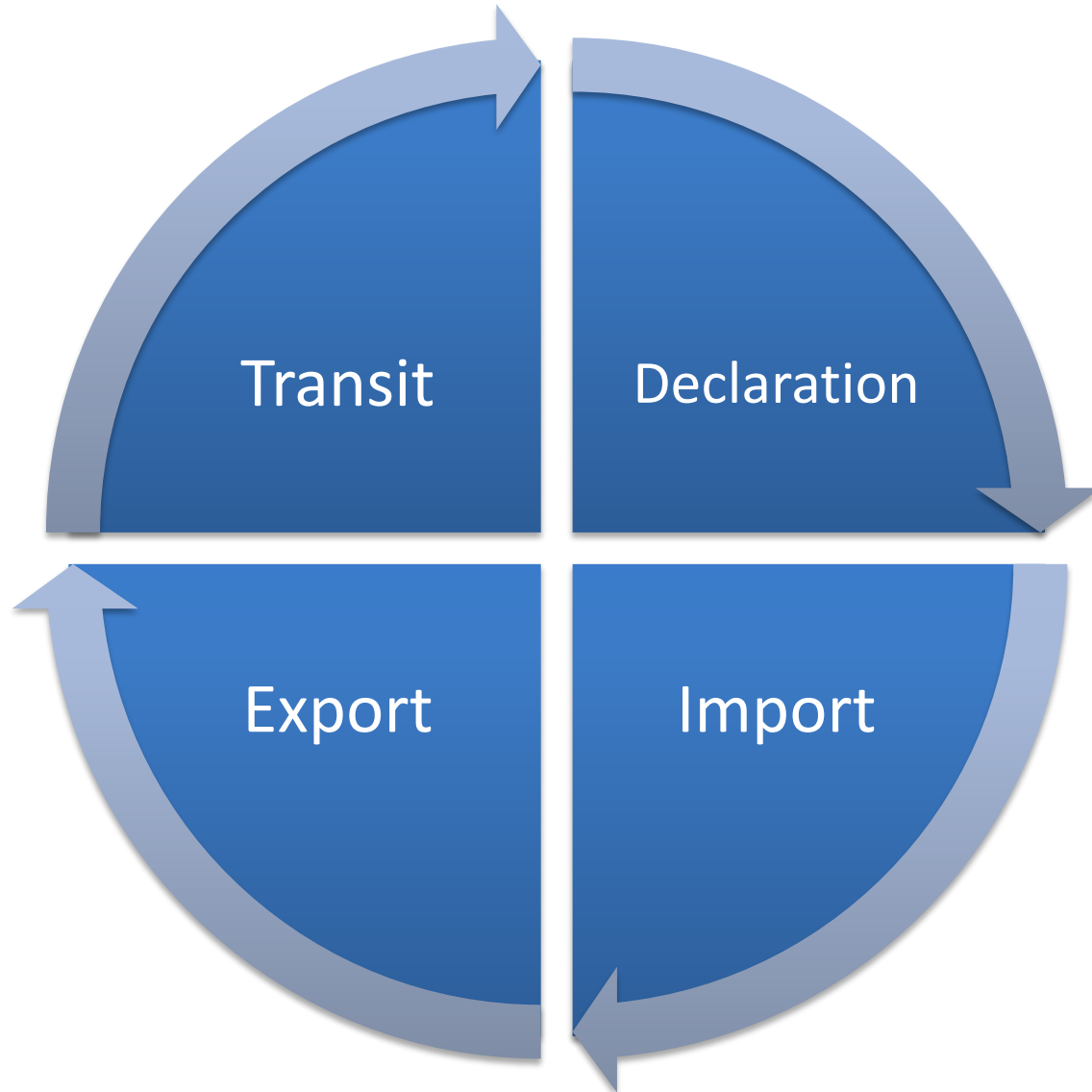
Three (3) times the value of the goods or conveyance



## **IV. Customs Procedures**



# 4.1 General Procedures





# Import and Export Customs Procedures

1. Trader/Broker Registration

2. Import and Export Declaration

3. Risk Management ,  
Selectivity , and Cargo  
inspection, Scanning

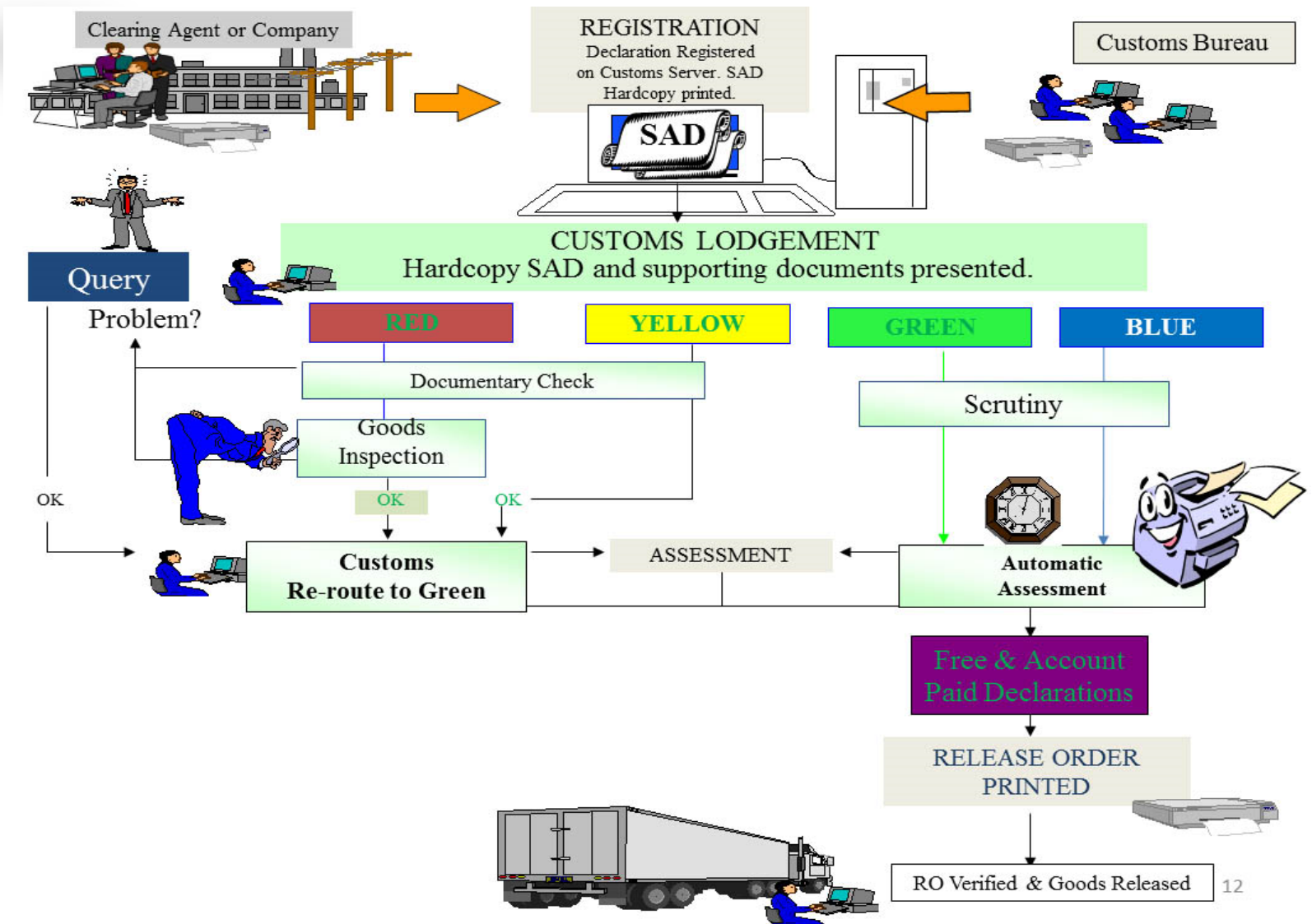
4. Assessment Notice  
and Duty and Payment

5. Cargo Release

6. Post Release Activity



# ASYCUDA Declaration Processes





# 1. Trader/Broker Registration

## Eligibility to be Trader

1. Being a legal company
2. Company registration at the Ministry of Commerce
3. Value added tax number
4. Patent Payment

**Registration system for trader**

## Eligibility for customs clearance

According to Ministerial Prakas on Establishing and Functioning of Customs Brokers

1. Importer/Exporter (Owner of imported/exported goods or his/her representative)
2. Customs brokers (legal person or individual) authorized by the MEF.

**Broker need to register at Customs**





# Single Administration Document (SAD)

## Import Declaration

1. Import-IM4
2. Temporary Import-IM5
3. Re-import-IM6
4. Bounded Warehouse-IM7
5. Transit-IM8
6. Duty free/Special Economic Zone-IM9

## Export Declaration

1. Export-EX1
2. Temporary Export-EX2
3. Re-export -EX3
4. Other export-EX9



## 4.2 Special Procedures

Best Traders

Qualified Investment Project

Special Economic Zone

Temporary Admission

Customs Bonded Warehouse

Goods under Exemption of Import Duties



# The Implementation of High Compliant Traders Incentive Mechanism

## Selectivity Criteria of BTG Member

① A Rank-One-Trader, ② a legal entity with not less than 1 billion riels capital, ③ No records of serious customs offenses within the last 3 years from the date of application, etc.

## BTG Member Incentive Treatment

① No queue ② pre-clearance without security deposit ③ exempt from pre-verification on Customs Value and ROO, etc.

## BTG Membership Application

an Application with Supporting Documents such as certificate of business registration, financial statement, certification of VAT, and patent, etc.

## Obligation of BTG Members

① Fully compliant to all the existing laws and regulations in relevance, ② deposit security, ③ store related documents and accounting book of import-export in 10 years, etc.

## Revocation or Suspension of the BTG Member

① having judgment or any decision made by the competent institutions, ② intentional commitment in customs offenses and /or other serious crime, ③ no longer qualified, etc.



## 4.3 Pre-arrival Procedures

Advanced Ruling

Customs Valuation

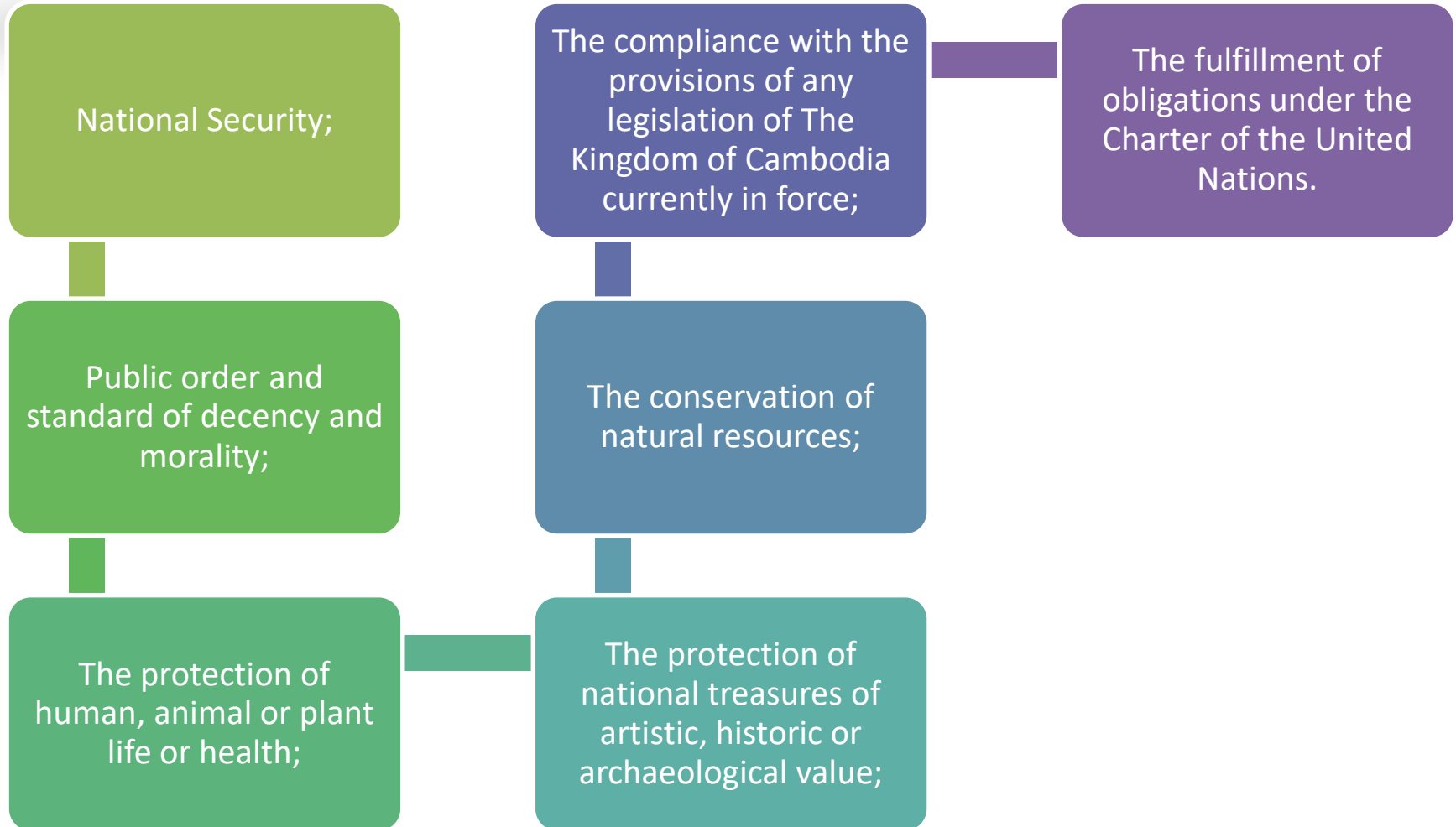
Certificate of Origin Verification

Prohibited and Restricted Goods

Customs Permit



# Prohibited and restricted Goods





# Prohibited and Restricted Goods

Prohibited and restricted goods is governed and regulated by Anukret on “ List of prohibited and restricted goods” , 31 December 2007

**and updated on 19 June 2012**

19%, 1831 tariff lines out of 9574 total Cambodia tariff lines. (18% in 2007)

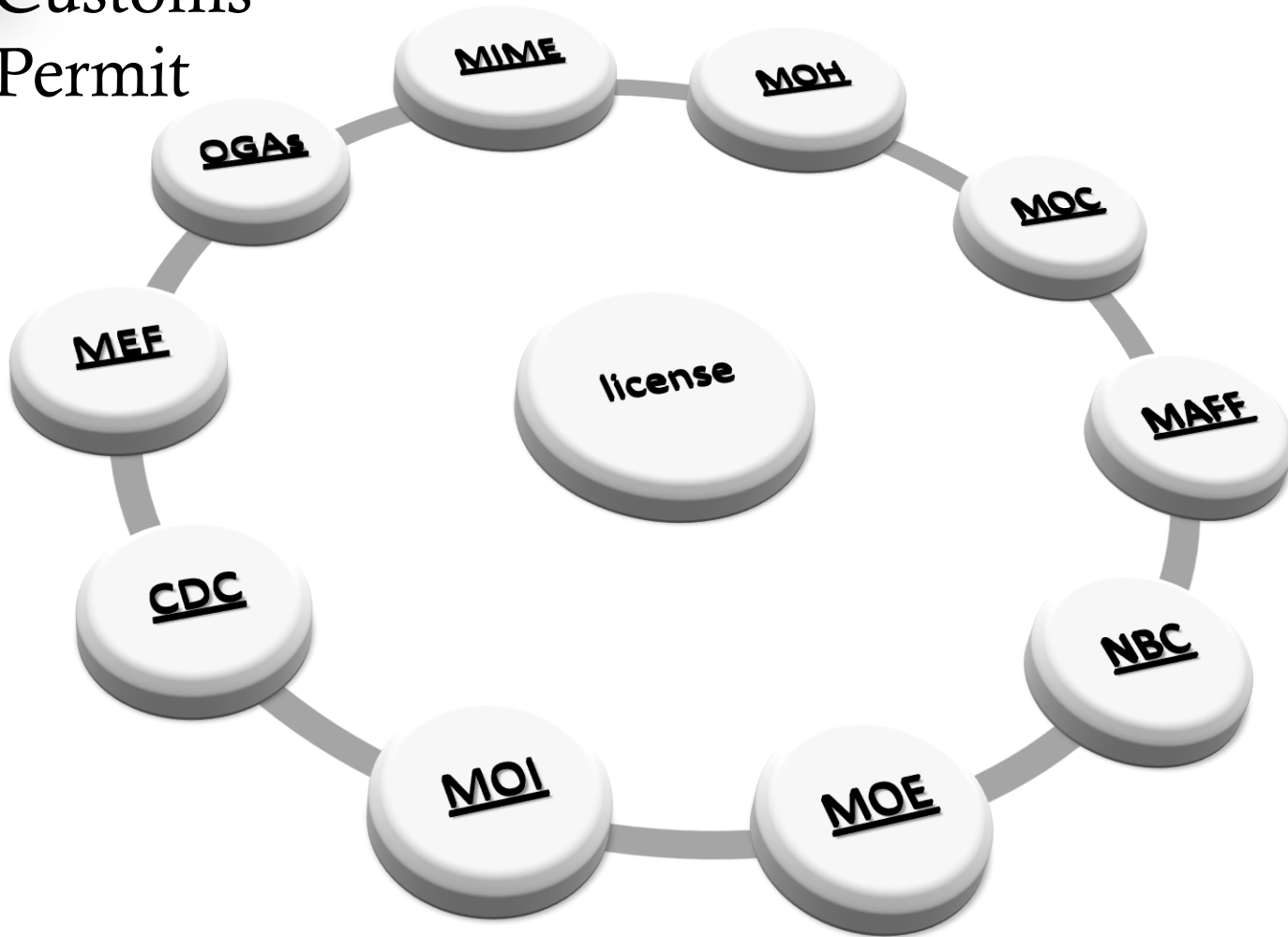




# How to trade prohibited and restricted goods?



Customs  
Permit





# 9 Treatment Codes of PRG

- (1) Subject to the existing customs formality in-force.
- (2) License, import permission, or other legal documents in similar forms are required on import from competent ministries or agencies.
- (3) License, export permission, or other legal documents in similar forms are required on export from competent ministries or agencies.
- (4) : Import is absolutely prohibited.
- (5) : Export is absolutely prohibited.
- (6) : Both import and export are absolutely prohibited.
- (7) : Animal Health Certificate shall be required under the request of importing country.
- (8) : Phytosanitary Certificate shall be required under the request of importing country.
- (9): Fishery Certificate from exporting country shall be required.



## 5. Other Procedures

Postal Goods: subjected to Customs Declaration

Goods or personal effect of passenger

Non-commercial goods

Small Size Trade

De Minimis

Import and Export of Currency

Import and Export of Human Corpse



## **V. ASEAN Korea Free Trade Agreements**



# ASEAN – Korea free trade agreement

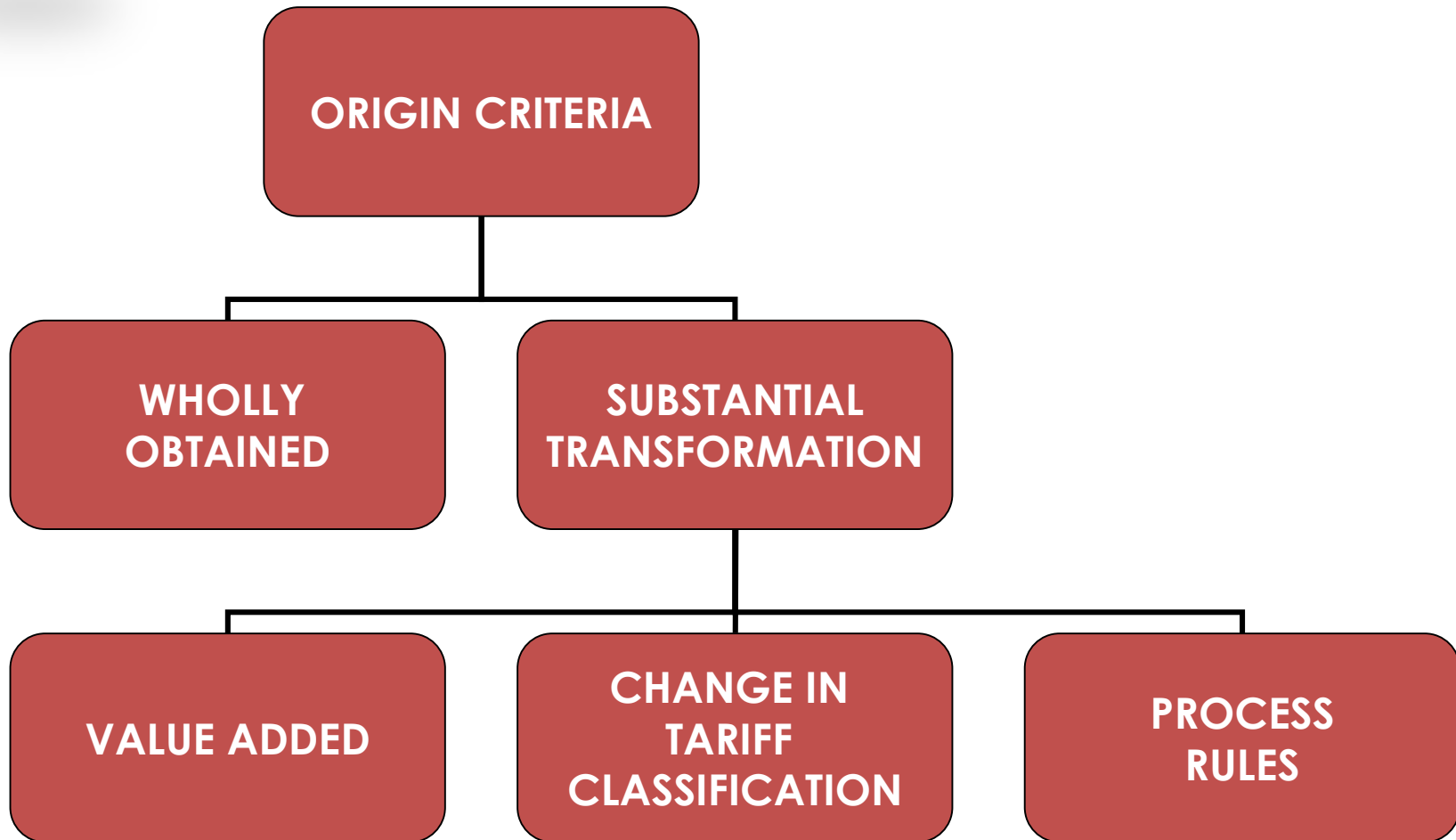
- In 2005 ASEAN and Korea have a cooperation to push economic growth faster by signed on Framework Agreement to make free trade which has four legal instruments agreement to established AKFTA
- And both have reached the first agreement on Trade in Goods (AKTIG) that took place 24 August 2006.
- Korea eliminates tariffs for all lines under the Normal Track. But the ASEAN 5 enjoy the export to Korea of zero tariff rates as well for all tariff lines in the Normal Tack.
- New comer ASEAN club likes CLMV have long time transition for tariff reduction and elimination had been agreed in recognition of their development status

Original

|   |  |   |  |   |  |
|---|--|---|--|---|--|
| 1. Goods consigned from<br>(Exporter's residence name, address, country)<br>SANGHVI/AMBROJ TOWER, 358-2 TATAJ LANE, LINGJIANG-KUISING<br>NAM CITY, KYUNG KI DO, KOREA |  | Reference No. 010-08-0000   |  | ASEAN-KOREA FREE TRADE AREA<br>PREFERENTIAL TARIFF<br>CERTIFICATE OF ORIGIN<br>(Combined Declaration and Certificate)<br>FORM AK<br>Issued in REPUBLIC OF KOREA   |  |
| 2. Goods consigned to (Consignee's name, address, country)<br>1<br>AYANG IND ESTATE, 68100<br>BATU CAVE, SELANGOR, MALAYSIA   |  | 4. For official use<br><input type="checkbox"/> Preferential Treatment Given Under ASEAN-Korea<br>Free Trade Area Preferential Tariff<br><br><input type="checkbox"/> Preferential Treatment Not Given (Please state<br>reason/s)<br><br>Signature if Authorized Signatory of the importing Country           |  |   |  |
| 3. Means of transport and routes (as known)<br>Departure date : FEB/23/2008<br>Vessel's name/Aircraft etc : HJ.PORTELADELAIDE801S<br>Port of Discharge : MALAYSIA     |  | 5. Item<br>number:  |  | 6. Marks and<br>numbers on<br>packages  |  |
| 7. Number and type of packages, description of<br>goods (including quantity where appropriate<br>and HS number of the importing country)                              |  | 8. Origin criterion<br>(see notes<br>overleaf)  |  | 9. Gross weight<br>or other quantity,<br>and Value  |  |
| 10. Number<br>and date of<br>invoices   |  | 11. Declaration by the exporter<br>The undersigned hereby declares that the above<br>details and statements are correct, that all the goods<br>were produced in REPUBLIC OF KOREA.<br><br>and that they comply with the origin requirements<br>specified for these goods in the ASEAN-KOREA Free<br>MALAYSIA. |  | 12. Certification<br>It is hereby certified on the basis of control carried<br>out, that the declaration by the exporter is correct.<br>CERTIFIED TRUE COPY<br><br>Park Sun-Mi<br><br>FEB/21/2008 SEOUL CUSTOMS REPUBLIC OF KOREA |  |
| Place and date, signature of authorized signatory   |  | Place and date, signature and stamp of certifying authority   |  | 13. <input type="checkbox"/> Third Country Invoicing <input type="checkbox"/> Exhibition <input type="checkbox"/> Back-to-Back C/O  |  |



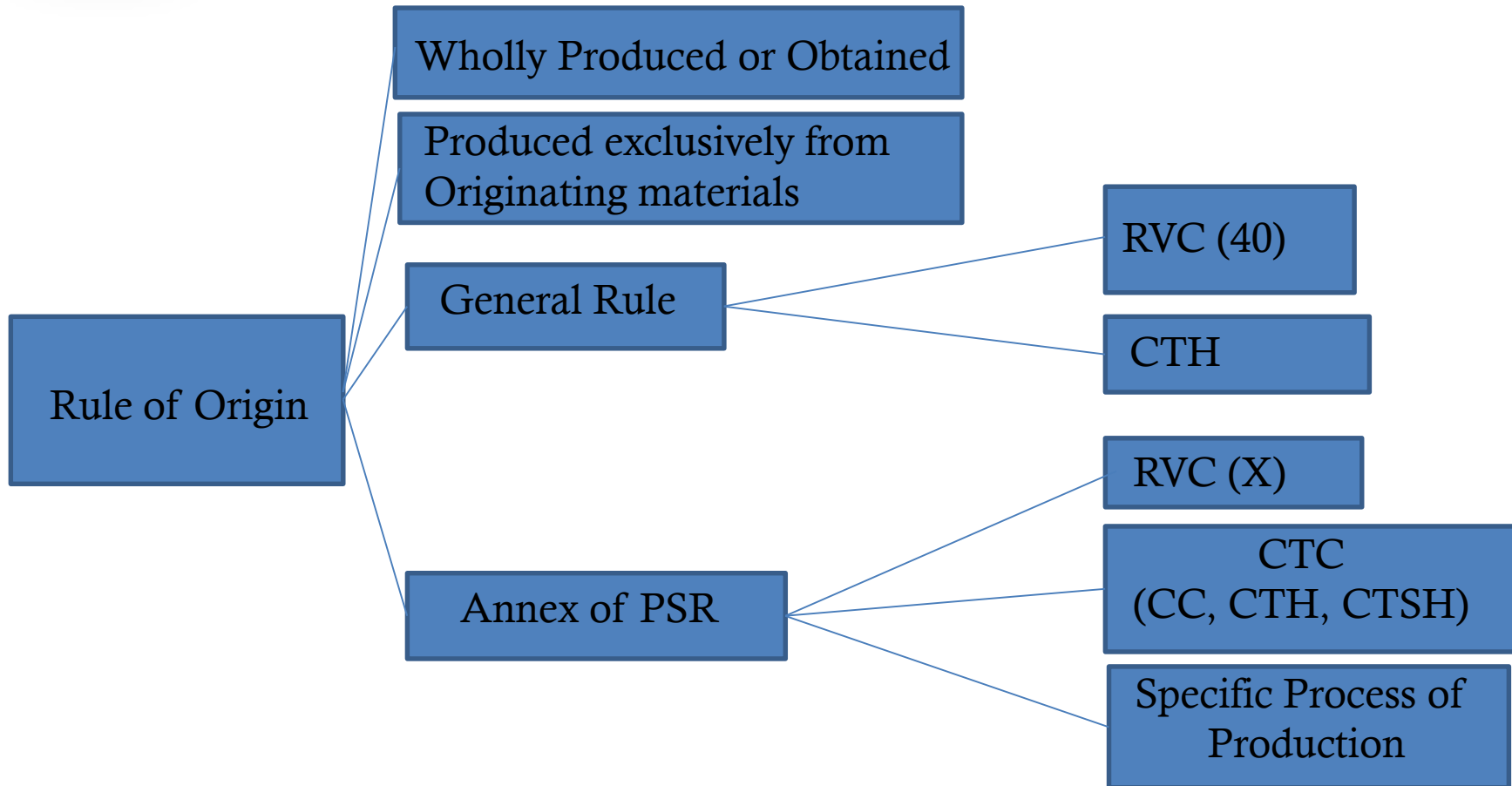
# Origin Criteria







# Origin Criteria





# Rules of Origin of AKFTA TIG

## 1. Wholly Obtained (Rule 3)

- Originate entirely within the exporting country.
- Can include its derivatives where applicable.
- **Examples:**
  - live animals born and raised in that country;
  - Animals obtained by hunting, trapping, fishing, gathering or capturing in that country;
  - products obtained from live animals;
  - **plants and plant products harvested, picked or gathered in that country;**
  - products of sea-fishing and other products taken from the sea outside a country;
  - Products taken from the sea-bed or subsoil beneath the sea-bed outside a country;
  - Minerals and other naturally occurring substances;
  - Scrap and waste; and
  - Goods obtained or produced in that country solely from products referred to above.



# Rules of Origin of AKFTA TIG

## 2. Not Wholly Obtained or Produced Goods(Rule 4)

A good, except those covered under Product Specific Rules (PSRs), shall be deemed to be originating if the regional value content (RVC) is not less than 40% of the free-on-board (FOB) value or if a good has undergone a change in tariff classification at the four digit-level (change of tariff heading) of the Harmonized System.

### ➤ Calculation of Regional Value Content (RVC)

There are two formulas used in calculating the RVC namely, the build-up method and the build-down method. Under the ASEAN-Korea FTA, a Party is given the flexibility to choose either build-up or build-down method of calculation but it shall adhere to one method.



# Rules of Origin of AKFTA TIG

## Build-Up Method

$$\text{RVC} = \frac{\text{Originating Material Cost} + \text{Direct Labour Cost} + \text{Direct Overhead Cost} + \text{Transportation} + \text{Profit}}{\text{FOB}} \times 100\%$$

## The Indirect/Build-Down Method

$$\text{RVC} = \frac{\text{FOB} - \text{Value of Non-Originating Materials (VNM)}}{\text{FOB}} \times 100\%$$



# Reduction schedule

## Korea

Will eliminate at least 70% of the tariff lines since the agreement come into force, 95% of the tariff lines not later than 01 Jan 2008, and all the tariff lines not later than 01 Jan 2010.

## Asean 6

will eliminate at least 50% Tariff lines 0-5% not later than 01 Jan 2007, 90% of the tariff lines not than 01 Jan 2009, and all the tariff lines not later than 2010 with flexibility 2012.

## VN

will reduce at least 50% of all tariff lines from 0-5% not later than 01 Jan 2013, 90% of the tariff line not later than 01 Jan 2015, an all the tariff line not later than 01 Jan 2016 with flexibility 2018.

## CLM

will reduce at least 50% of all tariff lines from 0-5% not later than 01 Jan 2015, 90% of the tariff line not later than 01 Jan 2017, an all the tariff line not later than 01 Jan 2018 with flexibility 2020.



# Agreement on Trade in Goods of AKFTA

## Highly Sensitive List

### Tariff Lines Schedules

| Group  | ASEAN-6 and Korea   | Viet Nam  | Cambodia, Lao PDR and Myanmar  |
|--|---|---|--|
| Group A (Tariff lines subject to 50% tariff rate capping)  | not later than 1 January 2016   | not later than 1 January 2021   | not later than 1 January 2024  |
| Group B (Tariff lines subject to tariff reduction by 20%)  | not later than 1 January 2016   | not later than 1 January 2021   | not later than 1 January 2024  |
| Group C (Tariff lines subject to tariff reduction by 50%)  | not later than 1 January 2016   | by 1 January 2021   | not later than 1 January 2024  |
| Group D (Tariff lines subject to tariff rate quotas (TRQ)) | upon the entry into force of the Agreement                              | upon the entry into force of the Agreement                              | upon the entry into force of the Agreement                               |
| Group E (Tariff lines exempted from tariff concession)     | subject to a maximum ceiling of 40 tariff lines at the HS 6-digit level | subject to a maximum ceiling of 40 tariff lines at the HS 6-digit level | subject to a maximum ceiling of 40 tariff lines at the HS 6-digit level. |



# Agreement on Trade in Goods of AKFTA

|                               | ASEAN-6  | VIET NAM  | CLM   | KOREA  |
|-------------------------------|--|---|---|--|
| Highly Sensitive List Ceiling | 200 tariff lines at the HS 6-digit level or 3% of all the tariff lines at the HS digit level of each Party's own choice and 3% of the total value of imports from Korea or from the ASEAN Member States as a whole, based on 2004 trade statistics | 200 tariff lines at the HS 6-digit level or 3% of all the tariff lines at the HS digit level of each Party's own choice | 200 tariff lines at the HS 6-digit level or 3% of all the tariff lines at the HS digit level of each Party's own choice | 200 tariff lines at the HS 6-digit level or 3% of all the tariff lines at the HS digit level of each Party's own choice and 3% of the total value of imports from Korea or from the ASEAN Member States as a whole, based on 2004 trade statistics |

*A complete list of products placed by individual countries on the Sensitive and Highly Sensitive Lists can be found at <http://akfta.asean.org/>*



# What does it mean to Cambodia trader?

Table : Difference between MFN and AKFTA Rate

| 2015                                       |                 | 2018                                       |                 |
|--|-----------------|--|-----------------|
| Difference Between MFN & Preferential Rate | Number of Lines | Difference Between MFN & Preferential Rate | Number of Lines |
| 0  | 2,898           | 0  | 670             |
| 2  | 666             | 2  | 2,898           |
| 7  | 669             | 7  | 385             |
| 10   | 485             | 10   | 2,423           |
| 15   | 152             | 15   | 614             |
| 30   | 385             | 30   | 666             |
| 35   | 2,423           | 35   | 152             |





**អគ្គនាយកដ្ឋាននគរបាលនិងរដ្ឋាករកម្ពុជា**  
 General Department of Customs and Excise of Cambodia



**ព្រះរាជាណាចក្រកម្ពុជា**  
 KINGDOM OF CAMBODIA

**ក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ**  
 MINISTRY OF ECONOMY AND FINANCE

**តារាងពន្ធនគរបាលកម្ពុជាឆ្នាំ២០១៧**  
 CUSTOMS TARIFF OF CAMBODIA  
 2017

ចេញផ្សាយលើកទី១  
 1<sup>st</sup> Edition  
 October 2016



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 GENERAL CUSTOMS AND EXCISE

សហភាពប្រទេសអាស៊ីអាគ្នេយ៍  
 ASSOCIATION OF SOUTH ASIAN NATIONS

អគ្គនាយកដ្ឋាននគរបាលនិងរដ្ឋាករកម្ពុជា  
 GENERAL DEPARTMENT OF CUSTOMS AND EXCISE OF CAMBODIA

**Thank You**  
**For Your Attention**

**Chea Samnang**  
 Head of International Affairs  
 General Department of Customs and Excise of Cambodia

**[International-affairs@customs.gov.kh](mailto:International-affairs@customs.gov.kh)**  
**[cheasamnang@gmail.com](mailto:cheasamnang@gmail.com)**  
**012840895**