



Kingdom of Cambodia
Nation - Religion - King

LAWS & REGULATIONS
ON
INVESTMENT
IN THE KINGDOM
OF CAMBODIA

Council for the Development of Cambodia
Cambodian Investment Board

FOREWORD

All of the following texts shall be considered as unofficial translations.

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PREAH REACH KRAM (ROYAL DECREE)

No. 03/NS 94

I, PREAHBATH SAMDECH PREAH NORODOM SIHANOUK VARMAN REACH HARIVONG UPHATO SUCHEAT VISOTHIPONG AKAMOHABORASRAT NIKAROSOM THAMMIK MOHAREACHE ATHIREACH BOROMANEAT BOROMABOPIT PREAH CHAU KRONG KAMPUCHEA THIPDEY

- Seen the Constitution of the Kingdom of Cambodia promulgated on September 24, 1993;
- Seen the Royal Decree dated November 1, 1993 on the Appointment of the Royal Government; and
- With the consent of the Council of Ministers

HEREBY PROMULGATE

The Law on Investment of the Kingdom of Cambodia, which was passed on August 4, 1994 by the National Assembly, the whole meaning of which shall be as follows:

**LAW ON INVESTMENT
OF THE KINGDOM OF CAMBODIA**

**Chapter I
GENERAL PROVISIONS**

Article 1: This Law governs all investment projects made by investors who are Cambodian citizens and/or foreigners within the Kingdom of Cambodia.

Article 2: Investor can be either a natural person or a legal entity.

**Chapter II
THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA**

Article 3: The Council for the Development of Cambodia is the sole and One-Stop Service organization responsible for the rehabilitation, development and the oversight of investment activities. The Council for the Development of Cambodia is the Royal Government's "Etat-Major" responsible for the evaluation and the decision making on all rehabilitation, development and investment project activities.

Article 4: The Council for the Development of Cambodia comprises the following two operational Boards:

1. The Cambodian Rehabilitation and Development Board, and
2. The Cambodian Investment Board

Article 5: The organization and functioning of the Council for the Development of Cambodia shall be specified by Sub-Decree.

**Chapter III
INVESTMENT PROCEDURES**

Article 6: Investors have to submit investment applications to the Council for the Development of Cambodia for review and decision.

Article 7: The Council for the Development of Cambodia shall provide a response as to its decision to all investors/applicants within a period of a maximum of forty-five (45) days following the date of submission of the complete investment application.

Any government officials who without proper justification refuse to review and respond to investors application past the above mentioned period of time shall be punished by law.

Chapter IV INVESTMENT GUARANTEES

Article 8: Investors shall be treated in a non-discriminatory manner as set by law, except for ownership of land as set forth in the Constitution of the Kingdom of Cambodia.

Article 9: The Royal Government shall not undertake nationalization policy, which shall adversely affect private properties of investors in the Kingdom of Cambodia.

Article 10: The Royal Government shall not impose price control on the products or services of investors who have received prior approval from the Government.

Article 11: In accordance with the relevant laws and regulations issued and published to the public by the National Bank of Cambodia, the Royal Government shall permit investors with investments in Cambodia to purchase foreign currencies through the banking system and to remit abroad these currencies for the discharge of financial obligations incurred in connection with their investments. This concerns the following payments:

1. Payment for imports and repayment of principal and interest on international loans;
2. Payment of royalties and management fees;
3. Remittance of profits; and
4. Repatriation of invested capital in compliance with Chapter 8.

Chapter V INVESTMENT INCENTIVES

Article 12: The Royal Government shall make available incentives to encourage investments in such important fields as:

1. Pioneer and/or high technology industries,
2. Job creation,
3. Export-oriented,
4. Tourism industry,
5. Agro-industry and processing industry,
6. Physical infrastructure and energy,
7. Provincial and rural development,
8. Environmental protection, and
9. Investments in Special Promotion Zone (SPZ) as shall be created by law.

Article 13: Incentives and privileges shall include the exemption, in whole or in part, of custom duties and taxes.

Article 14: Incentives and privileges shall consist of the followings:

1. A corporate tax rate of 9% except tax rate on the exploration and exploitation of natural resources, timber, oil, mines, gold, and precious stones which shall be set in separate laws.
2. A corporate tax exemption of up to 8 years depending on the characteristics of the project and the priority of the government which shall be mentioned in a Sub-Decree. Corporate tax exemption shall take effect beginning from the year the project derives its first profit. A 5-year loss-carried forward shall be allowed. In the event profits are reinvested in the country, such profits shall be exempted from all corporate tax.
3. Non-taxation on the distribution of dividends or profits or proceeds of investments, whether transferred abroad or distributed in the country.
4. 100% import duties exemption on construction materials, means of production, equipments, intermediate goods, raw materials and spare parts used by:
 - a. An export-oriented project with a minimum of 80% of the production set apart for export,
 - b. Located in a designated Special Promotion Zone (SPZ) listed in a development priority list issued by the Council;
 - c. Tourism industry;
 - d. Labor-intensive industry, processing industry, agro-industry; and
 - e. Physical Infrastructure and energy industry.

These 100% exemption of duties and taxes mentioned above shall be in effect according to the terms of the agreement or specification document of the investment projects which will produce goods for export in minimum of 80% of overall productivities as stipulated in the above point (4)a and for the investment projects which located in Special Promotion Zone (SPZ) as in (4)b.

Beside the kinds of investment projects in the above points (4)a and (4)b the 100% exemption of duties and taxes shall only be authorized for the construction enterprises, factories, building and the first year of production operation.

5. 100% exemption of export tax, if any;
6. the permission to bring into the Kingdom of Cambodia foreign nationals who are:
 - Management personnel and experts
 - Technical personnel
 - Skilled workers

Spouses and dependents of the above persons as authorized by the Council for Development of Cambodia and in compliance with the immigration and labor laws.

Article 15: The approval and incentives granted by the Council for Development of Cambodia shall not be transferred or assigned to any third parties.

Chapter VI LAND OWNERSHIP AND USE

Article 16: In accordance with the Constitution and relevant laws and regulations pertaining to the ownership and use of land:

1. Ownership of land for the purpose of carrying on promoted investment activities shall be vested only in natural persons holding Cambodian citizenship or in legal entities in which more than 51% of the equity capital are directly owned by natural persons or legal entities holding Cambodian citizenship.
2. Use of land shall be permitted to investors, including long-term leases of up to a period of 70 years, renewable upon request. Upon such use may include the

right of ownership of real and personal property situated on the land as may be permitted by law.

Chapter VII EMPLOYMENT PRACTICES

Article 17: Investors in the Kingdom of Cambodia shall be free to hire Cambodian nationals and foreign nationals of their choosing in compliance with the labor and immigration laws.

Article 18: The investors shall be allowed to hire foreign employees listed in Article 14 (6) provided that:

1. The qualification and expertise are not available in the Kingdom of Cambodia among the Cambodian populace. In the event of such hiring, appropriate documentation including photocopies of the employee's passport, certificate and/or degree and a curriculum vitae shall be submitted to the Council,
2. Investors shall have the obligation to provide adequate and consistent training to Cambodian staff,
3. Promotion of Cambodian staff to senior positions will be made over time.

Article 19: Foreign employees shall be allowed to remit abroad their wages and salaries earned in the Kingdom, after payment of appropriate tax, in foreign currencies obtained through the banking system.

Chapter VIII DISPUTES AND DISSOLUTION

Article 20: Any dispute relating to a promoted investment established in the Kingdom by a Cambodian or a foreign national concerning its rights and obligations set forth in the Law shall be settled amicably as far as possible through consultation between the parties in dispute.

Should the parties failed to reach an amicable settlement within two month from the date of the first written request to enter such consultations, the dispute shall be brought by either party for:

- Conciliation before the Council which shall provide its opinion, or
- Refer the matter to the court of the Kingdom of Cambodia, or
- Refer to any international rules to settle the disputes as agreed by both parties.

Article 21: In the event a promoted company intends to end its activity in the Kingdom of Cambodia, it shall inform the Council through either a registered letter or a hand delivered letter stating the reasons of such a decision, and signed by the investor or his attorney-in fact.

Article 22: In the event of a proposal for a dissolution of a company without judicial procedures, the investor shall provide proofs to the Council that the company has properly settled its potential creditors, complainants and claims from the Ministry of Economy and Finance before the investor is allowed to officially dissolve his company or enterprise according to the applicable commercial law.

Article 23: Once the investor is allowed to officially dissolve his company or enterprise either within the judicial procedures or not, the investor can transfer the remaining proceeds of its assets overseas or use them in the Kingdom of Cambodia. However, in the event that the dissolving company had used machineries and equipment that were imported duty free for less than five years, the company shall have the obligations to pay the duties applicable to those machineries and equipment.

**Chapter IX
FINAL PROVISIONS**

Article 24: Investments authorized under the previous "Law on Investment" of the State of Cambodia and its Sub-Decrees shall be subject to the same benefits and obligations as stated under this Law. This law is not retroactive.

Article 25: In the case where the promoted company violates or fails to comply with the conditions stipulated by the Council, the Council shall have the power to withdraw the privileges and incentives granted to him, in whole or in part.

Article 26: This Law shall be promulgated immediately.

Phnom Penh, August 5, 1994

In the name of His Majesty and with
His Royal Highest Instruction

Acting Head of State

CHEA SIM

Having submitted to His Majesty for
Royal Signature

1st Prime Minister 2nd Prime Minister

Having informed
Samdech 1st and 2nd Prime Minister
Senior Minister in charge of
Rehabilitation and Development

Keat Chhon

Norodom Ranariddh

Hun Sen



PREAH REACH KROM (ROYAL DECREE)

NS/RKM/0303/009

I, PREAHBATH SAMDECH PREAH NORODOM SIHANOUK VARMAN REACH
HARIVONG UPHATO SUCHEAT VISOTHIPONG AKAMOHABORASRAT NIKAROSOM
THAMMIK MOHAREACHE ATHIREACH BORMANEAT BORMABOPIT PREAH CHAU
KRONG KAMPUCHEA THIPDEY

- Seen the Constitution of the Kingdom of Cambodia
- Seen the Royal Decree No. NS/RKT/1198/72 dated November 30, 1998 on the Appointment of the Royal Government;
- Seen the Royal Decree No. 02/NS/94 dated July 20, 1994 on the promulgation of the law on establishment and organization of the Council of Ministers;
- Seen the Royal Decree No. NS/RKM/0196/18 dated January 24, 1996 on the promulgation of the law on establishment of the Ministry of Economy and Finance; and
- Seen the letter of submission of Samdech Prime Minister of the Royal Government of Cambodia and of Senior Minister, Minister of Economy and Finance.

HEREBY PROMULGATE

Law on the Amendment of the Law on Investment of the Kingdom of Cambodia which has been adopted by the National Assembly on February 03, 2003 at the 9th Plenary Session, 2nd Mandate and which the Senate has fully endorsed on the form and spirit of this law by no adjustment or correction on February 27, 2003 at the 9th Plenary Session, 1st Mandate, the whole meaning of which shall be as follows:

**LAW ON AMENDMENT OF THE LAW ON INVESTMENT OF THE KINGDOM OF
CAMBODIA**

**CHAPTER 1
GENERAL PROVISIONS**

Single Article:

Article 1,2,6,7,8,10,12,14,15,16,18,20,21,22 and 23, Article 24 of chapter 9, and Article 25, 26 and 27 of Chapter 10 of the law on investment of the Kingdom of Cambodia promulgated by the Royal Decree 03/NS/94 dated August 5, 1994 shall be amended as follow:

Article 1: New

This law governs all Qualified Investment Projects and defines procedures by which any person establishes a Qualified Investment Project.

Only Qualified Investment Projects are entitled to the benefits subject to the scope of this Law.

Unofficial Translation

Article 2: New

Within the meaning of this Law, the following terms shall be defined as follows:

"Qualified Investment Project" or **"QIP"** means an investment project which has received a Final Registration Certificate.

"Export QIP" means a Qualified Investment Project whose production is exported to be determined by Sub-Decree.

"Supporting Industry QIP" means a Qualified Investment Project which has its entire production (100%) supplying export industry as substitution for the regularly imported raw materials or accessories.

"Working day" means any calendar day which is an official working day of the Royal Government of Cambodia.

"Cambodian Entity" means a company which has a place of business and registered in the Kingdom of Cambodia and 51% or more of the shares of the company are held by a person with Cambodian nationality.

"Person" means any natural or juristic person.

"Conditional Registration Certificate" means the document issued by the Council under the paragraph 3 of the new Article 7 of this Law.

"Final Registration Certificate" means the document issued by the Council for the Development of Cambodia under the paragraph 7 of the new Article 7 of this Law.

"Investment Proposal" means the proposal submitted by any person to the Council for the Development of Cambodia with the purpose to establish a QIP.

"Applicant" means any person or group of persons submitting an Investment Proposal to the Council for the Development of Cambodia.

"Investor" means any person who carries on a Qualified Investment Project.

Article 6: New

All persons wishing to establish a QIP shall submit an Investment Proposal to the Council for the Development of Cambodia in the form and according to the procedures provided in this Law and the Sub-Decree.

Article 7: New

Within three (03) working days of the Council's receipt of the Investment Proposal, the Council shall issue to the Applicant a Conditional Registration Certificate or a Letter of Non-Compliance.

The Council shall issue the Conditional Registration Certificate if the Investment Proposal contains all the information required under the Sub-Decree, and if the proposed activity is not in the Negative List set out in the Sub-Decree. However, if the Investment Proposal does not satisfy the above condition, the Council shall issue a Letter of Non-Compliance to the Applicant.

The Conditional Registration Certificate shall specify the approvals, authorizations, clearances, licenses, permits or registrations required for the QIP to operate, as well as the government entities responsible to issue such approvals, clearances, licenses, permits or registrations. The Conditional Registration Certificate shall also confirm the incentives that the QIP is entitled to under new Article 14 of this Law and recognize the statutes of the legal entity, which will undertake the QIP.

If the Council for the Development of Cambodia fails to issue a Conditional Registration Certificate or Letter of Non-Compliance within three working days, the Conditional Registration Certificate shall be considered to be automatically approved in the form set out in the Sub-Decree.

The Council for the Development of Cambodia shall obtain all of the licenses from relevant ministries-entities listed in the Conditional Registration Certificate on behalf of the Applicant.

All government entities responsible for issuing an authorization, clearance, license, permit or registration listed on the Conditional Registration Certificate shall issue such document no later than the 28th working day from the date of the Conditional Registration Certificate. Any government official who, without proper reason, fails to respond to an Applicant's request by this deadline shall be punished by law.

The Council for the Development of Cambodia shall issue a Final Registration Certificate within 28 working days of its issuance of the Conditional Registration Certificate. Issuance of the Final Registration Certificate does not release the QIP from obtaining any other approvals specified by competent ministries-entities. Even upon the lapse of the 28 working days deadline as stipulated in the paragraph 6 above, all competent entities shall issue approvals as prescribed by laws and regulations. The date of issuing the Final Registration Certificate shall be the date of QIP commencement.

All Letters of Non-Compliance shall clearly state the clear reasons why the Investment Proposal was not acceptable as well as the additional information required to enable the Council to issue a Conditional Registration Certificate.

Article 8: New

A foreign investor shall not be treated in any discriminatory way by reason only of the investor being a foreign investor, except in respect of ownership of land as set forth in the Land Law.

Article 10: New

The Royal Government shall not fix the price or fee of the products or services of a QIP.

Article 12: New

The Royal Government shall make available incentives under this Chapter to Qualified Investment Projects.

Article 14: New

Incentives provided for in Article 13 shall include as follow:

1. 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.
2. The tax exemption period is composed of a Trigger Period + 3 years + Priority Period. Priority Period shall be determined in the Financial Management Law.

The maximum Trigger Period is to be first year of profit or three years after the QIP earns it first revenue, whichever is sooner.

3. The entitlement of a QIP under the paragraph 1 above shall be subject to the QIP obtaining from the Council an annual certificate of obligation satisfaction before the State which shall be specified by the Sub-Decree.
4. A QIP shall be subject to a profit tax rate after its tax exemption period as determined in the Law on Taxation
5. A QIP which uses the entitlement under the paragraph 1 above shall not be entitled to claim any special depreciation under the Law on Taxation.
6. A domestically oriented QIP shall be entitled to import production equipment and production input construction materials, exempt of duty which shall be specified by the Sub-Decree.
7. Export QIPs other than an Export QIP which elects or which has elected to use the Customs Manufacturing Bonded Warehouse mechanism, shall be entitled to import production equipment, construction materials, raw materials, intermediate goods, and production input accessories, exempt of duty which shall be specified by the Sub-Decree.
8. A "Supporting Industry" QIP shall be entitled to import production equipment, construction materials, raw materials, intermediate goods and production input accessories, exempt of duty which shall be specified by the Sub-Decree.
9. A person which has acquired, or merged with, an investor, may on application to the Council for the Development of Cambodia inherit all, and any, guarantees, rights, privileges and obligations from the investor's QIP, subject to the merger or acquisition procedures which shall be specified by the Sub-Decree.
10. A QIP which is located in a designated SPZ or EPZ listed in a development priority list issued by the Council shall be entitled to the same incentives and privileges as other QIPs stipulated in this law.

11. A QIP shall be entitled to 100% exemption of export tax, except for activities as stipulated in laws in effective.

12. 11. A QIP is entitled to obtain visas and work permits for the employment in the Kingdom of foreign citizens as managers, technicians and skilled workers, and residency visas for the spouses and dependants of those foreign nationals as authorized by the Council for the Development of Cambodia and in compliance with the Immigration and Labor Laws.

Article 15: New

The rights, privileges and entitlements of a QIP may not be transferred or assigned to any third party except by acquisition or merger as stipulated in the paragraph 8 of the new Article 14.

Article 16: New

Ownership of land by investors for the purpose of carrying on a QIP shall be vested in natural persons holding Cambodian citizenship or in Cambodian Entities.

Use of land shall be permitted to investor, including concessions, unlimited long-term leases and limited short-term leases which are renewable, in compliance with the provisions of the Land Law.

Investors shall have the right to own and pledge as security and transfer the real and personal property situated upon the land and land which the QIP uses, for a period no longer than the period determined in a land concession contract or land lease agreement as permitted by Law.

Investors cannot transfer or pledge any longer the land concession, which has not been in operation.

Article 18: New

Investors shall be allowed to hire foreign employees provided that:

- The qualification and expertise are not available in the Kingdom of Cambodia among the Cambodian populace. In the event of such hiring, appropriate documentation including photocopies of the employee's passport, certificate and/or degree and a curriculum vitae shall be submitted to the Council for the Development of Cambodia,
- A letter asserting needs for hiring the foreign employees shall be required. Investors shall obtain an approval and a permit from the Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation,
- Before working for investors, the foreign employee shall hold a permit for work in the Kingdom of Cambodia, issued by the Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation.

Investors shall perform the following obligations:

- Provide adequate and consistent training to Cambodian staff,
- Promotion of Cambodian staff to senior positions will be made over time.

Article 20: New

Except for land-related disputes, any dispute relating to a QIP concerning its right and obligations set forth in the law shall be settled amicably as far as possible through consultation between the Council for the Development of Cambodia, the investors and any other party involved in the dispute.

If the parties failed to reach an amicable settlement within two months from the date of the first written request to enter such consultations, the dispute shall be brought by either party for:

- Conciliation before the Council which shall provide its opinion, or
- Arbitration in or outside of Cambodia as agreed by both parties, or
- Trial by the tribunals of the Kingdom of Cambodia.

Article 21: New

If an investor intends to end its activities in the Kingdom of the Cambodia, it shall inform the Council for the Development of Cambodia through either a registered letter or a hand delivered letter stating the reason of such a decision, and signed by the investor or his attorney-in fact.

Article 22: New

If an investor intends to stop the activity of its QIP without judicial procedures, the investor shall provide proof to the Council that the QIP has properly settled its debts, including any complainants and claims from the Ministry of Economy and Finance, before the investor is allowed to officially stop the activities of the QIP or dissolve according to the applicable commercial law.

Article 23: New

Once the QIP is allowed to stop its activity either within the judicial procedures or not, the investor can transfer the remaining proceeds of their assets overseas or use them in the Kingdom of Cambodia. However, in the event that the QIP had used machineries and equipment that were imported duty free for less than five years, the QIP shall have the obligations to pay the duties applicable to those machineries and equipment, according to the determination of the Sub-Decree.

Article 24: New

All investments authorized under the Law on Investment promulgated by Royal Kram No. 03/NS/94 dated August 05, 1994 and Sub-Decrees shall be considered to be Qualified Investment Projects as stipulated in this Law and relevant Sub-Decrees.

An QIP entitled to a tax on profit rate of 9% before the promulgation of this Law and which has commenced the investment activity in respect of which the approval was granted, shall be entitled to that 9% tax rate for five tax years commencing from the fiscal year after the promulgation of this Law, subject to the Investors submitting in each fiscal year after the promulgation of this law a

certificate of obligation satisfaction before the State, which shall be specified by the Sub-Decree as stipulated in the paragraph 2 of the new Article 14.

A QIP entitled to an exemption of tax on profit before promulgation of this Law, and whose entitlement has been approved in writing by the Council, shall continue to be entitled to that profit tax exemption, subject to the Investors submitting in each fiscal year after the promulgation of this Law a certificate of obligation satisfaction before the State, which shall be specified by the Sub-Decree as stipulated in the paragraph 2 of the new Article 14.

Article 25: New

Where the QIP violates or fails to comply with the conditions stipulated by the Council for the Development of Cambodia, the Council shall have the power to withdraw the privileges and incentives granted to him, in whole or in part.

Article 26: New

Any provisions contrary to this Law shall be abrogated.

Article 27: New

This Law shall be promulgated immediately.

Done in Royal Palace Phnom Penh, March 24, 2003
In the name of His Majesty and with His Royal Highest
Instruction

ពលក.០៣.០៣.១៣៤

Acting Head of State
Signature and Seal

Having submitted to His Majesty
for Royal Signature

Prime Minister
Signature

CHEA SIM

Hun Sen

Having informed
Samdech Prime Minister
Senior Minister, Minister of Economy
and Finance
Signature

Keat Chhon

No. 107 ច.ជ
Carbon Copy
Phnom Penh, March 26, 2003
Secretary General of the Royal
Government

Unofficial translation

Nady Tann

Unofficial Translation

**SUB-DECREE ON THE
IMPLEMENTATION OF THE AMENDMENT
TO THE LAW ON INVESTMENT
OF THE KINGDOM OF CAMBODIA**

Kingdom of Cambodia
NATION RELIGION KING

SUB-DECREE

**ON THE IMPLEMENTATION OF THE AMENDEMENT TO THE
LAW ON INVESTMENT OF THE KINGDOM OF CAMBODIA
No 111 ANK/BK DATE ON SEPTEMBER 27, 2005**

The Royal Government of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia
- Having seen the Royal Decree NS/RKT/0704/124 dated July 15, 2004 on the formation of the Royal Government of Cambodia
- Having seen the Royal Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram No. 03/NS/94 dated August 5, 1994 regarding the Law on Investment of the Kingdom of Cambodia and Royal Kram No. NS/RKM/0303/009 dated March 24, 2003 promulgating the Amendment to the Law on Investment of the Kingdom of Cambodia
- Having seen the Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 promulgating the Law on Taxation and the Royal Kram No. NS/RKM/0303/010 dated March 31, 2003 promulgating the Amendment to the Law on Taxation
- Having seen the Sub-Decree No. 88/ANK/BK dated December 29, 1997 on the implementation of the Law on Investment of the Kingdom of Cambodia and the amended Sub-Decree No. 53/ANK/BK dated June 11, 1999 regarding the amendment to the Sub-Decree on the implementation of the Law on Investment of the Kingdom of Cambodia and No. 130/ANK/BK dated December 26, 2001 regarding the amendment to the Sub-Decree No 53/ANK/BK dated June 11, 1999
- Having seen the Sub-Decree No. 70/ANK/BK dated July 27, 2001 on the Organizations and Functioning of the Council for the Development of Cambodia and the amending Sub-Decree No. 112/ANK/BK dated November 12, 2002 and No. 35/ANK/BK dated August 04, 2004 on the amendment on the Sub-Decree No 70/ANK/BK dated July 27, 2001
- With the approval of the Council of Ministers during the Cabinet Meeting of September 02, 2005

IT IS HEREBY DECIDED

**CHAPTER 1
GENERAL PROVISIONS**

Article 1: Coverage of the Sub-Decree

- 1.1 Objective: This Sub-Decree supplements and governs the application and implementation of the Law on Investment and is intended to encourage and regulate investments in the Kingdom of Cambodia by Cambodian entities and foreign entities.

- 1.2 Application: This Sub-Decree applies to every QIP registered at the Council and provincial/municipal investment sub-committee.

Article 2: Scope of Investment

Investment Activity: This Sub-Decree applies to all investment activities other than those activities set out in the Negative List in Schedule 1, Part 1 of this Sub-decree as provided in Article 7 of the Law on Investment]

Article 3: Foreign and Cambodian Investment

- 3.1 Foreign and Cambodian Investment: The Royal Government welcomes investments in all economic activities from Cambodian Entities and Foreign Entities, subject only to the restrictions set out in Article 2 of this Sub-Decree.
- 3.2 Use of Nominees: An individual or legal entity controlled by Cambodian citizens must not act for, or represent, either directly or indirectly, a Foreign Entity for the purpose of avoiding the effects of the provisions of this Sub-Decree, which restrict or prohibit the activities of Foreign Entities or Foreign nationals.

Article 4: Definitions

As used in this Sub-Decree, the following terms shall have the meaning as defined hereunder:

"**Applicant**" means a person or a group of persons who submit an Investment Proposal to the Council or to the Provincial/ Municipal Investment Sub-committee.

"**Cambodian Investor**" means an Investor who is a Cambodian citizen or who is a Cambodian Entity.

"**Cambodian Legal Entity**" means a company which is registered in, and whose place of business is in, the Kingdom of Cambodia and 51 percent or more of its shares are held by Persons of Cambodian nationality.

"**Certificate of Compliance**" means the certificate of obligation satisfaction required to be lodged under Article 14.2 New or Article 24 New of the Law on Investment, and issued under Article 18.2 of this Sub-Decree.

"**Conditional Registration Certificate**" means the document issued by the Council or the provincial/municipal Investment Sub-committee as set out in paragraph 3 of Article 7 New of Law on Investment and Article 6.3 of this Sub-Decree.

"**Construction Materials**" means construction items including fixtures in or on a facility that is fully transformed and utilized in the construction of facilities to be used by a QIP to carry out its Investment Activity during the initial construction phase or expansion.

"**Council**" means the Council for the Development of Cambodia established by Article 3 of the Law on Investment.

"**Council Sub-Decree**" means the Sub-Decree No. 70/ANK/BK dated July 27, 2001 on the Organization and Functioning of the Council for the Development of Cambodia and its subsequent amendments No. 112/ANK/BK dated November 12, 2002 and No. 35/ANK/BK dated August 4, 2004.

"**Customs Duties**" means taxes on foreign trade as listed in the customs tariffs imposed on goods when importing into or exporting out of the customs territory.

"**Domestic QIP**" means a QIP that does not aim at export.

"**Export QIP**" means a QIP that sells or transfers a proportion of its product to a purchaser or transferee outside the Kingdom of Cambodia.

"Financial Management Law" means the annual Financial Management Law.

"Final Registration Certificate" means the document issued by the Council or the provincial/municipal Investment Sub-committee as set out in paragraph 7 of Article 7 New of the Law on Investment and Article 7.3 of this Sub-Decree.

"Foreign Legal Entity" means an entity which is not a Cambodian Entity or which is not created in compliance with Cambodian laws.

"Investment Activity" means the business activity to be carried out in Cambodia under a QIP.

"Investment Capital" means the value of the investment indicated in USD currency excluding the value of land and working capital.

"Investment Guarantees" means the guarantees set out in Chapter 4 of the Law on Investment as provided for in this Sub-Decree, which are available to an Investor who complies with all the requirements of this Sub-Decree.

"Investment Incentives" means the incentives set out in Chapter 5 of the Law on Investment and as provided for in this Sub-Decree, which are available to an Investor who complies with all the requirements of this Sub-Decree.

"Investment Proposal" means a proposal submitted to the Council or provincial/municipal Investment Sub-committee by any person for the purpose of establishing a QIP.

"Investor" means the person who carries out QIP.

"Law on Investment" means the Law on Investment promulgated by Royal Kram No. 03/NS/94 dated August 5, 1994 and which is amended by the Law on the Amendment to Law on Investment of the Kingdom of Cambodia promulgated by Royal Kram No. NS/RKM/0303/009 dated March 24, 2003.

"Law on Taxation" means the Law promulgated by the Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 and which is amended by Law on the Amendment to Law on Taxation promulgated by Royal Kram No. NS/RKM/0303/010 dated March 31, 2003.

"Machine Parts" means parts of Production Equipments with a working life of less than 2 years including spares of such parts and equipments.

"Negative List" means the list of Investment Projects as set out in Schedule 1 of this Sub-Decree .

"Person" means natural or legal person.

"Production Equipment" means any machinery and tool used in the substantial transformation of Production Inputs which is not itself transformed or consumed within 2 (two) years of its importation, including information technology equipment or any motor vehicle .

"Production Inputs" means goods, including raw materials, semi finished products, and accessories serving production that is fully transformed or utilized in the production process of the QIP no later than 2 (two) years after importation.
It does not include office equipments and furnitures, petroleum products, vehicles, and spare parts for vehicles.

"Production Outputs" means goods which are produced from Production Inputs that have been transformed.

"Professional Service" includes, but is not limited to, legal, financial, accounting, auditing, tax consulting, architecture, engineering, information technology services, advertising, and management services.

"Provincial/municipal Investment Sub-committee" means the sub-committee of the provinces or municipalities established by Sub-decree to review and approve investment projects with an investment capital of less than USD2,000,000 (two million US dollars) at the provincial and municipal level.

"Qualified Investment Project" or "QIP" means an investment project for which a Final Registration Certificate has been issued.

" Supporting Industry QIP" means a QIP in which one hundred percent of the product is used to supply the export industry instead of usually imported raw materials and accessories .

"Working Day" means a calendar day which is officially a working day of the Royal Government of Cambodia.

CHAPTER 2

INVESTMENT PROPOSALS AND REGISTRATION CERTIFICATES

Article 5: Application for Conditional Registration Certificate

- 5.1 Application and Fee: Any person who wishes to obtain the Investment Incentives and Guarantees or only the Investment Guarantees shall submit to the Council or the Provincial/Municipal Investment Sub-committee an Investment Proposal on a completed Application Form duly signed by or on behalf of the Applicant with appropriate Power of Attorney along with the payment of the Application Fee in the amount of 7,000,000 (seven million) Riels, representing the administration fees for securing the approvals, authorizations, licenses, or registrations from all relevant ministries and entities including stamp duty.
- 5.2 Application Form: The Application Form for an Investment Proposal is set out in Schedule 2 of this Sub-Decree.
- 5.3 Evidence of authority to act: If an Investment Proposal is signed by a person on behalf of the Applicant, documentary evidence of that person's authority to so act must be submitted to the Council or the Provincial/Municipal Investment Sub-committee with the Investment Proposal.
- 5.4 Multi-activity Projects: If a person proposes to invest and carry out more than one Investment Activity, which, if registered, would be carried out as a QIP, the person must submit a separate Investment Proposal for each Investment Activity.
- 5.5 Election for Exemption from Tax on Profit: An Applicant who wishes to become entitled to the exemption from the Tax on Profit under Article 14.1 of the Law on Investment in accordance with Article 15 of this Sub-Decree on receiving a Final Registration Certificate, must make an election in writing to that effect in the Investment Proposal.
- 5.6 Election precluding other Fiscal Allowances: In making the election under Sub-Article 5.5, the Applicant acknowledges that the election to utilize the tax holiday provided under Article 14.1 of the Law on Investment disqualifies the Investor from claiming any investment allowance otherwise available to the Investor under the Law on Taxation in respect of the QIP.
- 5.7 Election for Investment Guarantees only: An Applicant, who wishes to receive only the benefit of the Investment Guarantees, may make a written election in the Application Form as long as the Applicant is a non-QIP but falls under the Investment Guarantees of the Law on Investment. In this case, the Council and the Provincial/Municipal Investment Sub-committee shall issue a specific license to the Applicant.

Article 6: Registration of Investment Proposal or its refusal

- 6.1 Registration Process: The Council or Provincial/Municipal Investment Sub-Committee must, within 3 Working Days of the submission of an Investment Proposal under Article 5.1:
 - (a) if neither paragraph (b) nor (c) applies, register the Investment Proposal and notify the Applicant in accordance with Sub-Article 6.3; or

- (b) refuse the Investment Proposal and notify the Applicant in accordance with Sub-Article 6.6 if the Investment Proposal is made in respect of an Investment Activity which:
 - (i) is included in the Negative List; or
 - (ii) previously has been, or is currently, carried on by the Investor or any other person and which has already received Investment Incentives under the Law on Investment
 - (c) refuse the investment proposal and notify the Applicant in accordance with Sub-Article 6.6 if the Investment Proposal does not contain all the information required under Sub-Article 5.1.
 - (d) the Council or the Provincial/Municipal Investment Sub-committee has the right to postpone the registration of specific Investment Projects related to the national interest or are environmentally sensitive which required to be processed through the one-stop mechanism of the Council and the Provincial/Municipal Investment Sub-committee who shall notify the specific grounds to the applicant within 3 (three) Working Days of the submission of the Investment Proposal.
- 6.2 Amendment of Investment Proposal: If the Investment Proposal made to the Council does not conform to Article 5 of this Sub-Decree, the Council or the Provincial/Municipal Investment Sub-committee may, by written notice within 3 Working Days of the Investment Proposal's submission to the Council or the Provincial/Municipal Investment Sub-Committee, require the Applicant to amend the Investment Proposal made to it and to resubmit the Investment Proposal to the Council and the Provincial/Municipal Investment Sub-committee.
- 6.3 Issuance of Conditional Registration Certificate: If the Council or the Provincial/Municipal Investment Sub-committee registers an investment Proposal under Sub-Article 6.1(a), it must issue to the Applicant, within 3 Working Days of the submission of the Investment Proposal, a Conditional Registration Certificate, in the form set out in Schedule 3, containing the following:
- (a) a list of all the necessary approvals, authorizations, licenses, permits or registrations which are required for the QIP to be lawfully undertaken and The ministries, departments, authorities, entities of the provinces/municipalities or agencies of the Royal Government responsible for issuing those documents upon the Applicant meeting the criteria required for the issuing of those documents..
 - (b) the election made by the Applicant pursuant to Sub-Article 5.5, 5.6 or 5.7.
 - (c) the Investment Incentives and Guarantees to which the investment project will be entitled if the Final Registration Certificate is issued, including the Tax on Profit exemption period under Article 14.1 of the Law on Investment.
 - (d) the election made by the Applicant pursuant to Article 5.7, and the subsequent non-entitlement to the Investment Incentives.
 - (e) recognition of the statutes of the legal entity which will undertake the QIP.
- 6.4 Default on the issuance of Conditional Registration Certificate: If the Council or the Provincial/Municipal Investment Sub-committee fails to issue a Conditional Registration Certificate under Sub-Article 6.3 or fails to issue Letter of Non-Compliance under Sub-Article 6.6 within 3 Working Days, the Investment Proposal is deemed to be registered and the Council or the Provincial/Municipal Investment Sub-committee must issue a Conditional Registration Certificate to the Applicant immediately.
- 6.5 Information to accompany Conditional Registration Certificate: The Council or the Provincial/Municipal Investment Sub-committee must issue with the Conditional Registration Certificate the investment guidelines and assessment criteria for each of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a).
- 6.6 Letter of Non-Compliance: If the Council or the Provincial/Municipal Investment Sub-committee refuses an Investment Proposal under Sub-Article 6.1(b), it must issue to the Applicant a Letter of Non-Compliance containing:
- (a) the reason why the Investment Proposal was not acceptable; and

- (b) the additional information required to enable the Council or the Provincial/Municipal Investment Sub-committee to register an amended Investment Proposal.

Article 7: Issuance of Final Registration Certificate

- 7.1 Council or the Provincial/Municipal Investment Sub-committee to assist with the various types approvals, authorizations: After issuing the Conditional Registration Certificate in accordance with Sub-Article 6.3, the Council or the Provincial/Municipal Investment Sub-committee must, on behalf of the Applicant, assist with the issuance of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a) by the relevant ministries, departments, authorities, entities of the provinces/municipalities or agencies of the Royal Government.
- 7.2 Payment of Deposit: An Investor shall not be required to make payment of any deposit to guarantee his or her investment except for the case of an infrastructure concession as required in the concession contract.
- 7.3 Issuance of Final Registration Certificate: When the holder of a Conditional Registration Certificate obtains all of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a), the Council or the Provincial/Municipal Investment Sub-committee must issue a Final Registration Certificate.
- 7.4 Period to issue Final Registration Certificate: If the holder of a Conditional Registration Certificate has not obtained all of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a) within 28 Working Days of the date of issuance of the Conditional Registration Certificate, the Council or the Provincial/Municipal Investment Sub-committee must issue a Final Registration Certificate.
- 7.5 Application for other approvals from relevant institutions: A Final Registration Certificate issued by the Council or the Provincial/Municipal Investment Sub-committee under Sub-Article 7.4 does not negate the obligation of the Applicant to obtain and receive all of the approvals, authorizations, licenses, permits or registrations required for the proposed QIP to operate lawfully.
- 7.6 Commencement of QIP: A QIP commences on the date of issuance of the Final Registration Certificate for that QIP and this commences the Trigger Period for the Tax on Profit Exemption period under Article 14.1 of the Law on Investment and Sub-Article 15.1 of this Sub-Decree.
- 7.7 Obligation to ask for other approvals: A QIP shall file written applications in accordance with applicable procedures to the Council or the Provincial/Municipal Investment Sub-committee for its approval of any changes of address, head office, place of business, company name, shares, and any other changes to the Investment Proposal and to the statute of the Investor within 10 (ten) Working Days prior to such changes so that the Council or the Provincial/Municipal Investment Sub-committee can decide on the issues no later than 10 (ten) Working Days.

Article 8: Revocation or Cancellation of Final Registration Certificate

- 8.1 Revocation of Final Registration Certificate: A Final Registration Certificate shall be revoked from the date it was issued by the Council or Provincial/Municipal Investment Sub-Committee if an Investor:
- (a) obtained a Final Registration Certificate or a Certificate of Compliance through fraud or misrepresentation; or
 - (b) does not commence an Investment Activity within six (6) months of the receipt of all the documents referred to in Sub-Article 7.3 except for the case of concession contracts in which such period is specified by agreement in the contract.
- 8.2 Cancellation of Final Registration Certificate: If an Investor applies to the Council or the Provincial/Municipal Investment Sub-committee for a Final Registration Certificate to be cancelled under Article 21 New of the Law on Investment, the Council or the Provincial/Municipal Investment Sub-committee must cancel that Final Registration Certificate only if and when the Investor has fully complied with Articles 22 New and 23 New of the Law on Investment.

- 8.3 Notification of revocation of Final Registration Certificate: If the Council or the Provincial/Municipal Investment Sub-committee revokes a Final Registration Certificate in accordance with this Article, the Council or the Provincial/Municipal Investment Sub-committee must notify the Investor in writing of the revocation.
- 8.4 Appeals: An Investor whose Final Registration Certificate is revoked by the Council or the Provincial/Municipal Investment Sub-committee under this Article may appeal in writing to Co-Chairmen of the Council within 20 Working Days of the date or receipt of the written notification of revocation from the Council or the Provincial/Municipal Investment Sub-committee under Sub-Article 8.3.
- 8.5 Loss of Investment Incentives: A QIP whose Final Registration Certificate is revoked or cancelled is not entitled to claim, on and from the date of the revocation or cancellation, any of the Investment Incentives set out in the Final Registration Certificate.

CHAPTER 3 ACQUISITIONS AND MERGERS OF QIPs

Article 9: Merger of QIPs

- 9.1 If two or more Investors, or an Investor and any other Person, agree to merge to form a new entity, and the new entity wishes to carry out the Investor's QIP and be entitled to the Investment Incentives and Guarantees specified in the QIP's Final Registration Certificate, the new entity must apply in writing to the Council or the Provincial/Municipal Investment Sub-committee to be registered as an Investor and for the QIP's Final Registration Certificate to be transferred to the new entity within 10 Working Days prior to the merging and transfer of the Final Registration Certificate.
- 9.2 The Council or the Provincial/Municipal Investment Sub-committee must consider the application made under Sub-Article 9.1 and must provide the new entity with a written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.

Article 10: Acquisition of a QIP by unregistered Person

- 10.1 If an unregistered Person purchases the ownership of a QIP and it wishes to carry out the Investor's QIP and be entitled to the Investment Incentives and Guarantees specified in the QIP's Final Registration Certificate, the purchaser must apply in writing to the Council or the Provincial/Municipal Investment Sub-committee to be registered as an Investor and for the QIP's Final Registration Certificate to be transferred to the new entity within 10 (ten) Working Days prior to the transfer of the Final Registration Certificate.
- 10.2 The Council or the Provincial/Municipal Investment Sub-committee must examine the application made under Sub-Article 10.1 and must provide the purchasing entity with a written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.
- 10.3 If a transfer of shares in an Investor results in control of the Investor being acquired by the transferee, the Investor must apply to the Council or the Provincial/Municipal Investment Sub-committee for the transfer and provide the name and address of the transferee within 10 (ten) Working Days prior to the transfer in order that the Council or the Provincial/Municipal Investment Sub-committee can decide on the issue no later than 10 (ten) days.
- 10.4 For the purpose of Sub-Article 10.3, "control" means holding at least 20% of the shares in the Investor.

Article 11: Acquisition of a QIP by another Investor

- 11.1 If a registered Investor purchases the ownership of a QIP and it wishes to be entitled to the Investment Incentives and Guarantees of a QIP carried on by that Investor, the purchasing Investor must apply in writing to the Council or the Provincial/Municipal Investment Sub-committee for the acquisition within 10 (ten) Working Days prior to the acquisition in order to receive that entitlement.
- 11.2 The Council or the Provincial/Municipal Investment Sub-committee must consider the application made under Sub-Article 11.1 and must provide the purchasing Investor with written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.

Article 12: Failure to register or to apply for approval

If a new Person or a purchasing Investor fails to apply to the Council or the Provincial/Municipal Investment Sub-committee for registration in accordance with Article 9 or 10, or a purchasing Investor fails to apply to the Council or the Provincial/Municipal Investment Sub-committee in accordance with Article 11, the new Person or the purchasing Investor is not entitled to any of the QIP's Investment Incentives and Guarantees.

**CHAPTER 4
JOINT VENTURES**

Article 13: Joint Ventures

A QIP may be in the form of a joint venture. A joint venture may be formed between Cambodian Entities, between Cambodian Entities and Foreign Entities and between Foreign Entities themselves and may include a joint venture with institutions of the Royal Government. There are no limitations based on nationality or the share-holding proportions of each shareholder, other than if the joint venture owns, or intends to own, land, or an interest in land in the Kingdom of Cambodia. In such case, the maximum combined share-holding of all persons who are not Cambodian Entities must not exceed 49 (forty nine) percent.

**CHAPTERS 5
TAXATION**

Article 14: General Principles

- 14.1 Liability for taxes: Investors are liable to, and must comply with the provisions of the Financial Management Law, the Law on Taxation, and the Law on Investment and related regulations.
- 14.2 Natural resources: The tax rate of the Tax on Profit, which profit derived from a contract sharing of oil and natural gas exploitation or from natural resources related activities including, but not limited to, timber, ore, gold and precious stones, shall be determined in accordance with Article 20.2 of the Law on Amendment to Law on Taxation.
- 14.3 Limitations: A full or partial exemption from taxes and customs duties shall only apply to the payment of any liability for the Tax on Profits and the payment of Customs Duty as provided in this Sub-Decree. These exemptions do not include the following:
- (a) tax on salary and withholding tax as stated in Articles 25 New and 26 New of the Law on Taxation, and Additional Profit Tax on the distribution of dividend and
 - (b) Value Added Tax, specific tax on certain merchandises and services, duties and taxes to be paid at the time of import, and any other taxes as specified in the laws in force.

Article 15: Tax on Profit

- 15.1 Period of exemption from the Tax on Profit: In accordance with Article 14.1 of the Law on Investment, the profit tax exemption period, which is Trigger Period plus 3-year Period plus Priority Period, shall be determined in accordance with this Article.
- 15.2 Trigger Period: For Article 14.1 of the Law on Investment, the trigger period of the profit tax exemption period is the period commencing on the issuance of the Final Registration Certificate and ending on the last day of the taxation year immediately preceding the earlier of:
- (a) if the QIP derives a profit, the taxation year that the profit is first derived; and
 - (b) if the QIP derives income from the Investment Activity in respect of the sale of goods or services, the third taxation year after the taxation year in which the income is first derived.

For the purpose of this Sub-Article and Article 14.1 of the Law on Investment, profit refers to the taxable profit calculated under the provisions of the Law on Taxation regardless of the provisions of carry forward of losses under Article 17 of the Law on Taxation.

- 15.3 Three Years: This immediately commences from the taxation year immediately following the Trigger Period and the 2 immediately succeeding years.
- 15.4 Priority Period: The Priority Period determined under the Financial Management Law commences immediately after the third taxation year of the three year period provided under Sub-Article 15.3
- 15.5 Prepayment of the Tax on Profit for QIPs registered after the promulgation of Law on the Amendment to Law on Investment: The prepayment of the Tax on Profit does not apply to a QIP granted an exemption from the Tax on Profit as provided in Article 14.1 of the Law on Investment.
- 15.6 Prepayment of the Tax on Profit for QIPs approved before the promulgation of Law on the Amendment to the Law on Investment: A QIP which is subject to Article 24 (2) New of the Law on Investment shall make monthly prepayments of Tax on Profit at the rate of 1% of turnover inclusive of all taxes, except Value Added Tax derived in the previous month, in accordance with Article 28 New of the Law on Taxation. The QIP's turnover realized during the exemption period determined by the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia shall be exempt from prepayment of the Tax on Profit.
- 15.7 In accordance with Article 24 New of the Law on Taxation, a QIP shall not be subject to the minimum tax.

Article 16: Customs Duty Exemption on Production Equipments, Construction Materials, and Production Inputs

- 16.1 Exemption for Production Equipments and Construction Materials-Domestic QIP:
In accordance with Article 14.5 of the Law on Investment, Production Equipments and Construction Materials imported by a domestic QIP are exempt from Customs Duty. In the case where a QIP has a capability to directly export any portion of its manufactured products or has supplied for export industry, the quantity of Production Inputs that were taxed at the time of import and later used to produce goods that are, directly or indirectly, exported shall be entitled to duty exemption after a review of the quarterly report.
- 16.2 Customs Duty Exemptions for Production Equipments, Construction Materials, and Production Inputs - Export QIP:
In accordance with Article 14.6 of the Law on Investment, Production Equipments, Construction Materials, and Production Inputs imported by the Export QIP are exempt from Customs Duty. However, for the Export QIP which operates under the custom bounded warehouse mechanism, the customs duty exemption shall be in compliance with the Customs laws and regulations in force applicable to the mechanism. The processed Production Inputs that have not been exported shall be subject to the payment of customs duties and taxes applicable at the time of import after review of the quarterly report.

- 16.3 Customs Duty Exemptions for Production Equipments, Construction Materials, and Production Inputs – Supporting Industry QIP:
In accordance with Article 14.7 of the Law on Investment, Production Equipments, Construction Materials, and Production Inputs imported by a Supporting Industry QIP are exempt from Customs Duty. However, in the case where the Supporting Industry QIP failed to supply 100% of its manufactured products to the export industry or directly export its products, then the QIP shall pay the customs duties and taxes on Production Inputs for the quantity that has not been supplied to the export industry or directly exported after review of the quarterly report.
- 16.4 Procedure for Customs Duty Exemption: The Council must:
- (a) establish an inter-institution mechanism comprising members from the Council, and the Ministry of Economy and Finance to review the grant of incentives on the import and use of Production Equipments, Construction Materials and Production Inputs by a QIP for each investment purpose.
 - (b) prepare a detailed Guideline on procedure for a QIP to be entitled to Customs Duty exemption.
- 16.5 Transfer or sale of Production Equipments, Construction Materials, and Production Inputs:
- If any Production Equipments, Construction Materials, or Production Inputs in respect of which Customs Duty taxes were exempted on their importation are sold or used in a way unrelated to the QIP purpose, the Investor shall immediately:
- (a) pay Customs Duty taxes within 28 (twenty eight) Working Days in the amount calculated under the Customs Law and Regulations in force if the transfer or sale is done with a prior authorization from the Council.
 - (b) pay Customs Duty, taxes, and penalties within 28 (twenty eight) Working Days in the amount calculated under the Customs Law and Regulations in force if the transfer or sale is done without prior authorization from the Council.
 - (c) be subject to a temporary suspension of import authorization, and an examination of the Customs Duty exemption application submitted under the Law on Investment, including other Customs penalties in the case of omission or delay in payment of Customs Duty, Taxes, penalties as defined in paragraphs (a) and (b) of this Article 16.5
- 16.6 The transfer or sale of Production Equipments or Construction Materials and Production Inputs to another Investor:
An Investor or his/her representative may apply in writing to the Council for approval on the transfer or sale by a QIP of Production Equipments, Construction Materials, or Production Inputs which were imported with Customs Duty exemption, to another Investor to be used in a QIP.

CHAPTER 6 REPORTING OBLIGATIONS AND CERTIFICATES OF COMPLIANCE

Article 17: Reporting Obligations

- 17.1 Taxation Reporting Obligations: As mentioned in Article 104 New of the Law on Taxation, from the date of issuance of its Final Registration Certificate, a QIP shall submit monthly and annual tax declarations and shall pay all taxes as imposed by each taxation regulation to the Tax Department, along with a Certificate of Compliance for the taxation year.
- 17.2 Customs Duty Exemption Reporting Obligation: All Production Equipments and construction materials imported by a QIP are subject to all customs clearance formalities. Within 30 (thirty) working days of import, a QIP must submit to the Council and the Tax Department the certified copies of customs

clearance documents, including the valuation documents of those goods issued by the government appointed agency.

Article 18: Compliance Certificate

- 18.1 **Compliance Certificate:** In each taxation year, a QIP may not claim, and is not entitled to, any of the Investment Incentives unless a QIP is issued with a Compliance Certificate.
- 18.2 **Automatic Issuance:** Subject to a revocation of the Council under Sub-Article 18.4 and 18.5, the Council shall issue the Compliance Certificate to a QIP within 90 (ninety) Working Days after the end of each financial year.
- 18.3 **Failure to Issue:** If the Council failed to issue the Compliance Certificate under Sub-Article 18.2, it is deemed to have been issued but is subject to revocation under Sub-Article 18.4 and 18.5.
- 18.4 **Review Powers:** The Council may review any QIP holding a Compliance Certificate to determine whether the QIP has provided all information required to be lodged under Sub-Article 18.6.
- 18.5 **Loss of Investment Incentives:** The Council may revoke a QIP's Compliance Certificate if it is satisfied, after reasonable review under Sub-Article 18.4, that the QIP has failed to provide all information required to be lodged under this Article. The QIP loses its entitlement to all Investment Incentives from the date of revocation of the Compliance Certificate.
- 18.6 **Information to be delivered:** Every Investor who carries a QIP must lodge with the Council:
- (a) an annual financial statement, consisting of a balance sheet, a profit and loss account, cash flow statement and remark no later than the 31st of March of the following year;
 - (b) a Certificate of Tax Obligation Satisfaction from the Tax Department certifying that the Investor has:
 - (i) properly complied with and filed the monthly tax returns on time except in the case where such tax returns of that year is required by the Law on Taxation.
 - (ii) paid all taxes, levies, interest, and surcharges determined for the period of taxation audited by the Tax Department.
 - (c) quarterly report on the effective import of Production Equipments and Production Inputs for the production, and quarterly report on the effective export of the QIP's finished products and annual inventory list of immovable properties.
 - (d) investment information sheet in **CIB 01S** form.

**CHAPTER 7
OWNERSHIP AND LAND USE**

Article 19: Ownership

- 19.1 **Ownership:** The Land Ownership serving the Investment Activity is to be vested in a Cambodian natural person or legal entity in compliance with the Law in force.
- 19.2 **Registration of Ownership:** To register land Ownership, the Investor shall complete all forms or formalities for registration with the cadastral office under the jurisdiction of which the immovable property is located.
- 19.3 **Ownership Rights:** Under the Constitution of the Kingdom of Cambodia, the foreign natural person or legal entity may not own land in the Kingdom of Cambodia.

Article 20: Use of Land

- 20.1 Cambodian Legal Entity: In addition to the Ownership Rights, the Cambodian Investor is entitled to use land in various forms, including concession, lease, transfer, and as securities.
- 20.2 Foreign Legal Entity: A Foreign Legal Entity may use the land in various forms, including concession, long term lease for 15 (fifteen) years or more, and renewable short term lease. Land Use rights include the rights on buildings, arrangements, or improvements made by the lessee for a duration specified in the contract, provided that the uses are exercised in compliance with the law in force.
- 20.3 Lease of State Land: Any natural or legal entity who leased any piece of land from the State shall act in compliance with regulations regarding the management of the State property.
- 20.4 Sub-Lease: Any natural or legal entity who leased any piece of land from the State may sub-lease such land to a third party only if he/she obtained express prior approval or authorization from the competent authority.

CHAPTERS 8 LABOR FORCE

Article 21: Use of Labor Force

The Council has the duty to advise and help facilitate the investor with regard to obtaining, for the foreign spouse accompanying the investor, a visa, the right to stay and appropriate travel permit in compliance with the immigration law and its regulations.

For the recruitment by the investor of foreign staff and management experts, technical staff, skilled workers who are not available among Cambodians citizens, the Council shall help facilitate the investor to obtain the right to recruit those foreign employees to work as needed, in accordance with the Labor law, Immigration law and relevant regulations in force.

CHAPTER 9 PENALTIES

Article 22: Penalties

If the Investor fails to perform any obligation imposed by this Sub-Decree or the Law on Investment, the Investor shall be subject to penalties defined in Article 8.1, Article 12 or Article 18.5 of this Sub-Decree or other Laws regarding the omission or failure to perform obligations.

CHAPTER 10 TRANSITIONAL PROVISIONS

Article 22: Recognition as QIP of Investment Project Approved Prior to the Amendment to the Law on Investment

- 23.1 Any Invest Project approved under the Law on Investment of the Kingdom of Cambodia promulgated by Royal Kram No. 03/NS/94 dated August 05, 1994 and whose activity is undergoing before the date of entry into force of this Sub-Decree will be recognized as a QIP after the Investor has submitted a written proposal to the Council to have it deemed as a QIP and after satisfying all obligations defined in the Law on Investment and this Sub-decree.

The Council shall issue to the investor a Certificate of Recognition for the above Investment Project as QIP no later than 3 (three) Working Days.

For the Investment Project that has been approved but failed to perform any Investment Activity or started an Investment Activity for a period of time but later postponed the Activity without any notice of

such postponement or termination to the Council, such Investment Project shall be subject to further regularization of documents in order to obtain QIP's entitlement before recommencement of the Investment Project.

23.2 Incentives for Investment Projects Approved Prior to the Adoption of the Amendment to the Law on Investment.

Investment Project which was approved prior to the adoption of the Amendment to the Law on Investment and has been recognized as QIP entitled to the profit tax rate of 9% before the promulgation of the Amendment to the Law on Investment of the Kingdom of Cambodia, is entitled to such 9% rate for a transitional period of not more than 5 (five) years starting from the fiscal year after the promulgation of the Amendment to the Law on Investment of the Kingdom of Cambodia and this Sub-decree only if the Investor has fulfilled all obligations stipulated in Chapter 6 of this Sub-Decree.

Investment Project which was approved prior to the adoption of the Amendment to the Law on Investment and has been recognized as a QIP and provided with Investment Incentives in writing by the Council may still be entitled to incentives in the form of profit tax and Customs Duties exemption on the import of Production Equipment, Construction Materials, and Production Inputs only if the Investor has fulfilled all obligations stipulated in Chapter 6 of this Sub-Decree.

CHAPTER 11

FINAL PROVISIONS

Article 24: Abrogation

The Sub-Decree No 88/ANK/BK dated December 29, 1997 on the Implementation of the Law on Investment of Cambodia, Amendment Sub-Decree No 53/ANK/BK dated June 11, 1999 on the Amendment to Sub-Decree on the Implementation of Law on Investment of Cambodia, Sub-Decree No 130/ANK/BK dated December 26, 2001 on the Amendment to Sub-Decree No 53/ANK/BK dated June 11, 1999, and any other regulation in contrary to this Sub-Decree shall be abrogated.

Article 25:

The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, the Council for the Development of Cambodia, Ministers of all ministries, heads of all institutions, and provincial/municipal governors shall effectively implement this Sub-decree within their respective functions commencing from the date of signature.

Phnom Penh, 27 September 2005

PRIME MINISTER

HUN SEN

CC:

- Ministry of Royal Palace;
- General Secretariat of Constitutional Council;
- General Secretariat of the Senate;
- General Secretariat of the National Assembly;
- Cabinet of Samdech Prime Minister;
- General Secretariat of the Royal Government;
- As defined in Article 25;
- Archives - Chronicle

ANNEX I

of the Sub-Decree No 111 ANK/BK date on September 27, 2005 on the Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia

Negative List (Article 6.1)**Section 1: Investment Activities Prohibited by the Relevant Law and Sub-Decrees:**

1. Production/processing of psychotropic substances and narcotic substances;
2. Production of poisonous chemicals, agriculture pesticide/insecticide and other goods by using chemical substances, prohibited by international regulations or the World Health Organization, that affect the public health and environment;
3. Processing and production of electricity power by using any waste imported from a foreign country;
4. Forestry exploitation business prohibited by Forestry Law;
5. Investment activities prohibited by law.

Section 2: Investment Activities Not Eligible for Incentives

1. All kinds of commercial activity, import, export, wholesale, retails, including duty free shops;
2. Any transportation services by waterway, by road, by air except investment in railway sector;
3. Restaurants, karaoke parlors, bars, nightclubs, massage parlor, fitness that are located outside of international standard hotel. However, though it is located in the international standard hotel if the Investor leased the above locations to a non-QIP third party lessee to conduct business, such investor shall not be entitled to profit tax exemption as granted to the Investor under the Amendment to the Law on Investment;
4. Tourism service provider, tourism agent, tourism information and tourism advertisement;
5. Casino and gambling business and service of any kind;
6. Currency and Financial business and services, including bank, financial institution, insurance company, and all kind of financial intermediation;
7. Activity related to newspaper and media, including radio, television, press, magazine, movie, video production or reproduction, theatre, studio, and related activities;
8. Professional services;
9. Living Modified Organisms LMOs that causes danger to biodiversity, human health and environment;
10. Production and processing of wood products which using wood from natural forest with a legal domestic supplying source as raw materials;
11. Production of tobacco products;
12. Production of food products and beverages with the investment capital less than USD500, 000(five hundred thousand);
13. Production of product for textile industry with the investment capital less than USD500, 000 (five hundred Thousand);
14. Production of garments, textiles, footwear, hats with the investment capital less than USD500, 000 (five hundred thousand);
15. Production of furniture and fixture, which not using natural wood with the investment capital less than USD500, 000 (five hundred thousand);
16. Production of paper and paper products with the investment capital less than USD 500, 000 (five hundred thousand);
17. Production of chemicals, cement, agriculture fertilizer, petrochemicals with the investment capital less than USD1, 000,000 (one million);
18. Production of rubber products and plastic product with the investment capital less than USD500, 000 (five hundred thousand);
19. Production of leather products and other related products with the investment capital less than USD300, 000 (three hundred thousand);
20. Production of all kinds of metal products with the investment capital less than USD300, 000; (three hundred thousand);
21. Production of electrical and electronic appliances and office materials with the investment capital less than USD300, 000 (three hundred thousand);
22. Production of toys and sporting goods with the investment capital less than USD300, 000 (three hundred thousand);
23. Production of motor vehicles, parts and accessories with the investment capital less than USD300, 000 (three hundred thousand);

24. Clean water supplies with the investment capital less than USD500, 000 (five hundred thousand);
 25. Supporting industry, which has its entire production (100%) supplying export industry with the investment capital less than USD100, 000 (one hundred thousand);
 26. International trade exhibition center and convention halls with the investment capital less than USD8, 000,000 (eight million)
 27. Construction of modern market or trade center with the investment capital less than USD2, 000,000 (two million) with size less than 10,000 (ten thousand) square meters and has inadequate space for car park;
 28. Production of animal feed with the investment capital less than USD200, 000 (two hundred thousand);
 29. Production of ceramic products with the investment capital less than USD300, 000; (three hundred thousand);
 30. Training and educational institutes that provide training for skill development, technology, or poly technology that serve industrial, agricultural, tourism, infrastructure, environment, engineering, sciences, and other services with the investment capital less than USD4, 000,000 (four million);
 31. Hotel below 3-star grade
 32. Complex tourism center with hotel containing less than 100 rooms or tourist inns of less than 30 housing and tourist estates (resort) less than a minimum length of ten (10) hectares;
 33. Natural Tourism and creation of natural tourism site with the size less than 1,000 (one thousand)hectares of land with the investment capital less than USD1, 000,000 (one million);
 34. Complex resort, including hotel, theme park, sport facilities, zoo with less than 50 (fifty) hectares;
 35. Car parking;
 36. Warehouses facilities;
 37. Polyclinic having less than 50(fifty) patient beds with no modern equipment, laboratories, surgical operation, x-ray, emergency, pharmacy room, lift elevator (for up to 3 story building), apply no ambulances, morgue, with the investment capital less than USD1, 000,000 (one million);
 38. Production of modern medicines with the investment capital less than USD1, 000,000 (one million);
 39. Production of traditional medicines with the investment capital less than USD500, 000(five hundred thousand);
 40. Agricultural production:
 - 40.1 Paddy farming less than 1000 (one thousand) hectares
 - 40.2 All kinds of cash crops less than 500 (five hundred) hectares
 - 40.3 Vegetables less than 50 (fifty) hectares
 41. Livestock production
 - 41.1 Cattle husbandry less than 1,000 (one thousand) heads;
 - 41.2 Dairy farm less than 100 (hundred) cows;
 - 41.3 Poultry farm less than 10,000 (ten thousand) heads;
 42. Aquatic production:
 - 42.1 Fresh water aquaculture farm less than 5 (five) hectares;
 - 42.2 Sea water aquaculture farm less than 10 (ten) hectares;
 43. Timber plantation, tree plantation, and wild animal farm:
 - 43.1 Timber plantation less than 1,000 (one thousand) hectares;
 - 43.2 Tree plantation less than 200 (two hundred) hectares;
 - 43.3 Wild mammal husbandry less than 100 (one hundred) heads;
 - 43.4 Wild bird husbandry less than 500 (five hundred) heads;
 - 43.5 Wild reptile husbandry less than 1,000 (one thousand) heads
- The Ministry of Agriculture, Forestry and Fisheries shall define the definitions of each category in paragraph 43 above.
44. Freezing and processing of aquatic products and cereals and crops products for exports:
 - 44.1 freezing and processing of aquatic product for export with the investment capital less than USD 500,000 (five hundred thousand);
 - 44.2 processing of any kind of cereals and crops products for export with the investment capital less than USD 500,000 (five hundred thousand);
 45. Provision of value added services of all kinds of telecommunication services
 46. Real estate development.

Section 3: Investment Activities with specific characteristics which shall be Eligible for Custom Duties Exemption, but not Eligible for the Profit Tax Exemption

1. Telecommunication basic services;
2. Exploration of gas, oil and all kinds of mining, including supply bases for gas and oil activities.

ANNEX 2

of the Sub-Decree No 111 ANK/BK date on September 27, 2005 On the Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia

**Application for Investment Proposal in
the Kingdom of Cambodia (Article 5.2)**

I- Structure of the person:**a. General Information**

- Name of the person (natural or legal person)

- Address: - Location of the person's Office:.....Tel:.....

Fax:.....E-mail:.....

- Name of Parent Person:Address:.....

.....Tel:.....Fax:.....

Website:.....E-mail:.....

- Type of the Company (please tick ✓ in the box)

Corporation Partnership

Foreign Commercial Company

Note: Corporation would include: Private limited Company, Public limited Company and Single Member Private Limited

- Registered Capital:.....of which, foreign.....%, domestic.....%

- Specifications of certification of money deposited at bank 25%

**b. Composition of the Person
Shareholder**

Family Name & First Name	Nationality	ID Card or Passport No. & Date	Address	Percentage of Share
1.....				
2.....				
3.....				
4.....				

Composition of Members of Board of Directors (including third party)

Family Name & First Name	Nationality	ID Card or Passport No. & Date	Address	Position in the Company	Authorized Person to sign documents
1.....					
2.....					
3.....					
4.....					

II. Investment Application:

a. General Information

- Investment Activity:.....
- Investment sector: (please tick ✓ in the box)
 - Agriculture Agro-industry Civil engineering Energy Finance Industry
 - Mines Tourism Transportation Telecommunication Clean Water Industrial Zone
 - Others
- Applicant:
 - Name.....Address.....
 - Position in the Company.....Tel:.....Fax:.....
 - Authorizing Letter (If no position within the Company): No:.....dated.....
- Total Capital Investment:.....of which, capital on:
 - Construction/site preparation.....m² Price:.....USD Existing construction New Building
 - Production Equipment (Machinery, Production equipment, other materials) worth of:.....USD (accompanied by attached list as described in the Annex)
 - Office materials worth of (USD):.....
 - Others worth of (USD):.....
- Land (area in m²):.....Price.....USD
- Source of Capital Investment: Own capital:.....Long-term bank loan:.....Short-term bank loan:.....
- Location of Investment: Land lot No:.....Street.....Village.....Commune/Sangkat.....District:.....Province/Town:.....Area:.....m²
- Plan to implement the project:
 - Start to construct:.....Expected completion date.....
 - Time to equip with machineryStart production.....
- Product Information:

Types of Products	Unit	Annual Production Capacity				Market	
		First year		Full Capacity		Domestic in %	Export in %
		Quantity	Value	Quantity	Value		

- Labor Force Requirement

Type of Labor	Starting Period		Full Capacity	
	Local	Foreign	Local	Foreign
- Management				
- Engineer				
- Technician				
- Advisor				
- Administrative personnel				
- Skilled workers				
- Non-skilled workers				
Total				

- Annual Production inputs (raw materials) needed: *to fill in the form attached in the Annex*

- Energy and Water Needed:

Annual coal or firewood:.....m³/year, Gas:.....tons/year

Oil:.....tons/liters/year

Electricity (Assembly power):.....MW, Annual need.....KWH

Water Consumption:.....m³/year**b. Selection:** Exemption on tax on profits and Investment Guarantees Special Depreciation and Investment Guarantees Investment Guarantees (not asking for incentives)*(Among the three options, Investor is only allowed to choose one)***c. Information on Environment:**

Mode of transport of raw materials and finished products into and out of the investment area:

.....

.....

.....

.....

Estimates of volume:

Liquid waste:.....m³/month Hard waste:.....m³ or tons/month

Emitted gas:...../day

Table of estimation of concentration in:

the process of sewage discharge

- pH:.....
- Nitrate Nitrogen.....
- Phenol (C₆H₅OH).....
- Turbidity.....
- Total number of hard substances dissolved in water.....
- Total hard substance silted in water.....

Evaporation of gas molecules in air

- Carbon Monoxide.....
- Sulfur Oxide.....
- Lead.....
- Ammonia (NH₃).....
- Heavy Metal.....
- Oil and Grease.....
- Conductivity.....
- Nitrogen Dioxide.....
- Ozone.....

Place used as disposal area for hard and liquid waste, and to gas emission

.....

.....

.....

.....

.....

Sources of increasing noise and vibration

.....

.....

.....

.....

.....

Residing Conditions of employees, workers

- Supply of clean water:.....
- Health, safety:.....
- Sanitation:.....
- Management of hard waste:.....

d- Information on Taxes

To fill in the Form attached in the Annex.

e- Information on Memorandum and Articles of Association

Herewith attached the company's statute, photos, copies of passports or identities card of the shareholders

Unofficial Translation

III. Assurance: Being the Project Owner, I would like to assure that

The project is not included in the negative list mentioned in the Annex I, section 1 of the Sub-Decree on the Implementation of the Law on Amendment to the Law on the Investment of the Kingdom of Cambodia.

The above information is correct and not intended to falsify.

Made in.....Date.....Month.....Year.....

Signature

ANNEX 3

of the Sub-Decree No 111 ANK/BK date on September 27, 2005 On the Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia

(Article 6.3)

Conditional Registration is according to the Law on Investment and the Sub-Decree on the Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia.

Name of Investor.....

Address of Investor.....

Details of Qualified Investment Project.....

Name, address and contact details of Investor's representative in Cambodia.....

Approvals, authorisations, clearances, licences, permits or registrations required for the QIP to be lawfully undertaken and the ministries, departments, authorities or agencies of the Royal Government responsible for their issue, upon the Applicant meeting the criteria for their respective Ministry etc.

<u>Approval, etc.</u>	<u>Ministry</u>	<u>Criteria</u>
-----------------------	-----------------	-----------------

(insert)

Election made by Investor under Article 5.5 of the Sub-Decree on the implementation of the law on the amendment to the law on investment of the Kingdom of Cambodia.

Election made by Investor under Article 5.7 of the Sub-Decree on the implementation of the law on the amendment to the law on investment of the Kingdom of Cambodia.

Investment Incentives and Guarantees which the QIP will be entitled to if the Final Registration Certificate is issued, including the Tax on Profit exemption period under Article 14.1 of the Law on the amendment to the law on investment of the Kingdom of Cambodia.

Memorandum and Articles of association of the Investor, which will undertake the QIP

**KINGDOM OF CAMBODIA
NATION RELIGION KING**

**ROYAL GOVERNMENT OF CAMBODIA
No. 34 ANK/BK**

**SUB-DECREE
ON**

THE AMENDMENT OF THE SECTION 1 IN THE ANNEX I OF THE SUB-DECREE No. 111
ANK/BK ON THE IMPLEMENTATION OF THE LAW ON THE AMENDEMENT
TÔ THE LAW ON INVESTMENT OF THE KINGDOM OF CAMBODIA

The Royal Government of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia
- Having seen the Royal Decree NS/RKT/0704/124 dated July 15, 2004 on the formation of the Royal Government of Cambodia
- Having seen the Royal Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram No. 03/NS/94 dated August 5, 1994 regarding the Law on Investment of the Kingdom of Cambodia and Royal Kram No. NS/RKM/0303/009 dated March 24, 2003 promulgating the Amendment to the Law on Investment of the Kingdom of Cambodia
- Having seen the Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 promulgating the Law on Taxation and the Royal Kram No. NS/RKM/0303/010 dated March 31, 2003 promulgating the Amendment to the Law on Taxation
- Having seen the Sub-Decree No. 147 ANK/BK dated December 29, 2005 on the Organizations and Functioning of the Council for the Development of Cambodia.
- Having seen the Sub-Decree No. 27 ANK/BK dated March 14, 2006 and Sub-Decree No. 92 ANK/BK dated September 4, 2006 on the amending of the Sub-Decree No. 147/ANK/BK dated December 29, 2005 on the Organizations and Functioning of the Council for the Development of Cambodia.
- In pursuant to the needs of the Council for the Development of Cambodia.

IT IS HEREBY DECIDED

- Article 1:** Item 5 "Investment activities prohibited by law" in the Section 1 of the Annex I of the Sub-Decree No. 111 ANKR.BK dated 27 September 2005 on the implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia shall be deleted.
- Article 2:** Besides this, all provisions of the Sub-Decree No. 111 ANKR.BK dated 27 September 2005 including all Annexes which are the attachment to this Sub-Decree still remain valid.
- Article 3:** The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, the Minister of Planning, Minister of Commerce, the Council for the Development of Cambodia, Ministers, State Secretaries of all ministries, heads of all institutions, and provincial/municipal governors, who are the Vice Chairmen and the Members of the Council for the Development of Cambodia shall effectively implement this Sub-Decree from the date of signature.

Phnom Penh, April 23, 2007

Having informed
Samdech Prime Minister
Senior Minister, Minister of Economy and Finance
First Vice Chairman of
the Council for the Development of Cambodia

PRIME MINISTER

HUN SEN

KEAT CHHON

CC:

- Ministry of the Royal Palace;
- General Secretariat of the Constitutional Council;
- General Secretariat of the Senate;
- General Secretariat of the National Assembly;
- General Secretariat of the Royal Government;
- Cabinet of Samdech Prime Minister;
- As defined in Article 3;
- Archives - Chronicle

Unofficial Translation

Kingdom of Cambodia Nation Religion King

**Royal Government of Cambodia
N° 60 ANK.BK**

**SUB DECREE
ON
THE ORGANIZATION AND FUNCTIONING OF THE
COUNCIL FOR THE DEVELOPMENT OF CAMBODIA**

Royal Government

- Having seen the Constitution of the Kingdom of Cambodia
- Having seen the Royal Decree N° NS/RKT/0913/903 dated September 24, 2013 on the formation of the Royal Government of Cambodia
- Having seen the Royal Decree N° NS/RKT/1213/1393 dated December 11, 2013 on the Change and Addition of Members of the Royal Government of Cambodia
- Having seen the Royal Decree N° NS/RKT/0416/368 dated April 04, 2016 on the Change of Members of the Royal Government of Cambodia
- Having seen the Royal Kram N° 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers
- Having seen the Royal Kram N° 03/NS/94 dated August 05, 1994 promulgating the Law on Investment of the Kingdom of Cambodia and Royal Kram N° NS/RKM/0303/009 dated March 24, 2003 promulgating the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia
- Having seen the Decision No 32 SSR, dated April 05, 2016 on the assignment of works and responsibilities of the Royal Government leadership.
- In Response to the need of the Royal Government of Cambodia.

IT IS HEREBY DECIDED

CHAPTER 1
THE ORGANIZATION OF THE COUNCIL FOR THE
DEVELOPMENT OF CAMBODIA

Article 1: The composition of the Council for the Development of Cambodia “CDC” is as follows:

1. Samdech Akka Moha Sena Padei Techo **HUN SEN**, Prime Minister of the Kingdom of Cambodia..... Chairman
2. H.E Chin Bunsean, Senior Minister in charge of Special Missions..... Vice Chairman
3. Minister in Charge of the Office of the Council of Ministers or his representative Member
4. Minister of Interior or his representative..... Member
5. Minister of Foreign Affairs and International Cooperation or his representative Member
6. Minister of Economy and Finance or his representative Member
7. Minister of Agriculture, Forestry and Fisheries or his representative Member
8. Minister of Commerce or his representative Member
9. Minister of Industry and Handicraft or his representative Member
10. Minister of Mines and Energy or his representative Member
11. Minister of Planning or his representative Member
12. Minister of Social Affairs, Veteran and Youth Rehabilitation or his representative Member
13. Minister of Land Management, Urban Planning and Construction or his representative Member
14. Minister of Environment or his representative Member
15. Minister of Water Resources and Meteorology or his representative Member
16. Minister of Posts and Telecommunications or his representative Member
17. Minister of Public Works and Transport or his representative Member
18. Minister of Tourism or his representative Member
19. Minister of Women Affairs or her representative Member
20. Minister of Labor and Vocational Training or his representative Member
21. Governor of National Bank of Cambodia or his representative Member
22. Chairman of Supreme National Economic Council or his representative ... Member
23. Secretary General of the Council for the Development of Cambodia Secretary

Ministers or Heads of relevant government institutions shall attend meetings as per invitation of the Chairman. Representatives nominated by the Ministers or Heads of relevant government institutions to participate in the meetings should be granted with full delegation to discuss and make decision.

Article 2: The organizational structure of the Council for the Development of Cambodia is as follows:

1. The Cambodian Rehabilitation and Development Board “CRDB” being under the direct supervision of a Secretary General;
2. The Cambodian Investment Board “CIB” being under the direct supervision of a Secretary General;
3. The Cambodian Special Economic Zones Board “CSEZB” being under the direct supervision of a Secretary General; and
4. The General Secretariat of the “CDC” being under the direct supervision of the Secretary General of the CDC.

Article 3: The Secretary Generals of the CDC, CRDB, CIB and CSEZB shall each be assisted in the performance of their duties by a number of Deputy-Secretary Generals. Each Deputy Secretary General shall perform his function as delegated by his respective Secretary General following the approval of the Executive Committee of CDC. In the performance of their duties, the Secretary Generals shall consult on a regular basis with their respective Deputy-Secretary Generals.

Article 4: The organizational structure of the CRDB is comprised of departments in charge of:

1. Policy and development assistance coordination
2. Documentation and information
3. Management of bilateral development assistance with countries in Asia and Oceania
4. Management of bilateral development assistance with countries in Europe, European Union, and America
5. Management of development assistance of international financial institutions (Asian Development Bank, World Bank and International Monetary Fund, etc.)
6. Management of development assistance from the United Nations Development Program and other United Nations agencies
7. NGO management, coordination and relations
8. Cooperation projects evaluation
9. Partnership and harmonization of cooperation
10. Administration

Article 5: The organizational structure of the CIB is comprised of departments in charge of:

1. Public relations and promotion of private investments
2. Investment project evaluation and incentives
3. Environmental impact assessment
4. Inter-ministerial coordination
5. Private investments strategies analysis
6. Legal affairs and investment law
7. Investment projects monitoring
8. Administration

Article 6: The organizational structure of the CSEZB is comprised of departments in charge of:

1. Policy and planning
2. Operation and management
3. Project analysis and registration
4. Administration

Article 7: The General Secretariat of CDC is comprised of 4 support divisions:

1. Legal affairs and dispute resolution
2. Strategic planning
3. Personnel
4. Finance and administration

Article 8: Each department and each support division shall have an equivalent rank of a Department and shall be supervised by a department or division chief, assisted by one or more deputy-chiefs.

Article 9: The day to day operation of the CDC shall be led by an Executive Committee composed of the following members:

1. Chairman of CDC
2. Vice-Chairman of CDC
3. Secretary General of CDC
4. Secretary General of CRDB
5. Secretary General of CIB
6. Secretary General of CSEZB

ROLES AND RESPONSIBILITIES OF CDC

Article 10: The CDC shall be the executive agency of the Royal Government and shall have the following responsibilities:

1. to be the “Etat-Major” and the “One-Stop Service” of the Royal Government responsible for the rehabilitation and development, public and private investments, and the establishment and management of special economic zones;
2. to work with all development partners and NGOs in order to sensitize them to the economic strategy conception and the priorities of the country development of the Royal Government to effectively coordinate the reception and the allocation of development assistance according to the needs and priorities by emphasizing the Royal Government’s ownership in order to achieve greater results for the nation;
3. to facilitate and coordinate works between ministries and other governmental institutions with development partners and NGOs as well as investors;
4. to guide the distribution and utilization of public and private resources in the development of Cambodia;
5. to facilitate and streamline administrative procedures for development partners and investors;
6. to review and decide on all the matters pertaining to the rehabilitation and development works and investment projects of development partners, private investments and the establishment and management of special economic zones.

Article 11: The CDC shall submit for the approval of the Council of Ministers the investment projects which:

1. have investment capital of USD 50 million or more;
2. involve politically sensitive issues;
3. involve the exploration and the exploitation of mineral and natural resources;
4. may have negative impact on the environment;
5. have long-term strategy; or
6. involve infrastructure concession.

Article 12: The CDC shall be responsible to the Council of Ministers for its actions.

Article 13: In relation to rehabilitation and development, the CDC has the following roles and responsibilities:

1. to serve as the “One-Stop Service” and the “Etat-Major” of the Royal Government in the contact with development partners and NGOs who grant development assistances to Cambodia, and to serve as the focal point in the contact among

- governmental institutions in the coordination of the receiving and/or managing of these development assistances;
2. to formulate and implement strategies on the mobilization and management of development cooperation to strengthen the ownership and the leadership of the Royal Government in the development activities, and to strengthen partnership with the development partners community;
 3. to mobilize and allocate development assistance for the implementation of the priorities set out in the National Strategic Development Plan and the Sectoral Development Programs;
 4. to lead the work to enhance the effectiveness and efficiency of development assistance;
 5. to provide technical support to enhance the effectiveness of the functioning of joint-technical working groups;
 6. Prepare necessary documents for policy-level meeting with development partners such as the Government – Development Partner Facilitation Committee and the Cambodia Development Cooperation Forum etc. in cooperation with relevant ministries and institutions;
 7. to participate in preparing socio-economics and sectorial planning to develop Cambodia;
 8. to participate in the management of public investments in cooperation with the relevant ministries and institutions. This process shall mainly be related to the coordination and direction of the allocation and utilization of the national and external resources with the aim of rehabilitating and developing Cambodia;
 9. to sign agreements on behalf of the Royal Government with development partners for the reception and/or allocation of development assistance, pursuant to the delegation of authority by the Prime Minister; and
 10. to produce and submit semi-annual and annual reports to the Royal Government for its review and its corrective measures of the rehabilitation and development works.

Article 14: In the management of public investments, the relation between CDC and the relevant ministries and institutions shall be as follows:

1. CDC shall be the coordinating body for setting up overall priorities for investment programs of development partners and projects for medium term and one-year term;
2. the Ministry of Foreign Affairs and International Cooperation shall be the official diplomatic window;
3. the Ministry of Planning shall, in cooperation with the relevant ministries and institutions, prepare a 5-Year National Strategic Development Plan and public investment programs;

4. the Ministry of Economy and Finance shall prepare the medium-term macroeconomic forecast and the budget for implementing public investment programs, and control the allocation of financing as well as responsible for the mobilization and direct management of loan financing and related technical assistance; and
5. the line ministries shall prepare their own development plan and sectorial public investment projects, in close cooperation with the Ministry of Planning, the CDC, and the Ministry of Economy and Finance, and are responsible respectively for the implementation of their relevant projects and public investment programs.

Article 15: The ministries and institutions shall undertake and implement their functions with regards to public investments by coordinating through the “One-Stop Service” mechanism.

Article 16: The Office of the Council of Ministers, ministries and institutions shall monitor the implementation of programs and/or projects within their respective responsibilities by coordinating through the “One-Stop Service” mechanism.

Article 17: In relation to private investments, the roles and responsibilities of CDC are the followings:

1. to serve as the “One-Stop Service” mechanism and the “Etat-Major” of the Royal Government in the examination and approval of matters pertaining to investments as specified in Article 3 of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia;
2. to study “the competitive advantage” of Cambodia in the international market, to set the vision of private investments for Cambodia, and to turn Cambodia into “Cambodia, Inc”. To cooperate with relevant ministries and institutions in preparing the strategy for private investments and to set up projects for private investment;
3. to promote projects for private investment formulated by the Royal Government and inform the investors of such projects in accordance to the procedures as set in the internal regulations of CDC;
4. to coordinate the management of infrastructure concession projects;
5. to initiate and recommend to the Royal Government on the preparation and the amendment of laws and regulations related to private investment so as to create favorable conditions conducive to private investments;
6. to prepare documentation and regulations pertaining to private investments for domestic and international distribution; and
7. to produce and submit semi-annual and annual reports to the Royal Government for its review and its recommendations on corrective measures concerning private investments.

Article 18: The relation between CDC and the relevant ministries and other governmental institutions in the management of private investment shall be as follows:

1. The CDC shall be the “One-Stop Service” of the Royal Government in examining and approving private investment projects including the exploration and the exploitation of petroleum, gas and other natural resources although those projects are not eligible for incentives.
2. The relevant ministries and institutions shall provide their opinions in the examination and approval of private investment projects through the “One-Stop Service” mechanism.

Article 19: The CDC and relevant ministries or institutions shall undertake and implement their tasks with regard to private investments by coordinating through the “One-Stop Service” mechanism.

Article 20: The “CDC” in cooperation with the Office of the Council of Ministers, the Ministry of Economy and Finance, the Ministry of Planning, the Ministry of Commerce and other relevant ministries or institutions, shall monitor the implementation of private investment projects approved by CDC by coordinating through the “One-Stop Service” mechanism.

Article 21: In relation to special economic zones, the CDC shall have the following roles and responsibilities:

1. to serve as the “One-Stop Service” mechanism and the “Etat-Major” of the Royal Government in the examination and approval of proposals to establish special economic zones in Cambodia either by the State, public-private joint ventures, or private enterprises;
2. to analysis and develop strategic plans, in cooperation with relevant ministries and institutions, to identify appropriate locations for the establishment of special economic zones; and to set the vision on special economic zones to attract developers and investors, and to realize this vision by making Cambodia a future modern business center;
3. to promote special economic zone investment projects formulated by the Royal Government and inform developers of these projects through all effective and fast media;
4. to initiate and coordinate the management of special economic zones which are the priorities of the Royal Government;
5. to initiate and recommend to the Royal Government on the preparation and the amendment of laws and regulations related to SEZ so as to create favorable conditions for SEZ development and investments;

6. to manage, provide incentives and investment guarantees, and respond to requests and inspect special economic zones;
7. to assign officials to the special economic zones as deemed necessary; and
8. to produce and submit semi-annual and annual reports to the Royal Government for its review and take necessary measures to improve investment in special economic zones.

Article 22: The relation between the CDC and the relevant ministries and other governmental institutions in the management of special economic zones shall be as follows:

1. The CDC shall be the “One-Stop Service” of the Royal Government in examining and approving the registration of proposal to establish special economic zones.
2. The relevant ministries and institutions shall provide their opinions in the examination and approval of special economic zone establishment projects through the “One-Stop Service” mechanism.
3. The CDC shall cooperate with relevant ministries and institutions in the establishment of an administration office in each special economic zone and provide instructions on the issuance of permits and authorizations by the administration office to investors in the special economic zones to ensure that it is made in an effective and timely manner.

CHAPTER 3

THE FUNCTIONING OF CDC

Article 23: The roles and responsibilities of the Chairman of the CDC shall be as follows:

1. to be responsible for the overall operation of CDC;
2. to preside over the CDC Executive Committee’s meetings and the CDC plenary meetings;
3. to convene the extraordinary meeting of the CDC Executive Committee and the CDC extraordinary plenary meeting; and
4. to be responsible for the management of CDC budget.

Article 24: The Prime Minister shall lead the formulation of policies and strategies for development of special economic zones and monitor the implementation of these policies and strategies.

Article 25: The roles and responsibilities of the Vice-Chairman of the CDC shall be as follows:

1. to be responsible for the overall operations of CDC in the event of the absence of the Chairman of CDC;
2. to be responsible for managing and supervising the daily operations of CDC;
3. to be in charge of making recommendations of policies and strategies on the mobilization and management of cooperation assistance in coordination with head of relevant institutions;
4. to be in charge of coordination of partnership in development with development stakeholders in close cooperation with the Minister of Economy and Finance, and head of relevant institutions;
5. to be in charge of the CRDB operations focusing especially on the coordination of public investment matters, and mobilization and coordination of foreign development assistance within the authority of CRDB;
6. to be in charge of making recommendations of policies and strategies, and strategic plans to promote private investments and to be in charge of managing, implementing and monitoring the implementation of policies and strategies on private sector development and strategic plans;
7. to preside over the “One-Stop Service” mechanism meetings organized by CIB to review and approve matters pertaining to private investments in these “One-Stop Service” mechanism meetings;
8. to examine and approve routine private investment projects, such as garment factories, footwear factories, supporting industries and projects which do not request incentives;
9. to be in charge of any investments matters within the ASEAN framework in accordance with ASEAN arrangements;
10. to be in charge of the coordination between CDC and other ministries and institutions of the Royal Government; and
11. to execute other tasks as delegated by the Chairman of CDC.

Article 26: The roles and responsibilities of the Secretary General of the CDC shall be as follows:

1. to manage the operation of the General-Secretariat of the CDC
2. to be responsible for the coordination and monitoring of CRDB, CIB and CSEZB operations.
3. to be the technical “Etat-Major” of the CDC on the management and monitoring of the implementation of the policies and strategies pertaining to trade, industry, private investments, and the development of special economic zones;
4. to prepare the CDC’s work programs, agendas, and other necessary documentations for CDC Executive Committee’s meeting and CDC plenary meeting;

5. to coordinate the preparation of the semi-annual and annual reports on rehabilitation and development, private investments, and special economic zones for the CDC Executive Committee's review and approval before submitting them to the Royal Government;
6. to participate in the "One-Stop Service" mechanism meetings in order to review and approve matters pertaining to rehabilitation and development, and private investments;
7. to be the Secretary General of the Government-Private Sector Forum.
8. to execute other tasks as delegated by the Chairman or the Vice-Chairman of the CDC.

Article 27: The roles and responsibilities of the CRDB Secretary General shall be as follows:

1. to manage the operation of the CRDB;
2. to prepare agendas and necessary documentation for the "One-Stop Service" meetings pertaining to rehabilitation and development, and participate in these meetings to review and approve matters pertaining to rehabilitation and development;
3. to prepare and monitor the implementation of strategies on development cooperation and partnership on the principle of ownership as well as leadership of the Kingdom of Cambodia to enhance effectiveness in managing these development assistance;
4. to be the Secretary General of "Cambodia Development Cooperation Forum" and other consultation mechanisms;
5. to lead the bilateral consultations with development partners and sign bilateral grant aid programs with development partners;
6. to monitor the implementation of public investment projects and programs in cooperation with the relevant line ministries and institutions, and to submit summary reports and recommendations for CDC Executive Committee review and action;
7. to assist the CDC Secretary General in preparing the necessary documentation pertaining to all matters of rehabilitation and development for CDC Executive Committee's meetings and CDC plenary meetings;
8. to assist the CDC Secretary General in preparing annual and semi-annual reports on all matters pertaining to rehabilitation and development for the CDC Executive Committee's review and approval before final submission to the Royal Government;
9. to execute other tasks pertaining to rehabilitation and development as delegated by the Chairman or the Vice-Chairman of the CDC.

Article 28: The roles and responsibilities of the CIB Secretary General shall be as follows:

1. to manage the operation of the CIB;
2. to prepare agendas and necessary documentation for the “One-Stop Service” meetings pertaining to private investments, and participate in these meetings to review and approve matters pertaining to private investments;
3. to assist the CDC Secretary General in preparing necessary documentation pertaining to all matters of private investments for CDC Executive Committee’s meetings and CDC plenary meetings;
4. to monitor the implementation of private investments projects and programs in cooperation with relevant line ministries and institutions, and to submit summary reports and recommendations for CDC Executive Committee’s review and action;
5. to assist the CDC Secretary General in preparing semi-annual and annual reports on all matters pertaining to private investments for the CDC Executive Committee’s review and approval before final submission to the Royal Government;
6. to be in charge matters of ASEAN Investment Area (AIA) in coordination with relevant ministries-institutions.
7. to execute other tasks pertaining to private investments as delegated by the Chairman or the Vice-Chairman of the CDC.

Article 29: The roles and responsibilities of the CSEZB Secretary General shall be as follows:

1. to manage the operation of the CSEZB;
2. to prepare agendas and necessary documentation for the “One-Stop Service” meetings pertaining to special economic zones;
3. to preside over the “One-Stop Service” mechanism meetings organized by CSEZB in order to review and approve in these “One-Stop Service” mechanism meetings;
4. to assist the CDC Secretary General in preparing the necessary documentation related to special economic zones for CDC Executive Committee’s meetings and CDC plenary meetings;
5. to monitor the implementation and development of special economic zones projects and programs in cooperation with the relevant line ministries and institutions, and to submit summary reports and recommendations for CDC Executive Committee’s review and action;
6. to assist the CDC Secretary General in preparing annual and semi-annual reports on all matters pertaining to special economic zones for the CDC Executive Committee’s review and approval before final submission to the Royal Government;
7. to execute other tasks pertaining to special economic zones as delegated by the Chairman of the CDC.

1. to participate in the determination of the conceptual framework and policies on rehabilitation and development, private investments, and special economic zone projects; and to participate in setting priorities for investment project and programs, and special economic zone projects of both public and private sector;
2. to participate in the review of the implementation of investments policies and projects, and special economic zone projects, approved by the CDC; and
3. to review and approve semi-annual and annual reports on all matters pertaining to rehabilitation and development, private investments, special economic zones before submitting them to the Royal Government for review and approval.

Article 31: If necessary, the CDC Chairman may convene extraordinary meetings of CDC Executive Committee or CDC extraordinary plenary meeting.

Article 32: The functioning of the meeting of CDC Executive Committee and CDC plenary meeting shall be specified in the internal regulations of the CDC.

Article 33: The implementation of the “One-Stop Service” mechanism of the CDC for reviewing and approving the matters pertaining to rehabilitation and development, investments, and special economic zones shall be as follows:

1. CRDB:

- a. The Ministry of Foreign Affairs and International Cooperation, the Ministry of Economy and Finance, the Office of the Council of Ministers and the Ministry of Planning shall respectively appoint its own official holding the rank of Chief of Department to assist the CRDB. Such officials shall have the following qualifications:
 - being competent in his or her work;
 - having the delegation of authority from the head of his/her institution and having close contact with the head of institution including, especially, reporting and requesting instructions and recommendations;
 - being actively involved in CRDB activities; and
 - being able to communicate in foreign languages, particularly in English.
- b. Other ministries and institutions of the Royal Government shall also delegate a representative to participate in the “One-Stop Service” but on an “Ad Hoc” basis upon the request of the CRDB Secretary General when the competence of those ministries and institution is concerned.
- c. The Secretary General of CRDB shall provide complete documentation to be reviewed and approved in the “One-Stop Service” meeting to all representatives of the relevant ministries and institutions one week prior to the meeting so that

the head of the relevant institutions can review such documentation and provide opinions through their respective representative.

- d. After preparing the necessary documentation, the Secretary General of CRDB shall put the projects or programs in the agenda of the “One-Stop Service” meeting for review and approval.
- e. The Secretary General of CRDB shall prepare and submit the documentation and information on the results of the “One-Stop Service” meeting to the Secretary General of the CDC for submission to the CDC Executive Committee’s meeting for review and approval.

2. CIB:

- a. The Ministry of Economy and Finance, the Office of the Council of Ministers, the Ministry of Planning, the Ministry of Commerce, the Ministry of Mines and Energy, the Ministry of Industry and Handicraft, and other relevant institutions shall respectively appoint its own official holding the rank of Chief of Department to assist the CIB. Such officials shall have the following qualifications:
 - being competent in his or her work;
 - having the delegation of authority from the head of his/her institution and having close contact with the head of his/her institution including, especially, reporting and requesting instructions and recommendations;
 - being actively involved in CIB activities; and
 - being able to communicate in foreign languages, particularly in English.
- b. Other ministries and institutions of the Royal Government shall also delegate a representative to participate in the “One-Stop Service” but on an “Ad Hoc” basis upon the request of the Secretary General of CIB when the competence of those ministries and institutions is concerned.
- c. The Secretary General of CIB shall provide complete documentation to be reviewed and approved the “One-Stop Service” meeting to all representatives of the relevant ministries and institutions one week prior to the meeting so that the heads of the relevant institutions can review such documentation and provide opinions through their respective representative.
- d. After preparing the necessary documentation, the Secretary General of CIB shall put the projects or programs in the agenda of the “One-Stop Service” meeting for review and approval.
- e. The Secretary General of the CIB shall prepare and submit the documentation and information on the results of the “One-Stop Service” meeting to the Secretary General of the CDC for submission to the Executive Committee’s meetings for review and approval.

3. CSEZB:

- a. The Ministry of Economy and Finance, the Office of the Council of Ministers, the Ministry of Planning, the Ministry of Commerce, the Ministry of Mines and Energy, the Ministry of Industry and Handicraft, the Ministry of Land Management, Urban Planning and Construction, and other concerned institutions shall respectively appoint its own official with an equivalent rank of Department Chief to assist the CSEZB. Such officials shall have the following qualifications:
 - being competent in his or her work;
 - having the delegation of authority from the head of his/her institution and having close contact with the head of his/her institution including, especially, reporting and requesting instruction and recommendation;
 - being actively involved in CSEZB activities; and
 - being able to communicate in foreign languages, particularly in English.
 - b. Other ministries and institutions of the Royal Government shall also delegate a representative to participate in the “One-Stop Service” but on an “Ad Hoc” basis upon the request of the CSEZB Secretary General when the competence of those ministries and institutions is concerned.
 - c. The Secretary General of CSEZB shall provide complete documentation to be reviewed and approved in the “One-Stop Service” meeting to all representatives of the relevant ministries and institutions one week prior to the meeting so that the heads of the relevant ministries and institutions can review such documentation and provide opinions through their respective representative.
 - d. After preparing the necessary documentation, the Secretary General of CSEZB shall put the projects or programs in the agenda of the “One-Stop Service” meeting for review and approval.
 - e. The Secretary General of CSEZB shall prepare and submit the documentation and information on the result of the “One-Stop Service” meeting to the Secretary General of the CDC for submission to the Executive Committee’s meetings for review and approval.
4. After receiving sufficient documentation and information from the Secretary General of CRDB, the Secretary General of CIB and the Secretary General of CSEZB, the Secretary General of the CDC shall arrange the documentation in order and put them on the agenda of the meeting of the CDC Executive Committee for their review and approval.

Article 34: The details of the organization and functioning of the “One-Stop Service” of the CDC shall be specified in the internal regulations of the CDC.

Article 35: The CDC shall have its own cadres of civil servants and its own budget. The management of the revenues and expenditures of the budget of the CDC shall be subject to the financial laws.

CHARTER 4 FINAL PROVISIONS

Article 36: This Sub-Decree shall replace the Sub-Decree N° 486 ANK/ BK dated 14 October 2013.

Article 37: The Minister in charge of the Office the Council of Ministers, the Minister of Economy and Finance, the Vice Chairman of the Council for the Development of Cambodia, Ministers of all ministries and head of all relevant institutions, the capital's mayor and all provincial Governors, and those listed in Article 1 shall effectively implement this Sub-Decree from the date of signature.

Phnom Penh, 05 April 2016

Prime Minister

Signature and Seal

Samdech Akka Moha Sena Padei Techo HUN
SEN

CC:

- Ministry of the Royal Palace
- General Secretariat of Constitutional Council
- General Secretariat of the Senate
- General Secretariat of the National Assembly
- The Council Ministers
- General Secretariat of the Royal Government
- Cabinet of **Samdech Prime Minister**
- As in Article 37
- Royal Administrative Bulletin (Gazette)
- Documentation - Archives

**SUB-DECREE
ON
THE ESTABLISHMENT AND MANAGEMENT
OF THE SPECIAL ECONOMIC ZONE**

KINGDOM OF CAMBODIA
Nation – Religion – King

Royal Government of Cambodia
No. 148 ANKr.BK

SUB-DECREE
ON
THE ESTABLISHMENT AND MANAGEMENT
OF THE SPECIAL ECONOMIC ZONE

ROYAL GOVERNMENT

- Referring to the Constitution of the Kingdom of Cambodia;
- Referring to Preah Reach Kret No. NS/RKT/0704/124 dated July 15, 2004 on the formation of the Royal Government of Cambodia;
- Referring to Preah Reach Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Referring to Preah Reach Kram No. 03/NS/94 dated August 05, 1994 promulgating the Law on Investment in the Kingdom of Cambodia and Preah Reach Kram No. NS/RKM/0303/009 dated March 24, 2003 promulgating the Law on Amendment to the Law on Investment of the Kingdom of Cambodia;
- Referring to Preah Reach Kram No. NS/RKM/0297/03 dated February 24, 1997 promulgating the Law on Taxation and Preah Reach Kram No. NS/RKM/0303/010 dated March 31, 2003 promulgating the Law on Amendment to the Law on Taxation;
- Referring to Kret of Council of State of State of Cambodia No. 57 Kr. dated July 26, 1989 on the Tax on Import and Export Goods;
- Referring to the Sub-Decree No. 111 ANKr.BK dated September 27, 2005 on the implementation the Law on Amendment to Law on Investment in the Kingdom of Cambodia;
- Referring to the Sub-Decree No. 147 ANKr.BK dated December 29, 2005 on the Organization and Functioning of the Council for the Development of Cambodia;
- Pursuant to the request of the Council for the Development of Cambodia; and
- Pursuant to the necessity of the Royal Government.

IT IS HEREBY DECIDED

CHAPTER 1

GENERAL PROVISIONS

Article 1: Purpose and Scope of the Sub-Decree

1-1 Purpose

This Sub-Decree is intended to establish and manage the Special Economic Zones and improve the investment climate conducive to the enhancement of productivity, competitiveness, national economic growth, export promotion, employment generation in order to reduce poverty. It further defines the procedures and regulations related to the establishment, management, coordination of all investment activities and promotion of

investments of Zone Developers and Zone Investors in the Special Economic Zones in the Kingdom of Cambodia.

The Royal Government of Cambodia supports the Special Economic Zones by implementing the principles and conditions consistent with the existing policy framework set by the Royal Government of Cambodia which will ensure transparency, efficiency, accountability, accessibility of information for investors.

1-2 Scope

This Sub-Decree shall apply to all activities of relevant ministries or institutions of the Royal Government of Cambodia, Zone Developers and Investors in the Special Economic Zones permitted to invest and have obtained Investment Incentives and guarantees from the Cambodian Special Economic Zones Board and the Special Economic Zones Administration.

Article 2: Definitions

As used in this Sub Decree, the following terms shall have the meaning as defined hereunder:

- **Cambodian Special Economic Zones Board (CSEZB)** refers to the Cambodian Special Economic Zones Board under the authority of the Council for the Development of Cambodia which is established by a Sub-Decree and has the duties to decide on the establishment and management of the Special Economic Zones in the Kingdom of Cambodia.
- **Council** refers to the Council for the Development of Cambodia which is established under the Law on Investment of the Kingdom of Cambodia.
- **Export Processing Zone** refers to the zone of industrial activities and other activities related to the production and transformation of goods only for export.
- **Free Trade Area** refers to the area for service provision, storage, demonstration, packaging, cleaning, and finishing of production outputs, products, materials, or other equipments, whose import-export in /out of the zone are provided with duty exemption, except for export to other places in the Kingdom of Cambodia whereby such import-export is subject to the duty and excise in accordance to the applicable law.
- **General Industrial Zone (GIZ)** refers to a zone established for industrial activities and other activities related to the production and transformation of goods for domestic use as well as for export.
- **Production Area** refers to the area where the factories are located in the industrial zone.
- **Production Equipment** refers to any machinery and tool used in the substantial transformation of Production Inputs which is not itself transformed or consumed within 2 (two) years of its importation, including information technology equipment or any motor vehicle.

- **Production Input** refers to goods, including raw materials, semi-finished products, and accessories serving production that is fully transformed or utilized in the production process of the Qualified Investment Project (QIP) not later than 2 years after importation.
It does not include office equipments and furniture, petroleum products, vehicles, and spare parts for vehicles.
- **Production Output** refers to goods which are produced from Production Input that have been transformed.
- **Qualified Investment Project (QIP)** refers to an investment project which has received a Final Registration Certificate.
- **Residential Area** refers to the area for accommodation of employers, employees and workers in the Special Economic Zone.
- **Service Area** refers to the area of supporting activities for industrial and commercial operations such as managing and operating offices of the industrial zone, bank, post office, commercial stores and transportation services.
- **Special Economic Zone Administration** refers to the State administration management unit which is the "One-Stop Service" mechanism at the site of the Special Economic Zone and has the duties to approve and issue permits, licenses and registration to the Zone Investors, including the approval of incentives, pursuant to the full authority delegated by the line ministries and institutions, and to address all requests related to the management competence of the State, concerning investments in the zone.
- **Special Economic Zone (SEZ)** 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.
- **Zone Developer** refers to a Cambodian or/and foreign natural or legal person, who implements the Qualified Investment Project, and permitted to invest in the development of physical infrastructures in the zone, and organization of business, services and ensuring the safety and security of the Zone Investors.
- **Zone Investor** refers to a Cambodian or/and foreign natural or legal person, who implements the Qualified Investment Project and purchases or rents the immovable property from the Zone Developer and performs investment activities such as business, production, services and trade in the zone.

CHAPTER 2

PROCEDURES FOR THE ESTABLISHMENT OF THE SPECIAL ECONOMIC ZONE

Article 3: Establishment of the Special Economic Zone

Unofficial Translation

3.1. Terms and Conditions for the Establishment of the Special Economic Zone:

1. The Special Economic Zone shall be permitted to be established in the Kingdom of Cambodia at the appropriate and strategic areas according to the decision of the Royal Government of Cambodia and the “One-Stop Service” mechanism of the Council.
2. The Special Economic Zone may be established by the State, private enterprise or joint venture between State and private enterprise.
3. The Establishment of the Special Economic Zone shall be pursuant to the following conditions:
 - (a) It must have a land of more than 50 hectares with precise location and geographic boundaries.
 - (b) It must have a surrounding fence (for Export Processing Zone, the Free Trade Area and for the premises of each investor in each zone).
 - (c) It must have management office buildings, zone administration offices, large road network, clean water, electricity, and telecommunications networks, fire protection and security system. Based on each situation, the zone may have land reserved for the Residential Area for workers, employees and employers, public parks, infirmary, vocational training school, petroleum station, restaurant, car parking, shopping center or market, etc.
 - (d) It must have water sewage network, waste water treatment network, location for storage and management of solid wastes, environment protection measures and other related infrastructures as deemed necessary.
 - (e) It must comply with technical requirements, regulations and basic rules on construction, environment and other obligations in the development of Special Economic Zone as defined in the instructions issued by relevant ministries or institutions taking into account the geography and specific size of each zone and pursuant to the existing laws, national and international standards.

3.2. Procedure for the establishment of the Special Economic Zone:

1. All Zone Developers, who intend to invest in the development a Special Economic Zone shall submit a request for approval for the development of the zone to the Cambodian Special Economic Zones Board and be registered as Qualified Investment Project. The Cambodian Special Economic Zones Board has the duty to review the proposal and submit it to the “One-Stop Service” mechanism of the Council to decide whether to reject or approve the request to establish the zone.

The Zone Developer shall pay an application fee for the establishment of a Special Economic Zone in the amount of 7,000,000 Riels (Seven Million Riels) to the Cambodian Special Economic Zones Board.

2. The Cambodian Special Economic Zones Board shall respond, with either its approval or denial of the request, within 28 (twenty eight) working days to the Zone Developer.

3. The Zone Developer who receives an approval for the establishment of a Special Economic Zone from the Cambodian Special Economic Zones Board has 180 (one hundred eighty) working days, which may be extended based on serious reasons, to do the following:
 - a) Conduct detailed economic feasibility study of the project including the preparation of the master plan of all infrastructures in the zone such as connecting roads from the zone to outside area, water-electricity network, environmental measures, and information concerning local services costs, land rental, factory rental, water, electricity, phone services and security costs, cost of using public space in the area for the Zone Investors, cost for workers, employees and employers to reside, and vocational training center, among others; and
 - b) Submit other related documents or certified letters required by the Cambodian Special Economic Zones Board upon request from the relevant ministries or institutions; such requirements shall be stipulated in the Conditional Registration Certificate of the Zone Developer.
4. Within 100 (one hundred) working days from the date the Zone Developer submitted the project to the Council as stated in paragraph 3.2.3, the Cambodian Special Economic Zones Board shall receive on behalf of the Zone Developer the approvals, authorizations, licenses, permits or registrations from competent ministries, institutions, authorities or relevant agencies of the Royal Government of Cambodia responsible for the said documents, together with the issuance of the Final Registration Certificate to the Zone Developer as defined in this paragraph.
5. The establishment of the Special Economic Zone and boundaries thereof shall be defined by Sub-Decree at the same time when the Cambodian Special Economic Zones Board issues the Final Registration Certificate to the Zone Developer.
6. The Cambodian Special Economic Zones Board has the right to withdraw the approval on the establishment of the zone and incentives which were granted through the Final Registration Certificate on the basis that the Zone Developer has not implemented at least 30% (thirty percent) of the total investment capital of the project within 365 (three hundred and sixty five) working days after receiving the Final Registration Certificate.

3.3. Procedures for Registration of the Zone Investor:

The Zone Investor, who starts its activity of production or services in the fields permitted by related Laws and Sub-Decrees in any Special Economic Zone shall complete the formalities based on the procedure, by preparing all required documents for registration of investment proposals during working hours and before the office of the Special Economic Zone Administration. The Special Economic Zone Administration has duty to decide on the registration of the investment proposal based on the legal, administrative and technical aspects and on the issuance of the Final Registration Certificate accordingly to the procedures of the investment registration set forth in the Law and Sub-Decree on the Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia.

Any incentive provided to the Zone Investor shall be decided by the Special Economic Zone Administration through the “One-Stop Service” mechanism located on the site and in accordance to the relevant laws and regulations.

On all other requests in the investment process of Zone Investors, the Special Economic Zone Administration shall play the role of facilitator to address issues of the Zone Investors with the relevant ministries or institutions of the Royal Government of Cambodia.

CHAPTER 3

MANAGEMENT STRUCTURE AND DUTIES

Article 4: Management Structure of the Special Economic Zone

4.1. Special Economic Zones Trouble Shooting Committee (SEZ TSC)

The Special Economic Zones Trouble Shooting Committee has the duty to promptly settle all issues occurring in the Special Economic Zones, whether pertaining to technical or legal aspects, or issues under the joint jurisdiction of ministries or institutions and beyond the competence of the Special Economic Zone Administration or the Cambodian Special Economic Zones Board.

The Special Economic Zones Trouble Shooting Committee has the further duty to be a mechanism to receive any complaint, and find solutions to that complaint filed by Zone Developers as well as by Zone Investors.

This Committee is located at the Council and has the right to use the Council’s stamp for its activities.

The composition of the Special Economic Zones Trouble Shooting Committee is as follows:

- | | |
|--|-------------|
| 1- Co-Chairmen of the Council for the Development of Cambodia | Co-Chairmen |
| 2- Minister of the Council of Ministers | Member |
| 3- Minister of Economy and Finance | Member |
| 4- Minister of Commerce | Member |
| 5- Minister of Land Management, Urbanism and Construction | Member |
| 6- Minister of Environment | Member |
| 7- Minister of Industry, Mines and Energy | Member |
| 8- Minister of Public Works and Transportation | Member |
| 9- Minister of Labor and Vocational Training | Member |
| 10- Secretary General of the Council for the Development of Cambodia | Member |
| 11- Secretary General of the Cambodian Special Economic Zones Board | Secretary. |

If needed, the aforesaid Committee may invite any member of the Council to attend each meeting of this Committee. The session of the meeting of the Special Economic Zones Trouble Shooting Committee is convened upon the invitation by the Secretary of the Special Economic Zones Trouble Shooting Committee according to the instructions of the Co-Chairmen of the said Committee.

4.2. Cambodian Special Economic Zones Board

The Cambodian Special Economic Zones Board is the “One-Stop Service” in charge of the development, management and supervision of the operations of the Special Economic Zones.

The duties of the Cambodian Special Economic Zones Board are:

1. to be the “Etat-Major” of the Royal Government of Cambodia in relation to the policy and strategy, and to initiate plans and set directions for the development of Special Economic Zones in the Kingdom of Cambodia;
2. to determine the principles and regulations pertaining to the appointment of the Special Economic Zone Administration, to the establishment of the “One-Stop Service” mechanism in the zone, to the management of the general administration and functioning of the zone, to dispute resolution and eventual dissolution of the zone;
3. to give the tax and non-tax incentives to the Zone Developers and provide guidance to the Special Economic Zone Administration on eligible incentives for the Zone Investors pursuant to the laws and relevant provisions in force;
4. to prepare guidelines on management and workers training, environment, construction, import/export, entitlement to investment incentives and other technical affairs, including facilitation of relations with the ministries or institutions of the Royal Government of Cambodia in order to ensure smooth and effective conduct of the affairs of the Special Economic Zones;
5. to inspect all irregular activities in the zone; and
6. to address issues relative to the interests of the Zone Developers, Zone Investors, workers, employees, employers and other technical and legal matters.

4.3. Special Economic Zone Administration:

The Special Economic Zone Administration is the “One-Stop Service” mechanism set up by the Cambodian Special Economic Zones Board in order to be permanently stationed in each Special Economic Zone and is structured and has the duties as follows:

1. The composition of the Special Economic Zone Administration is:

- Representative of the Cambodian Special Economic Zones Board	Chairman
- Representative of the Custom and Excise Department	Member
- Representative of the CAMCONTROL	Member
- Representative of the Ministry of Commerce	Member
- Representative of the Ministry of Labor and Vocational Training	Member.

The above members shall be appointed by each line ministry or institution to be permanently stationed at each zone upon its operation.

2. The office of the Special Economic Zone Administration located in the Special Economic Zone is provided by the Zone Developer, who shall supply materials, water, electricity, accommodations, and provide other supports as deemed necessary.

3. All aforementioned relevant ministries or institutions shall delegate to their representative sufficient power to make decisions on behalf of the ministry or institution in accordance with their respective authority in the zone.
4. The salary of the members of the Special Economic Zone Administration shall be paid by the line ministry or institution.
5. Each Special Economic Zone Administration shall have its own seal for its official use on all documents used for the work of the Special Economic Zone Administration.

The duties of the Special Economic Zone Administration are:

- a. to control, based on respective competence, the entry and exit of goods, means of transport and people into and from the zone; process custom formalities for import-export of goods and facilitate administrative formalities with the line ministries or institutions of the Royal Government of Cambodia for the functioning of the zone;
- b. to control the implementation of the work of the Zone Developer and Zone Investors in relation to the activities in the zone in compliance with the prescribed principles;
- c. to examine the Investment Proposals for registration, award incentives, issue permits, licenses, and certificates of origin of products requested by Zone Investors, such decisions being made at the zone itself;
- d. to control the activities in the zone according to its respective competence;
- e. to cooperate with the Zone Developer to address issues under its jurisdiction;
- f. to facilitate all relevant formalities in a prompt and efficient manner;
- g. to prepare monthly, quarterly, semestral and annual reports on activities of the zone to the relevant ministries or institutions, the Cambodian Special Economic Zones Board, and the Provincial or Municipal Investment Sub-Committee; and
- h. to perform other tasks in order to coordinate and address requests of the Zone Investors with regard to ministries or institutions of the Royal Government.

4.4. The Zone Developer:

The Zone Developer performs activities under the applicable laws in the Kingdom of Cambodia.

The Zone Developer has the following duties:

- (a) to have sufficient capital and means to develop the infrastructures in the zone, including the human resources to manage the activities of the zone;
- (b) to have the legal rights to possess the land in order to establish the zone;

- (c) to construct infrastructures in the zone, including electricity, water, road, and telecommunication networks, environment protection and management network, build warehouses, fire-fighting station and other necessary facilities;
- (d) to lease the land, provide services to the Zone Investors, specify the rent and service fees to the Zone Investors, including fees for water, electricity, building, telecommunication networks, cleaning in the public area, security personnel and others facilities used for the daily operations of the Zone Investors;
- (e) to arrange security personnel and ensure good public order in the zone at all time;
- (f) to adopt the rules pertaining to services in the zone, including internal rules of the zone, and general rules for the Zone Investors and determine the types of business, production and services permitted to operate in the zone in accordance with the nature of the zone;
- (g) to promote and attract investments in the zone and provide detailed information on the formalities, procedures, and eligible benefits for investing in the zone;
- (h) to maintain and repair the infrastructures, ensure the quality and cleanliness and be fully responsible under the laws for all irregular activities and non-compliance with the instructions of the Cambodian Special Economic Zones Board;
- (i) to submit reports to the Cambodian Special Economic Zones Board upon request and perform tax liability obligations by maintaining proper accounting books, as instructed by the Ministry of Economy and Finance; and
- (j) to cooperate with and assist the Special Economic Zone Administration regarding the functioning of the zone and has close relationship with local authorities in order to address issues.

CHAPTER 4

INCENTIVES FOR THE SPECIAL ECONOMIC ZONE

Article 5: Procedures for Incentives

The Cambodian Special Economic Zones Board examines and provides incentives to all Special Economic Zones in the Kingdom of Cambodia:

- 5.1. The proposal for tax exemption on the import of materials, equipments and construction materials for the construction of the zone by the Zone Developer shall be submitted to the Cambodian Special Economic Zones Board for review and decision.
- 5.2. Duty exemption on import of production equipments, construction materials and production inputs shall be approved for the Zone Investors according to the proposal and in compliance with the law. The zone investor shall prepare a list of production equipments, construction materials and Production Inputs to be imported and submit it to the Special Economic Zone Administration for approval at the zone itself. Subsequently, the Special Economic Zone Administration shall report on its decision to the Cambodian Special Economic Zones Board and relevant institutions for information.

- 5.3. Eligible fiscal incentives for the Zone Investor shall be specified in the Final Registration Certificate to be issued to the Zone Investor in accordance with the Law and Sub-Decree on the Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia in force.

Article 6: Tax Incentives

- 6.1. The Zone Developer shall receive the following incentives for their investment activities:

(a) **Tax on Profit:** The tax on profit exemption period shall be provided for a maximum period of 9 (Nine) years in compliance with Article 14.1 of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia.

(b) **Import Duties and other Taxes:** The import of equipments and construction materials to be used for infrastructure construction in the zone shall be allowed and exempted of import duties and other taxes.

- 6.2. The Zone Investor shall receive the fiscal incentives as provided in Article 14.9 of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia and other relevant regulations.

- 6.3. The Zone Investor entitled to the incentive on Value Added Tax at the rate of 0% shall record the amount of tax exemption for its every import. The said record shall be disregarded if the Production Outputs are re-exported. In case the Production Outputs are imported into the domestic market, the Zone Investor shall refund the amount of Value Added Tax as recorded in comparison with the quantity of export.

Article 7: Other Incentives

- 7.1. The Zone Developer shall receive custom duty exemption on the import of machineries, equipments for the construction of the road connecting the town to the zone, and other public services infrastructures for the public interests as well as for the interests of the zone.
- 7.2. The Zone Developer may request, under the form of a temporary admission (AT) the import of means of transport and machineries used for the construction of the infrastructures in accordance with the laws and regulations in force.
- 7.3. All imports by the Zone Developer and the Zone Investor shall comply with the relevant regulations on the Pre-Shipment Inspection (PSI).
- 7.4. The Zone Developer, the Zone Investor and foreign employees have the right to transfer all their income derived from the investment and salary received in the zone to banks located in other countries after payment of tax.
- 7.5. Apart from the fiscal incentives, the Zone Developer and the Zone Investor are entitled to obtain the investment guarantees as stated in Article 8, Article 9 and Article 10 of the Law on Investment in the Kingdom of Cambodia and other relevant regulations.

- 7.6. The Zone Developer may obtain a land concession from the State for the establishment of a Special Economic Zone in areas along the borders or in isolated regions, in accordance with the Land Law, and may lease this land to the Zone Investors.

CHAPTER 5

SPECIAL RULES RELATED TO THE MANAGEMENT OF EXPORT PROCESSING ZONE OF THE SPECIAL ECONOMIC ZONE

Article 8: Terms of the Export Processing Zone

The Export Processing Zone of the Special Economic Zone is an area surrounded by a fence and has specific entrances/exits determined by the Cambodian Special Economic Zones Board.

Only the workers, employees, employers, visitors and competent agents duly authorized can enter or exit the zone premises and premises of the Zone Investors during working hours. At all instance, any person is not allowed to stay after working hours in the Export Processing Zone and the premise of the Zone Investors, except for the authorized permanent guards and persons authorized by the Special Economic Zone Administration.

Article 9: Time for entry into and exit from the Export Processing Zone

Scheduled time for entry into and exit from the Export Processing Zone for the authorized persons, including the import-export of goods shall be determined by the internal rules of the Special Economic Zone Administration according to the agreement between the Zone Developer and the Special Economic Zone Administration.

Article 10: Import-Export of Goods into or from the Export Processing Zone

Goods imported into or exported from the Export Processing Zone shall be done in accordance with the following regulations:

- 10.1. Import-Export of Goods into or from the Export Processing Zone shall be considered as Import-Export of Goods into or from the Kingdom of Cambodia which requires the owner of the goods to fulfill the formalities of import-export with the competent authority in the Export Processing Zone prior to its import-export. These goods shall be packed and properly sealed by customs officer before being imported into or being exported from the Export Processing Zone.
- 10.2. The aforementioned competent agent shall prepare all forms which should be simplified, transparent and do not cause any difficulty for the control of those goods.
- 10.3. No retail business or related activities shall be located in the Export Processing Zone, even though it is conducted for serving the public or social interests.
- 10.4. The Zone Investor, although being the owner, shall not use the Production Outputs produced in the Export Processing Zone without permission from the Special Economic Zone Administration.

10.5. The Zone Investor in the Export Processing Zone may request from the Special Economic Zone Administration to purchase goods from the domestic market or from investor, who is in the General Industrial Zone for production needs by entering specific contracts. Each sale and purchase shall be examined by the customs agent of the Special Economic Zone.

With regard to the sale in the domestic market of the Production Outputs which are not of proper quality, are of bad quality, or out-of-date goods and that the Zone Investor cannot export, the Zone Investor shall make the same request for approval as the one done for the purchase of goods into the zone.

All goods which are delivered in the domestic market, in whatever conditions, shall be required to complete the same formalities as those required for goods to be imported into the Kingdom of Cambodia and shall be subject to import duties and other applicable taxes.

10.6. The Special Economic Zone Administration shall have the authority to investigate at any time all suspicious cases related to irregular activities of the Zone Investors regarding the import-export, if necessary, and shall formally inform the Zone Developer and the Cambodian Special Economic Zones Board.

10.7. Any violation, by the Zone Investor in any area of the Export Processing Zone, of the principles of movement of goods, not related to the intended purpose, not compliant to the environment management regulations, production regulations, production of non authorized goods, non-conformity with production standards, the production or use of benefits provided by the State which were used for other purposes than the authorized ones, are subject to fine and punishment in accordance with the applicable laws and regulations.

CHAPTER 6

LABOR FORCE

Article 11: Usage and Management of the Labor force

The use and management of the Labor force in the Special Economic Zone shall observe the rights and protection guaranteed by the Constitution of the Kingdom of Cambodia. Workers and employees working in the Special Economic Zone shall have the right to salary, benefits, work security and conditions for the safeguard of health as stated in the Labor Law, the Law on the Social Security for all persons governed by the provisions of the Law on Labor and applicable regulations.

Foreign managers, technicians or experts may be employed, provided that the number of foreign staff does not exceed 10% (Ten) of the total number of its personnel.

Foreign Zone Developers and Zone Investors may be accompanied by their spouse and dependants and shall have the right to obtain a resident visa in accordance with the Immigration Law of the Kingdom of Cambodia.

Use of Labor force by recruiting and hiring Cambodian workers and employees or foreign Labor force in the proportion stated above, including the bringing of dependents, shall be

done in accordance with the Labor Law and the Immigration Law, as well as other applicable regulations.

CHAPTER 7

VOCATIONAL TRAINING

Article 12: Training

The Zone Developer has the duty to cooperate with the Ministry of Labor and Vocational Training in order to facilitate the training of Cambodian workers, employees and promote new knowledge and skills to workers and employees with specific and effective programs.

CHAPTER 8

DISPUTE RESOLUTION AND VIOLATION

Article 13:

Any Special Economic Zone located in any province-municipality of the Kingdom of Cambodia shall be under the jurisdiction of the courts of that province-municipality in case of any violations, including criminal case.

Article 14:

The Zone Developers, Zone Investors, workers, employees, employers, and civil servants who perform their activities and works in the zone and violate any regulations specified in the Special Economic Zone shall be punished in accordance with the applicable laws.

Government officials from ministries or institutions as well as officials of the Special Economic Zone Administration are prohibited to interfere in the development operations of the zone.

Any government official who is found to have acted contrary to or failed to comply with its duties and delegation of power provided by his ministry or institution, as the case may be, shall be punished in accordance with the provisions of the Law on Civil Servants Statute in force.

CHAPTER 9

FINAL PROVISION

Article 15:

Provisions of the Law on Investment in the Kingdom of Cambodia and all relevant laws and regulations shall apply to all activities in the Special Economic Zone whenever not specified in this Sub-Decree.

Article 16:

This Sub-Decree shall be revised according to the changing circumstances and needs of the prevailing situations during its implementation upon the request of the Cambodian Special Economic Zones Board and approval by the Special Economic Zones Trouble Shooting Committee and, in the meanwhile, shall be arranged to become the Law on the Special Economic Zone in order to ensure the transparency and confidence from the investors.

Article 17:

The Minister in charge of the Council of Ministers, Minister of Interior, Minister of Economy and Finance, Minister of Commerce, Minister of Industry, Mines and Energy, Minister of Environment, Minister of Land Management, Urbanism and Construction, Ministers of all Ministries, Heads of Institutions, Provincial-Municipal Governors and related entities shall efficiently implement this Sub-Decree from the date of the signature onward.

Phnom Penh, December 29, 2005
Prime Minister
Signed and Sealed

Hun Sen

Submitted to
Samdech Prime Minister
by Senior Minister, Minister of Economy and Finance
First Vice chairman of CDC

Keat Chhon

- CC:
- Ministry of the Royal Palace
 - General Secretariat of the Constitutional Council
 - General Secretariat of the Senate
 - General Secretariat of the National Assembly
 - Cabinet of Prime Minister
 - General Secretariat of the Royal Government
 - As stated in Article 17
 - Doc and Archives

KINGDOM OF CAMBODIA
Nation Religion King

Royal Government of Cambodia
N° 28 ANKr.BK

ANUKRET (SUB-DECREE)
ON

THE AMENDMENT OF ARTICLE 4 POINT (4.1) OF SUB-DECREE N° 148 DATED 29-
DECEMBER 29,2005 ON THE ESTABLISHMENT AND MANAGEMENT
OF THE SPECIAL ECONOMIC ZONE

- Seen the Constitution of the Kingdom of Cambodia
- Seen the Royal Decree N° NS/RKT/ 0704/124 dated July 15, 2004 on the formation of the Royal Government of Cambodia
- Seen the Royal Kram N° 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers
- Seen the Royal Kram N° 03/NS/94 dated August 05,1994 promulgating the Law on Investment of the Kingdom of Cambodia and the Royal Kram N° NS/RKM/0303/009 dated March 24, 2003 promulgating the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia
- Seen the Royal Kram N° NS/RKT/0306/111 dated March 04, 2006 on the terminating of the function of Samdech Krom Preah Norodom Ranariddh as Special advisor to the Royal Government and the Co-Chairman of the Council for the Development of Cambodia
- Seen the Sub-Decree N° 147 ANKr.BK dated December 29, 2005 on the Organization and Functioning of the Council for the Development of Cambodia
- Seen the Sub-Decree No. 148 ANKr.BK dated December 29, 2005 on the Establishment and Management of the Special Economic Zone
- Seen the Sub-Decree No. 27 ANKr.BK dated March 14, 2006 on the Adjustment in Article 1 of the Sub-Decree No.147 dated December 29, 2005 on the Organization and Functioning of the Council for the Development of Cambodia
- In pursuant to the needs of the Council for the Development of Cambodia

DECIDES

Article 1:

Article 4, point 4.1 has been amended in Sub-Decree No.148 ANKr.BK dated December 29, 2005 as follows:

Article 4, Point 4.1

The Special Economic Zones Trouble Shooting Committee has the duty to promptly settle all issues occurring in the Special Economic Zones, whether pertaining to technical or legal aspects, or issues under the joint jurisdiction of ministries or institutions and beyond the competence of the Special Economic Zone Administration or the Cambodian Special Economic Zones Board.

The Special Economic Zones Trouble Shooting Committee has the further duty to be a mechanism to receive any complaint, and find solutions to that complaint filed by Zone Developers as well as by Zone Investors.

This Committee is located at the Council and has the right to use the Council's stamp for its activities.

The composition of the Special Economic Zones Trouble Shooting Committee is as follows:

1- Chairman of the Council for the Development of Cambodia	Chairman
2- Minister of the Council of Ministers	Member
3- Minister of Economy and Finance	Member
4- Minister of Commerce	Member
5- Minister of Land Management, Urbanism and Construction	Member
6- Minister of Environment	Member
7- Minister of Industry, Mines and Energy	Member
8- Minister of Public Works and Transportation	Member
9- Minister of Labor and Vocational Training	Member
10- Secretary General of the Council for the Development of Cambodia	Member
11- Secretary General of the Cambodian Special Economic Zones Board	Secretary

If needed, the aforesaid Committee may invite any member of the Council to attend each meeting of this Committee. The session of the meeting of the Special Economic Zones Trouble Shooting Committee is convened upon the invitation by the Secretary of the Special Economic Zones Trouble Shooting Committee according to the instructions of the Co-Chairmen of the said Committee.

Article 2:

The Minister in charge of the Office the Council of Ministers, the Minister of Economy and Finance, the Minister of Planning, the Minister of Commerce, the Council for the Development of Cambodia, Ministers and Secretaries of State of all relevant ministries and institutions, and all relevant provincial and municipal Governors and those listed in Article 1 shall effectively implement this Sub-Decree from the date of signature.

Phnom Penh, March 14, 2006
Prime Minister
Signature and Seal

HUN SEN

Submitted to

Samdech Prime Minister
by the First Secretary of
State of Economy and Finance
and Vice Chairman of the CDC

Kong Vibol

CC:

- Ministry of the Royal Palace
- General Secretariat of Constitutional Council
- General Secretariat of the Senate
- General Secretariat of the National Assembly
- Cabinet of Samdech Prime Minister
- General Secretariat of the Royal Government
- As in Article 2
- Archives - Records

KINGDOM OF CAMBODIA
Nation – Religion - King

Royal Government of Cambodia
No. 18 ANKr.BK

SUB-DECREE
ON
AMENDMENT ON ARTICLE 4 POINT 4.1 AND POINT 4.3 OF THE SUB-DECREE
No. 148 ANKr.BK DATED 29 DECEMBER 2005 ON THE ESTABLISHMENT AND
MANAGEMENT OF THE SPECIAL ECONOMIC ZONE

ROYAL GOVERNMENT

- Pursuant to the Constitution of the Kingdom of Cambodia;
- Pursuant to Preah Reach Kret No. NS/RKT/0704/124 dated July 15, 2004 on the formation of the Royal Government of Cambodia;
- Pursuant to Preah Reach Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Pursuant to Preah Reach Kram No. 03/NS/94 dated August 05, 1994 promulgating the Law on Investment in the Kingdom of Cambodia and Preah Reach Kram No. NS/RKM/0303/009 dated March 24, 2003 promulgating the Law on Amendment to the Law on Investment of the Kingdom of Cambodia;
- Pursuant to Preah Reach Kram No. NS/RKM/0297/03 dated February 24, 1997 promulgating the Law on Taxation and Preah Reach Kram No. NS/RKM/0303/010 dated March 31, 2003 promulgating the Law on Amendment to the Law on Taxation;
- Pursuant to Kret of Council of State of State of Cambodia No. 57 Kr. dated July 26, 1989 on the Tax on Import and Export Goods;
- Pursuant to the Sub-Decree No. 111 ANKr.BK dated September 27, 2005 on the implementation the Law on Amendment to Law on Investment in the Kingdom of Cambodia;
- Pursuant to the Sub-Decree No. 147 ANKr.BK dated December 29, 2005 on the Organization and Functioning of the Council for the Development of Cambodia;
- Pursuant to the Sub-Decree No. 148 ANKr.BK dated December 29, 2005 on the Establishment and Management of the Special Economic Zone;
- Pursuant to the Sub-Decree No. 28 ANKr.BK dated 14 March 2006 on the amendment on Article 4 Point 4.1 of the Sub-Decree No. 148 ANKr.BK dated 29 December 2005 on the Establishment and Management of the Special Economic Zone;
- Pursuant to the request of the Council for the Development of Cambodia; and
- Pursuant to the needs of the Royal Government.

IT IS HEREBY DECIDED

Article 1:

Article 4, point 4.1 and point 4.3 of the Sub-Decree No. 148 ANKr.BK dated 29 December 2005, shall be amended as follows:

A. Article 4: Item 4.1 New

Special Economic Zones Trouble Shooting Committee (SEZ TSC)

The Special Economic Zones Trouble Shooting Committee has the duty to promptly settle all issues occurring in the Special Economic Zones, whether pertaining to technical or legal aspects, or issues under the joint jurisdiction of ministries or institutions and beyond the competence of the Special Economic Zone Administration or the Cambodian Special Economic Zones Board.

The Special Economic Zones Trouble Shooting Committee has the further duty to be a mechanism to receive any complaint, and find solutions to that complaint filed by Zone Developers as well as by Zone Investors.

This Committee is located at the Council and has the right to use the Council's stamp for its activities.

The composition of the Special Economic Zones Trouble Shooting Committee is as follows:

1. Chairman of the Council for the Development of Cambodia	Chairman
2. Minister of Interior	Member
3. Minister of the Council of Ministers	Member
4. Minister of Economy and Finance	Member
5. Minister of Commerce	Member
6. Minister of Land Management, Urbanism and Construction	Member
7. Minister of Environment	Member
8. Minister of Industry, Mines and Energy	Member
9. Minister of Public Works and Transportation	Member
10. Minister of Labor and Vocational Training	Member
11. Secretary General of the Council for the Development of Cambodia	Member
12. Secretary General of the Cambodian Special Economic Zones Board	Secretary.

If needed, the aforesaid Committee may invite any member of the Council to attend each meeting of this Committee. The session of the meeting of the Special Economic Zones Trouble Shooting Committee is convened upon the invitation by the Secretary of the Special Economic Zones Trouble Shooting Committee according to the instructions of the Chairman of the said Committee.

B. Article 4 point 4.3 New

Special Economic Zone Administration:

is the "One-Stop Service" mechanism set up by the Cambodian Special Economic Zones Board in order to be permanently stationed in each Special Economic Zone and is structured and has the duties as follows:

1. The composition of the Special Economic Zone Administration is:

- Representative of the Cambodian Special Economic Zones Board	Chairman
- Representative of the Provincial/Municipal Authorities	Member
- Representative of the Custom and Excise Department	Member
- Representative of the CAMCONTROL	Member
- Representative of the Ministry of Commerce	Member
- Representative of the Ministry of Labor and Vocational Training	Member

The above members shall be appointed by each line ministry or institution to be permanently stationed at each zone upon its operation.

2. The office of the Special Economic Zone Administration located in the Special Economic Zone is provided by the Zone Developer, who shall supply materials, water, electricity, accommodations, and provide other supports as deemed necessary.
3. All aforementioned relevant ministries or institutions shall delegate to their representative sufficient power to make decisions on behalf of the ministry or institution in accordance with their respective authority in the zone.
4. The salary of the members of the Special Economic Zone Administration shall be paid by the line ministry or institution.
5. Each Special Economic Zone Administration shall have its own seal for its official use on all documents used for the work of the Special Economic Zone Administration.

The duties of the Special Economic Zone Administration are:

- a. to control, based on respective competence, the entry and exit of goods, transport means and people into and from the zone; to process the custom formalities for

Unofficial Translation

import-export of goods and facilitate administrative formalities with the line ministries or institutions of the Royal Government of Cambodia for the functioning of the zone;

- b. to control the implementation of the work of the Zone Developer and Zone Investors in relation to the activities in the zone in compliance with the prescribed principles;
- c. to examine the Investment Proposals for registration, award incentives, issue permits, licenses, and certificates of origin of products requested by Zone Investors, such decisions being made at the zone itself;
- d. to control the activities in the zone according to its respective competence;
- e. to be jointly responsible for the security, public order and settlement of disputes or other problems, it may be arising, in order to protect the legal interests of the zone's developer, zone's investor and workers.
- f. to cooperate with the Zone Developer to address issues under its jurisdiction;
- g. to facilitate all relevant formalities in a prompt and efficient manner;
- h. to prepare monthly, quarterly, semestral and annual reports on activities of the zone to the relevant ministries or institutions, the Cambodian Special Economic Zones Board, and the Provincial or Municipal Investment Sub-Committee; and
- i. to perform other tasks in order to coordinate and address requests of the Zone Investors with regard to ministries or institutions of the Royal Government.

Article 2:

The Minister in charge of the Office the Council of Ministers, the Minister of Interior, the Minister of Economy and Finance, the Council for the Development of Cambodia, the Minister of Commerce, Minister of Industry, Mine and Energy, Minister of Environment, Minister of Urban Planning, Land Management and Construction, Ministers and Secretaries of State of all relevant ministries and institutions, and all relevant provincial and municipal Governors and relevant agencies shall effectively implement this Sub-Decree from the date of signature.

Phnom Penh, February 22, 2008
Prime Minister
Signature and Seal

Samdech Akka Moha Sena Padei Techo HUN SEN

Submitted to

Samdech Akka Moha Sena Padei Techo HUN SEN
Prime Minister of the Kingdom of Cambodia
by the Secretary General of the CDC
Secretary General of the CSEZB

Sok Chenda

CC:

- Ministry of the Royal Palace
- General Secretariat of Constitutional Council
- General Secretariat of the Senate
- General Secretariat of the National Assembly
- Cabinet of Samdech Prime Minister
- General Secretariat of the Royal Government
- As in Article 2
- Archives - Records

Unofficial Translation

Kingdom of Cambodia
Nation Religion King

Royal Government of Cambodia
No. 17 ANK/BK

Anukret
on
The Establishment of the Sub-Committee on Investment of the
Provinces-Municipalities of the Kingdom of Cambodia

The Royal Government

- Having Seen the Constitution of the Kingdom of Cambodia;
- Having Seen the Royal Kram No. NS/RKM/0704/001 dated July 13, 2004 on the Promulgation of Additional Constitution to normalize the function of national institutions.
- Having Seen the Royal Decree No. NS/RKT/0704/124 dated July 15, 2004 on the appointment of the Royal Government of Cambodia.
- Having Seen the Royal Kram No. 02/NS/94 dated July 20, 1994 on the Promulgation the law on the Organization and Functioning of the Council of Ministers.
- Having Seen the Royal Kram No. 03/NS/94 dated August 05, 1994 on the Promulgation of the Law on Investment of the Kingdom of Cambodia and the Royal Kram NS/RKM/0303/009 dated March 24, 2003 on the Promulgation of the Law on the Amendment of the Law on Investment of the Kingdom of Cambodia;
- Having Seen the Sub-Decree No. 70 ANKr.BK dated July 27, 2001 on the Organization and Functioning of the Council for the Development of Cambodia.
- Referring to Anukret No. 88/ANK/BK of December 29, 1997 on the Implementation of the Law on Investment of the Kingdom of Cambodia and Anukrets on the Amendments No. 53/ANK/BK of June 11, 1999 and

No. 130/ANK/BK of December 26, 2001 respectively;

- Referring to the Royal Government Policy on investment attractiveness from private sectors at all provincials/municipals levels.
- Referring to the requests of the Council for the Development of Cambodia.

DECIDES

Article 1:

To establish a mechanism to register investment proposals as a Qualified Investment Project "QIP" - in ----- to be known as ----- Sub-Committee on Investment and shall be composed as follows:

- | | | |
|-----|--|-------------------------|
| 1. | Provincial Governor | Chairman |
| 2. | Representative from CDC/CIB | Permanent Vice-Chairman |
| 3. | First Provincial Vice Governor | Vice-Chairman |
| 4. | Second Provincial Vice-Governor | Vice-Chairman |
| 5. | Chief of Department of Economy and Finance | Member |
| 6. | Chief of Department of Commerce | Member |
| 7. | Chief of Department of Industry, Mine and Energy | Member |
| 8. | Chief of Department of Public Works and Transport | Member |
| 9. | Chief of Department of Environment | Member |
| 10. | Chief of Department of Land Management,
Urban Planning and Construction | Member |
| 11. | Chief of Department of Agriculture, Forestry and Fishery | Member |
| 12. | Chief of Department of Planning | Member |
| 13. | Chief of Department of Water Resource and Meteorology | Member |
| 14. | Chief of Department of Tourism | Member |
| 15. | Chief of Department of Posts and Telecommunication | Member |
| 16. | Representative from ----- Chamber of Commerce | Observer |
| 17. | Representative from Secretariat | Secretary |

All the above mentioned members shall attend meeting as convened by the Chairman or by the Vice-Chairman, in the event of the Chairman's absence.

All relevant Provincial Department, District Governors in the ----- who are not members of the ----- Sub-Committee on Investment can be invited to the meeting according to its relevant cases.

Article 2:

The -----Sub-Committee on Investment shall have a Secretariat to manage the day-to-day works under the chairmanship of Permanent Vice-Chairman of the -----Sub-Committee on Investment.

The ----- Sub-Committee on Investment shall have the right to officially use a separate seal for its daily operations.

Article 3:

The ----- Sub-Committee on Investment shall perform its roles and duties according to the Laws and Regulations on Investment of the Kingdom of Cambodia in relation to the registration of investment proposal of new companies as a QIP with an investment capital of less than 2,000,000 (two million) United States Dollars.

Article 4:

The ----- Sub-Committee on Investment shall submit documents relating to the registered QIP upon registration to CDC/CIB for its review and providing incentives on the importation to investors.

Article 5:

All relevant Ministries; institutions shall delegate to its subordinates at provincial level the power to decide on behalf of Ministries/Institutions by explaining all regulations regarding the process and procedures to be implemented with respect to the issuance of permits, licenses, approvals on behalf of their Ministries/Institutions.

Article 6:

The below mentioned investment projects shall not be subject to -----
--- Sub-Committee on Investment's registration and shall be under registration mechanism of the CDC/CIB:

1. investment with capital exceeding 2,000,000 (two million) United States Dollars;
2. investment project located in the jurisdiction of at least two provinces-municipalities;

3. investment project located in special economic zone.

Article 7:

The procedures for ----- Sub-Committee on Investment to register investment proposals and provide investment incentive shall be as follows:

- to be One Stop Service mechanism on investment in the province;
- to comply with prescribed procedures based on applicable Laws and Regulations on Investment as implemented at CDC/CIB.

Article 8:

All investments authorized under the Laws on the Investment promulgated by Preah Reach Kram No. 03/NS/94 of August 5, 1994 and relevant Anukret shall be considered to be QIP Provided that the investors have completed all application forms according to procedures as stipulated in Anukret on Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia.

Article 9:

- CDC shall issue regulations on the actual practice and provide expert training to the ----- Sub-Committee on Investment so as to ensure the smoothness and effectiveness of the Sub-Committee's functioning mechanism.
- The ----- Sub-Committee on Investment shall make monthly report to CDC/CIB in order that CDC/CIB have its basic sufficient documents to report to the Royal Government.

Article 10:

The Co-Chairmen of CDC, the Minister in charge of the Office of the Council of Ministers, the Co-Ministers of Interior, the Ministers of Economy and Finance, of Commerce, of Industry, Mines and Energy, of Public Works and Transport, of Environment, of Land Management, Urban Planning and Construction, of Agriculture, Forestry and Fisheries, of Planning, of Meteorology, of Tourism, of Post and Telecommunication, the Ministers of all relevant Ministries, Governor of -----, Provincial/Municipal Governors, head of Institutions/Entities and all compositions listed in Article 1 shall effectively implement this Anukret from the date of its signature.

Phnom Penh, February 9, 2005
Prime Minister
Signature and Seal

Hun Sen

Having informed Samdech Prime Minister
by Senior Minister
Minister of Economy and Finance
First Vice-Chairman of CDC

Keat Chhon

CC:

- Ministry of Royal Palace
- General Secretary of the Senate
- General Secretary of the National Assembly
- Cabinet of Samdech Prime Minister, "Co-Chairman"
- Cabinet of Samdech Krom Preah, "Co-Chairman"
- As in Article 10 "for implementation"
- Archives and Chronicle
-(See footnote)

*** This Anukret has established the Sub-Committee on Investment for each of the 24 Provinces and Municipalities of the Kingdom of Cambodia.



Kingdom of Cambodia

Nation Religion King

Royal Government of Cambodia

N. : 114 ANKr.BK

SUB DECREE

ON

**THE MORTGAGE AND TRANSFER OF THE RIGHTS
OVER A LONG-TERM LEASE OR AN ECONOMIC LAND CONCESSION**

The Royal Government of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. 02/NS/94, dated July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. 04/NS/94, dated August 10, 1994, promulgating the Law on Land Management, Urban Planning and Construction;
- Having seen Royal Kram No. NS/0699/09, dated June 23, 1999, promulgating the Law on Establishment of the Ministry of Land Management, Urban Planning and Construction;
- Having seen Royal Kram No. NS/RKM/0801/05 dated August 30, 2001, promulgating the Land Law;
- Having seen Royal Kram No. 03/NS/94, dated August 5, 1994, promulgating the Law on Investment;
- Having seen Royal Kram No. NS/0303/009, dated March 24, 2003, promulgating the Law on the Amendment to the Law on Investment;

Unofficial Translation

- Having seen Sub-decree No. 62 ANKr.BK, dated July 20, 1999, on the Organization and Functioning of the the Ministry of Land Management, Urban Planning and Construction;
- Having seen Sub Decree No. 46 ANKr.BK, dated May 31, 2002, on Procedures for Establishing Cadastral Maps and Master Land Register Book;
- Having seen Sub decree No. 48 ANKr.BK, dated May 31, 2002, on Sporadic Land Registration;
- Having seen Sub-decree No. 118, dated October 07, 2005, on State Land Management;
- Having seen Sub-decree No. 146 ANKr.BK, dated December 27, 2005 on Economic Land Concession;
- Having seen Sub-Decree No. 111 ANKr.BK, dated September 27, 2005, on the Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia;
- Pursuant to the need of the Royal Government.

HEREBY DECIDES:

Article 1:

The purpose of this Sub-Decree is to determine principles and terms and conditions for granting rights to investors to put up as security and transfer of rights over a long-term lease or an economic land concession during the period of time not exceeding the period prescribed in the long-term lease agreement or the economic land concession agreement.

Article 2:

In this Sub-Decree, the terms:

- “**Transfer of rights**” means the transfer of all the rights specified in the land concession agreement or in the long-term lease agreement;
- “**Mortgage**” means the offer of rights over a long-term lease or an economic land concession as security for repayment of a debt;
- “**Long-term lease**” means the lease of an immovable property by a physical person, a legal entity or the Royal Government in compliance with the laws of the Kingdom of Cambodia. Long-term lease shall have a period of 15 (fifteen) years or more;
- “**Land concession**” means economic land concession authorized by the Royal Government to an investor that has fulfilled the conditions required by the laws of the Kingdom of Cambodia;
- “**Lease**” means a lease contract of an immovable property made between the owner of the property and the lessee;

- “**Lessor**” means the owner of a property who leases its property to somebody ;
- “**Lessee**” means the person who leases the property from its owner;
- “**Inscription**” means record of any event in the book or register in accordance with determined procedure in order to properly manage immovable property according to laws;
- “**Privilege**” means special right granted as a plus to any function or to any group;
- “**Preference**” means right granted to a person for doing or receiving something before the others;
- “**Deceased**” means those who have passed away.

Article 3:

A mortgage or transfer of rights over a long-term lease or right over an economic land concession shall not extend to the mortgage or the transfer of the concessionary land or the long-term leased land that the investor receives from the State.

The investor cannot transfer or mortgage his/her rights over an economic land concession which has not been developed in conformity with the conditions of the economic land concession agreement.

Article 4:

A land concession is a legal right granted in a legal document issued by a competent authority at its discretion to any natural person or legal entity or group of persons to occupy a land and to exercise the rights thereon in accordance with specific terms and condition.

A land concession can only create rights for the period specified in the agreement establishing such economic land concession. The right over land concession cannot create ownership on the conceded land for the benefit of the concessionaire.

Article 5:

Only immovable property registered in the Master Land Register can be subject of a concession or long-term lease.

In case the lease is made with the Royal Government and the land is not titled, the lease shall be signed by the Minister of the Ministry of Economy and Finance together with relevant ministers or heads of institutions, or provincial-municipal governors who are the trustee authorities of the said land.

Article 6:

The land concession or long-term lease shall be mentioned on the land title certificate at the Ministry of Land Management, Urban Planning and Construction. The Ministry of Land Management, Urban Planning and Construction shall issue “Certificates of long-term lease” and “Certificates of economic land concession”.

Every mortgage or transfer of the right over the long-term lease or right over land concession shall be recorded in the corresponding certificate of long-term lease or economic land concession.

Article 7:

The lessee or concessionaire shall have the right to mortgage or transfer his/her right over the long-term lease or the land concession as well as the buildings and/or other immovable properties that he/she has constructed on the land except as otherwise specified in the lease agreement or the economic land concession agreement or as restricted by law.

Article 8:

When the lessee or the concessionaire dies, his/her successors can inherit his/her rights over the long-term lease or land concession for the remaining period of the long-term lease or concession.

A natural person or legal entity or a group of peoples authorized to lease a land from the State can sub-lease to a third party but subject to prior approval from the competent authority.

Article 9:

In all cases, the creditor cannot become owner and has no right to claim ownership of the immovable property rented by or conceded to his debtor who has used his right over the lease or the concession as security. Any contract that would decide otherwise shall be considered null and void.

The creditor has the right to file a complaint at the court against his/her debtor who has mortgaged his/her rights for a settlement pursuant to applicable law and procedure for repayment of the debt according to the order of preference and privilege that he/she has with the other creditors and only for the period of time allowed in the lease or concession agreement.

The creditor shall not have the rights to claim the right to dispose of the immovable property leased or possessed through a concession by his/her debtor.

Article 10:

The certificates of long lease and economic land concession shall clearly specify the category of immovable property, its size, location, the identity of the owner of the land, the identity of the lessee or concessionaire as well as the duration of the lease or concession. The Certificate of long-term lease and the Certificate of economic land concession are attached as annexes 1 and 2 to this sub-decree.

The fees for issuing the certificate of long-term lease and of economic land concession and inscription shall be determined by a joint Prakas of the Ministry of Land Management, Urban Planning and Construction, and the Ministry of Economy and Finance.

Article 11:

Any provisions which are contrary to this sub-decree shall be deemed abrogated.

Article 12:

The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, the Minister of Land Management, Urban Planning and Construction, the Minister of Commerce, the Minister of Agriculture, Forestry and Fisheries, the relevant ministers-secretaries of State, the Council for the Development of Cambodia, the Governors of provinces and municipalities, the Directors of all relevant institutions-entities shall be in charge of implementing this sub-decree according to their duties respectively from the date of signature.

Phnom Penh, on 29th August 2007

The Prime Minister

Hun Sen

cc:

- The Ministry of the Royal Palace
- The Secretariat General of the Constitutional Council
- The Secretariat General of the Senate
- The Secretariat General of the National Assembly
- The Secretary General of the Royal Government
- The Cabinet of Samdech Prime Minister
- Cabinet of H.E. Deputy Prime Minister
- As in Article 12
- Official Gazette
- Document-Archive

Unofficial Translation



PREAH REACH KRAM (ROYAL DECREE)

NS/RKM/1007/07

We,

*Preah Bat Samdech Boranniet Norodom Sihamoni,
[Samanphum Chietsasna Khetkhatiya Khemmarathriestr Puthintrea Mohaksat
Khemariechnea Samohorpheas Kampucha Ekariech Rothborananti Sopakmongulea
Sereivibola Khemarasripireah]
King of the Kingdom of Cambodia,*

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/0704/124 of July 15, 2004 on the Appointment of the Royal Government of Cambodia;
- Having seen Royal Kram No. 02/NS/94 of July 20, 1994 on the promulgation of the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/18 of January 24, 1996 on the promulgation of the Law on the Establishment of the Ministry of Economy and Finance;
- Having the proposal of the Samdech Prime Minister and the Senior Minister and Minister of Economy and Finance;

Hereby Promulgate

The Law on Concession enacted by the National Assembly on the 10th of September 2007 at its extraordinary session of the 3rd legislature and the Senate approved on its entire form and substantive provision without any amendment on the 4th of October 2007 at its extraordinary session and includes the following provisions:

Stamp and Initial

Unofficial Translation

**LAW
ON
CONCESSIONS**

Unofficial Translation

CHAPTER I
GENERAL PROVISIONS

Article 1.

The purpose of this Law is to promote and facilitate the implementation of privately financed in the Kingdom of Cambodia in order to ensure the public interest and the fulfillment of the national economic and social objectives.

Article 2.

This Law governs Concessions as specified in Article 5 of this law.

A Concession shall be granted by a Concession Contract in accordance with the provisions of this Law, and its relating regulations.

Article 3.

Within the meaning of this Law, the following terms shall be defined as follows:

- "Authorisations" means the authorisations, clearances, consents, licences, permits or registrations required to be obtained from any competent institution for implementation of a Concession Project as stipulated by Cambodian laws and regulations.
- "Concession" means any act attributable to the state whereby a competent institution entrusts to a private third party the total or partial implementation of an Infrastructure Project for which that institution would normally be responsible and for which the third party assumes a major part of the construction and/or operating risks or receives a benefit by way of compensation from government revenue or from fees and charges collected from users or customers. Such acts of the state will henceforth be considered as "concession" under this Law regardless of the legal name used for the act.
- "Concessionaire" means the person that carries out an Infrastructure Project under a Concession Contract entered into with a Contracting institution.
- "Concession Contract" means the mutually binding agreement between the Contracting institution and the Concessionaire that sets forth the terms and conditions for the implementation of an Infrastructure Project.
- "Person" means natural or legal person.
- "Concession Project" means the implementation of an Infrastructure Project under a Concession.
- "Contracting institution" means the competent institution that has the power to enter into a Concession Contract, as specified in Article 4 of this law.

Unofficial Translation

Draft Law of Concession, Legal Affairs Dept.CDC/CIB, Unofficial Translation.

- “Infrastructure Facility” means the physical facilities and systems that directly or indirectly provide services to the general public.
- “Infrastructure Project” means the design, construction, maintenance or operation of new Infrastructure Facilities or the modernisation, rehabilitation, expansion, management or operation of existing Infrastructure Facilities.
- “Qualified Investment Project” means an project which has received a final registration certificate from the Council for the Development of Cambodia pursuant to the Law on Investment.

Article 4.

All competent institutions entitled to undertake infrastructure projects within the eligible infrastructure sectors specified in Article 5 of this law, including ministries, institutions, State-owned legal entities, local governments which have been delegated the required institution in accordance with the laws of Cambodia have the power to enter into Concession Contracts for Infrastructure Projects falling within their respective spheres of competence and have the power to enter into ancillary or related agreements, including for the purpose of facilitating any related financing, subject to Articles 6 and 7 of this law and the provisions set forth in the Sub-decree.

Article 5.

Concession Contracts in relation to Infrastructure Facility providing directly or indirectly services to the general public may be entered into by the relevant institutions in the following sectors:

- a- power generation, power transmission and power distribution;
- b- transportation facilities systems, including, but not limited to roads, bridges, airports, ports, railways, channel.
- c- water supply and sanitation.
- d- telecommunication and information technology infrastructure.
- e- supra-structure related to tourism projects, but not limited to tourism resort museums;
- f- gas and oil related infrastructures including oil and gas pipelines;
- g- sewerage, drainage and dredging.
- h- waste management and treatment.

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- i- hospitals and other infrastructure related to health, education and sport sectors.
- j- infrastructure related to special economic zones and social housing.
- k- irrigation and agricultural related infrastructure.
- l- other sectors for which a specific law allows for the granting of Concessions.

Article 6.

A Concession Contract may provide by means of the following :

- Build, operate and transfer
- Build, lease and transfer
- Build, transfer and operate
- Build, own and operate
- Build, own operate and transfer
- Build, cooperate and transfer
- Expand, operate and transfer
- Modernise, operate and transfer
- Modernise, own and operate.
- Lease and operate manage or management arrangements or any variant thereof or similar arrangement, including joint public-private implementation of Infrastructure Facilities.

Article 7.

No selection procedure for a Concession Contract shall commence unless the eligible Infrastructure Project has been approved as a Concession Project in accordance with the procedures set forth in the Sub-decree.

**CHAPTER II
ADMINISTRATIVE CO-ORDINATION AND SERVICES**

Article 8.

The Council for Development of Cambodia is the one stop service entity for obtaining authorisations required to implement a Investment Project in accordance with the Law on Investment. The Council for Development of Cambodia shall upon receipt of a request for a Qualified Investment Project to be implemented under a Concession Contract from a selected Concessionaire:

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- a- Approve all investment incentives the Concessionaire is entitled to according to the Law on Investment of the Kingdom of Cambodia;
- b- Specify all Authorisations required to be obtained for the Concession Project, the competent institutions responsible for the issuance of the Authorisations.
- c- Obtain in a timely manner all required Authorisations as specified in this Article from the relevant institutions on behalf of the Concessionaire provided that all required information and documents have been duly supplied.

The Council for Development of Cambodia is authorized to provide for a time period beyond which an Authorisations required for a Concession Project is deemed to be granted, unless rejected in writing by the responsible institution before the end of that period.

Article 9.

The Council for Development of Cambodia shall be the centralised service institution providing, on request, general information to potential investors regarding investment in Concession Projects in the Kingdom of Cambodia, including such information as mentioned in Article 8 (a) and (b) of this law. The Council for Development of Cambodia shall make available copies to all potential investors of any laws and regulations of general application to Concession Projects in the Kingdom of Cambodia.

Article 10.

The Council for Development of Cambodia shall have it function for:

- a- Advising the Royal Government of Cambodia on Concession policy issues and making recommendations for improvement of laws and regulations applicable to Concession Projects
- b- Assisting other competent institutions in identifying and evaluating particular opportunities for privately financed Infrastructure Projects and in the promotion of viable projects to the investor community
- c- Developing, whether in the Council for Development of Cambodia or assessing externally, the necessary expertise to assist Contracting Institutions in preparing, tendering and monitoring complex Concession Projects
- d- Proposing model selection procedures and model project documents in order to rationalise the financing, implementation and monitoring of Concession Projects
- e- Coordinating the capacity building and training of officers and other civil servants involved in Concession Projects.

Unofficial Translation

- f- Keeping a register of all Concession Contracts and Concession Projects for assessment and exchange of experience between Contracting Institutions.

**CHAPTER III
SELECTION AND ORGANISATION OF THE CONCESSIONAIRE**

Article 11.

The Contracting institution shall select the Concessionaire through international or national bidding procedures, by negotiated procedure according to the circumstances.

The selection of the Concessionaire shall be carried out in accordance with the procedures provided for in the Sub-Decree.

Article 12.

When the selection proceedings are completed and the Contracting institution is ready to accept a final bid or a negotiated proposal, the Contracting institution shall obtain approvals to the final terms of the Concession Contract as required by and in accordance with the procedures set forth in the Sub-decree.

If the review of the Concession Contract required by this law adversely affects the rights and obligations of the selected candidate, the selected candidate may withdraw his bid or proposal without forfeiting the bid bond.

Article 13.

After approvals have been obtained in accordance with Article 12 of this law, the Contracting institution shall issue a notification of award to the selected candidate prior to execution of the Concession Contract.

The Contracting institution and the Concessionaire shall sign the Concession Contract within 6 (six) months of the notification of award. If there has been a written agreement between the Contracting institution and the Concessionaire, The 6 (six) months period may be extended.

Failure of the Contracting institution to comply with Article 13(2) of this law shall entitle the Concessionaire to withdraw its bid or proposal without forfeiting its bid bond.

Article 14.

At least within 60 (sixty) days of upon receiving the notification of awards, the Concessionaire shall promptly establish and incorporate under the laws of the Kingdom of Cambodia the legal entity that will implement the Concession Project and apply, to the Council for Development of Cambodia for a final registration certificate in accordance with the Law on Investment of the Kingdom of Cambodia.

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Article 15.

Except as otherwise required by the express provisions in this Law or any other applicable law, The contracting parties shall mentioning into the Concession Contract such of matters as:

- a- The nature, scope and standards of works to be performed and services to be provided by the Concessionaire
- b- Any incentives to be granted to promote cost-efficiency, accelerate construction and increase quality of operation and maintenance to the benefit of the public interest
- c- Any fees, tolls, rentals or other charges to be applied by the Concessionaire and, when applicable, to be approved by the regulatory agency
- d- Agreed risk allocation or risk sharing
- e- Service levels and standards required from the Concessionaire in the operation and management of the Infrastructure Facility and consequences of non-compliance with the set service levels and standards
- f- Payment mechanisms
- g- Required commitment and cooperation of the Contracting institution and other competent institutions to support the implementation of the Infrastructure Project throughout the Concession Period
- h- May provide for such other matters, as the parties deem appropriate.

Article 16.

The Concessionaire shall finance for the implementation of the Infrastructure Project, at its own cost and risk and without recourse to credits or guarantees made by the Contracting Institutions. In exceptional circumstances, a guarantee can be granted but only in accordance with procedures specified in the related financial management laws and regulation.

Article 17.

Subject to any restriction contained in the Concession Contract or by the laws of the Kingdom of Cambodia, the Concessionaire has the right to create security interests over any of its assets, rights or interests, including those relating to the Concession Project, as required to secure any financing needed for the Infrastructure Project.

Unless otherwise provided in the Concession Contract, the shareholders of the Concessionaire have the right to pledge or create any security interest in their shares in the Concessionaire to secure any financing needed for the Infrastructure Project.

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Article 18.

The Contracting institution may agree with the entities extending financing for an Infrastructure Project on the substitution of the Concessionaire by a new entity or person appointed to perform under the existing Concession Contract upon serious breach by the Concessionaire or other events that could otherwise justify the termination of the Concession Contract in accordance with the conditions and procedures agreed in advance between the Contracting institution and the entities extending such financing.

Article 19.

The rights and obligations of the Concessionaire under the Concession Contract may not be assigned to third parties without the prior consent of the Contracting institution.

Except pursuant to the exercise of a security right granted in accordance with Article 17 of this law or as otherwise provided in the Concession Contract a controlling interest in the Concessionaire may not be transferred to third parties without the prior consent of the Contracting institution.

Article 20.

Except as otherwise provided in the Concession Contract, the Concessionaire shall be responsible for the design and construction of the Infrastructure Facility at its own cost and risk. The design and construction of the facility shall conform to all applicable Cambodian laws and regulations. The Concession Contract may provide for independent experts reporting to the Contracting institution on various matters related to the Infrastructure Facility.

Article 21.

Except as otherwise provided in the Concession Contract, the Concessionaire shall operate and maintain the Infrastructure Facility at its own cost and risk in accordance with all applicable Cambodian laws and regulations.

Except as otherwise provided in the Concession Contract, the Concessionaire shall ensure continuous provision of service. Where so provided in the Concession Contract, the Contracting institution has the right to temporarily take over the operation of the facility for the purpose of ensuring the effective and uninterrupted delivery of the service in the event of serious failure by the Concessionaire to perform its obligations, provided that the Contracting institution has notified the Concessionaire to rectify the failure within the period stipulated in the Concession Contract or if not so stipulated, within a reasonable period of time.

Article 22.

To guarantee the performance by the Concessionaire of its obligations under the Concession Contract, the Concessionaire shall, where so required in the Concession Contract, provide and

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maintain adequate performance security for the specific phases of the Concession Project in favour of the Contracting institution and in the form, duration and amount prescribed in the Concession Contract.

Article 23.

The Concession Contract may provide Cambodian enterprises and research institutions with the opportunity to become involved in the development of technology, manufacturing or other economic and social development activities in cooperation with the Concessionaire. The cooperation, which may generate additional revenue to the Concessionaire, shall aim at providing Cambodian enterprises and institutions with real opportunities to obtain orders and deliveries of goods and services at home and abroad and to participate in the development of technology related to infrastructure activities.

When evaluating bids for Concession Contracts, the Contracting institution may take into account the wider social and economic development potential offered by the bidder where such has been identified as criteria in the tender notice issued in relation to the Concession Project.

Article 24.

The Concession Contract must be governed by the laws and regulations of the Kingdom of Cambodia.

If no relevant Cambodian laws or regulations exist on the issue in question then the relevant provision of the Concession Contract shall be governed by the law chosen by the parties provided such laws are not contrary to the laws of the Kingdom of Cambodia.

The Concessionaire shall be free to choose the governing law of any ancillary agreements related to implementation of the Concession Project.

Article 25.

Where required in the Concession Contract, the Concessionaire shall transfer all of its rights, title and interest in the Infrastructure Facility to the Contracting institution or its designee at the end of the Concession Period, which transfer shall be on the terms provided for in the Concession Contract.

The facility to be transferred shall be in good operational condition in accordance with the requirements of the Concession Contract and free and clear of all liens, encumbrances, security interests and other claims of any kind.

Article 26.

The Concession Institution or other public institutions under the terms of the law shall make available to the Concessionaire or, as appropriate, shall assist the Concessionaire in obtaining

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such land use rights, and such other rights related to the project site as is necessary for the implementation of the Concession Project.

Any compulsory acquisition of land that may be required for the implementation of the Infrastructure Project shall be carried out in accordance with the Land Law.

The Concession Contract may provide that the Concessionaire shall pay for the acquisition of land, land use rights and easements and the manner of such payment.

The acquisition of land for any Infrastructure expansion Project, shall be borne by the Concessionaire, except as otherwise provided in the Concession Contract.

Article 27.

The Concessionaire has the right to receive or collect tariffs or users fees for the use of the facility or the services it provides. The Concession Contract shall provide for methods and formulas for the establishment and adjustment of those tariffs or fees.

The parties may agree on mechanisms aimed at ensuring a steady flow of revenue during the Concession Period by joint efforts.

Article 28.

The Concessionaire is entitled to convert its income from the local currency into foreign currencies and to remit abroad those currencies in accordance with the laws of Cambodia.

Article 29.

The Concessionaire is, during the term of the Concession Contract only, entitled to compensation in the event that the cost of the Concessionaire's performance of the Concession Contract has substantially increased or that the value that the Concessionaire receives for such performance has substantially diminished, as compared with the costs and the value of performance originally foreseen, as a result of changes in Cambodian laws or regulations specifically applicable to the Infrastructure Facility or the services it provides after the date of the Concession Contract, in accordance with the relevant terms of the Concession Contract which shall describe the nature of applicable legislation and the relevant financial consequences.

Article 30.

The Concessionaire shall, where required under the Concession Contract, pay royalties or a concession fee to the Royal Government of Cambodia on the terms and conditions specified in the Concession Contract.

Article 31.

The Contracting institution shall survey and inspect the Concession Project activities in order to ensure that the project is constructed, operated and maintained in accordance with Cambodian

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laws and regulations and the provisions of the Concession Contract. The Contracting institution shall be given reasonable access to the Infrastructure Facility as well as to design, reports and other data, which are necessary to perform survey and inspection in accordance with the provisions of the Concession Contract.

If unnecessary the survey and inspection do not interfere with the process of works and provision of services of the concessionaire.

Article 32.

Activities pursuant to the application of this Law shall comply with all health and safety and environmental which the Concessionaire shall at all times maintain such contingency plans to counter accidents and emergencies which may lead to loss of lives or personal injuries, pollution or major damage to property as required under the laws of the Kingdom of Cambodia and the Concession Contract.

Article 33.

Where the Infrastructure Facility is to be transferred to a competent institution at the end of the Concession Contract, the Concessionaire shall provide training to Cambodian nationals in order that they can further take over positions at all levels for operation and maintenance of the Infrastructure Facility. This duty shall be done prior to the expiry of the Concession Period to the extent and in accordance with the conditions agreed with the Contracting Institution in the Concession Contract.

Article 34.

In connection with activities covered by this Law, competitive Cambodian suppliers may be given genuine opportunities to secure orders for construction and deliveries of goods and services.

Article 35.

Concession Contracts shall not create monopolies or exclusivity arrangements. But for the purpose of the benefit of the public interest this exclusivities can be included to the Concession Contracts as set forth in the Sub-decree.

Article 36.

The Concessionaire shall ensure that anyone performing works or services for him, including either personally, through employees, or through contractors or sub-contractors shall comply with the provisions of this Law.

If liability arises for damage caused to a third party by anyone undertaking tasks for the Concessionaire, the Concessionaire will be liable for damages etc. to the same extent as, and jointly and severally with, the tort-feasor and, if applicable, his employer.

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**CHAPTER IV
CONCESSION PERIOD TERMINATION**

Article 37.

The Concession Contract shall specify the Concession Period, which shall not exceed 30 (thirty) years from the date of signing of the Concession Contract pursuant to Article 13 of this law. If deemed necessary because of the nature of the Infrastructure Project, the Royal Government of Cambodia may approve a longer Concession Period.

The Concession period, as stipulated in the Concession Contract, shall not be extended except as a result of the following circumstances:

- 1/ Completion delay or interruption of operation due to breach of contract by the Contracting institution or by acts of other competent institutions;
- 2/ Completion delay or interruption of operation due to an event of force majeure as specified in the Concession Contract and provided the Concessionaire would not be able to recover the costs or losses brought about by such circumstances during the original Concession Period, including by way of customary project insurance.

The Concession Period as stipulated in the Concession Contract may be further extended to allow the Concessionaire to recover additional costs arising from new requirements of the Contracting institution not originally foreseen in the Concession Contract if the Concessionaire would not be able to recover such costs during the stipulated Concession Period.

Article 38.

The Concession Contract shall specify, as appropriate, the conditions, which entitle a party to terminate the Concession Contract prior to the expiry of the Concession Period and the rights and obligations of the parties in case of termination.

As specified in the Concession Contract, force majeure may constitute an event entitling a party to terminate the Concession Contract.

In the event that termination of the Concession Contract is due to a serious breach by the Contracting institution or other competent institutions of their obligations in connection with the Concession Project, the Concessionaire shall be entitled to compensation in accordance with the terms stipulated in the Concession Contract, including for the fair value of works performed, costs incurred or losses sustained by the Concessionaire including, as appropriate, lost profits.

Article 39.

Any dispute between the Contracting institution and the Concessionaire shall be settled in accordance with the dispute settlement mechanism set forth in the Concession Contract including if so agreed, international arbitration.

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An award issued by a competent judicial institution or by arbitration according to this Article shall be valid, binding and enforceable by and against both the Contracting institution and the Concessionaire according to its terms.

Article 40.

The Contracting institution is responsible for ensuring that a Concession Contract is properly enforced, and must establish mechanisms and procedures for monitoring and regulating the implementation and performance of the Concession Contract and reporting on the management of the Concession Contract in the Contracting institution's annual budgetary report to the Ministry of Economy and Finance and/or the responsible line ministry.

Article 41.

Prior to entering an agreement to amend a Concession Contract, the Contracting institution must obtain the written approval of the Ministry of Economy and Finance and the appropriate regulatory, which was original approved the Concession Contract, the procedure for the amendment will be set forth in the Sub-decree.

**CHAPTER V
PENALTIES****Article 42.**

Willful or gross negligent violation of any material provision of this Law is punishable in accordance with the Cambodian laws in force.

Complicity is punishable in the same way.

In case that the employees agencies or personal acting an activities under the scope and authorization of a legal persons, are punishable according to the paragraph 1 above, the legal person shall be liable or punishable.

Government officers, who have willful violate or neglect in its duties related to the concession, shall be punishable with additional administration measures according to the Co-Statute of civil servants of the Kingdom of Cambodia.

**CHAPTER VI
FINAL PROVISION****Article 43.**

Any provisions that are contrary to this Law shall be null and void.

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The Royal Palace, Phnom Penh, October 19, 2007

Signature and Seal

Norodom Sihakmoni

P.R.L 0710/544

Having submitted to
The King for signature.

Prime Minister

Signature

Hun Sen

Having submitted to
Samdech Prime Minister.

**Senior Minister and Minister
of Economy and Finance**

Signature

Keat Chhon

No. 501 J.L

For reproduction and circulation

Phnom Penh, October 23, 2007

Secretary General of the Royal Government

Signature and Seal

Khun Chinken

LEXICON

Build Operate and Transfer (BOT):

The competent institution grants the private a concession to build an infrastructure facility by assigning right to operate it and collect fee for an agreed period specified in the concession contract. After the expiry of the concession period, the private shall transfer all rights ownership and others interests with the quality condition comply with the contract to the competent institution.

Build Lease and Transfer (BLT):

The competent institution grants the private a concession to build an infrastructure facility and lease it to the private for an agreed period with rental fee specified in the lease contract as for operating. After the expiry of the concession period, the private shall transfer all rights ownership and others interests with the quality condition comply with the contract to the competent institution.

Build Transfer and Operate (BTO):

The competent institution grants the private a concession to build an infrastructure facility and transfer it to the competent institution upon it completion. The competent institute assigns the private a right for operating it for an agreed period specified the concession contract.

Build Own and Operate (BOO):

The competent institution grant the private a concession to build an infrastructure facility and give it to the private to be the ownership for operating and collecting fee for the public interest under condition set forth in the concession contract.

Build Own Operate and Transfer (BOOT):

The competent institution grant the private a concession to build an infrastructure facility and give it to the private to be ownership and the private operate it for collecting fees for an agreed period. After expiry of the concession period the private shall transfer all rights ownership and others interest with a quality condition comply with the contract to the competent institution.

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Build Cooperate and Transfer (BCT):

The competent institution grant the private a concession to build an infrastructure facility, while cooperate to operate manage owned sharing a benefit and loss and others risks by way for an agreed period specified in the concession contract. After expiry the private shall transfer all rights ownership and interest of it in same quality condition comply with the contract to the competent institution.

Expand Operate and Transfer (EOT):

The competent institution grant the private a concession to expand an infrastructure facility and assign the private the right to operate it for collecting fees for an agreed period specified in the concession contract.

Modernize Operate and Transfer (MOT):

The competent institution grant the private a concession to modernize an infrastructure facility and assign right to operate it for collecting fees for an agree period specified in the concession contract. After the expiry concession period the private shall transfer all rights ownership and others interests of it in the same quality condition comply with the contract to the competent institution.

Modernize Own and Operate (MOO):

The competent institution grant the private a concession to modernize an infrastructure facility by assigning the private to be ownership on it and operate it for collecting frees for public interest under agreed condition of both parties mentioning in the concession contract.

Lease and Management Operation or Management Agreement:

That is a contract, which the competent institution agree to lease the private to operate on an infrastructure for an agreed period or that institution operate by itself while lease a private to manage or it may not operate itself but lease private to operate under their management by given them an agreed fees for the public interest. The above lease shall be applied only for a concession project stipulated in the Sub Decree.

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Financial support



ASEAN-JAPAN
CENTRE