

SME EXPORT TALK

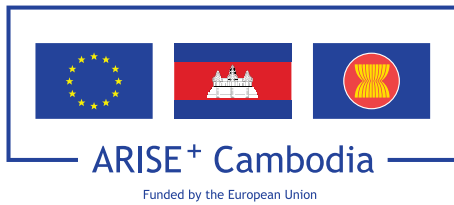


Certificate of Origin

www.cambodia-ariseplus.asean.org







Implemented by



INTRODUCTION

ARISE Plus Cambodia:

- Is co-funded by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ).
- Is implemented by GIZ, the German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit).
- Aims to support greater connectivity and economic integration between Cambodia and the rest of ASEAN, by implementing the ASEAN Economic Community Blueprint 2025.

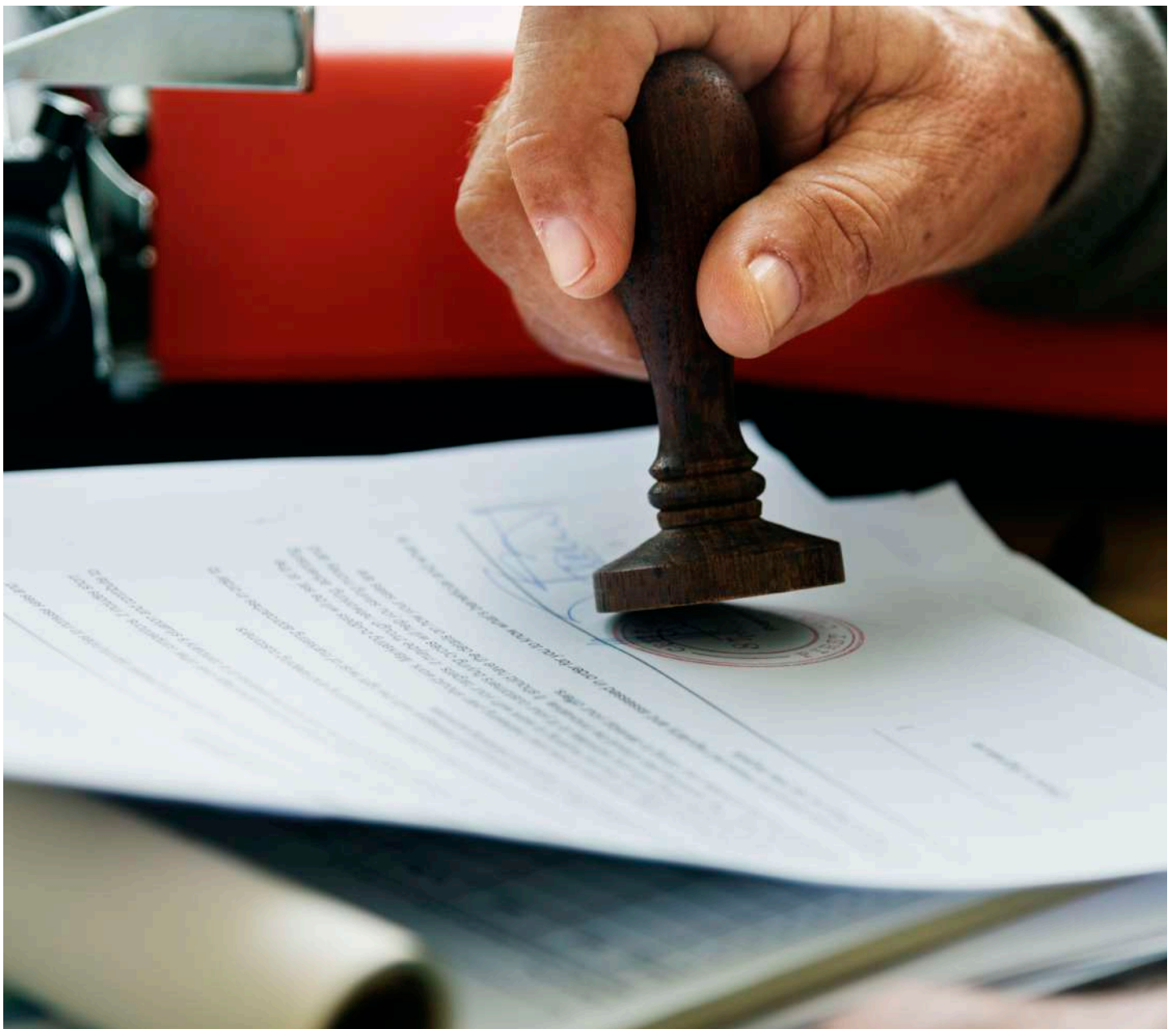
Among others, **ARISE Plus Cambodia aims to assist Cambodian SMEs in increasing and/or diversifying exports.** SMEs contribute greatly to job creation, new income opportunities and economic development in rural areas. Exporting is a possible solution to achieve the long-term sustainability of such enterprises. In this regard, the key for successful business is the ability to access reliable and accurate information, particularly with regards to export requirements and strategies. Therefore, together with EuroCham, ARISE Plus Cambodia is organising a series of information events, the **“SME Export Talk”**. These events will cover several topics related to exporting and SMEs, and will last until the end of 2022.

The content of the SME Export Talk includes, for instance: social media for SMEs, export opportunities in ASEAN, product/process quality standards, product branding, ASEAN Non-Tariff Measures (NTMs), effective business matching and negotiation, participating in trade fairs, third-party logistics and others.

CERTIFICATE OF ORIGIN DEFINITION

A **Certificate of Origin (CO)** is an important international trade document that certifies that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country. They declare the 'nationality' of the product and also serve as a declaration by the exporter to satisfy customs or trade requirements.

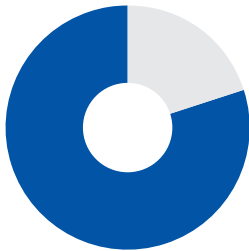
(source: International Chamber of Commerce)



THE CERTIFICATE OF ORIGIN IS CRUCIAL FOR EXPORT

A CO is needed to check whether the goods being exported/imported are legal and whether such export or import is subject to duties. In addition, it is required by many treaty agreements for crossborder trade.

According to the Cambodia Trade Integration Strategy 2019-2023 by the Ministry of Commerce,



around **80%** of Cambodia's exports are sold to just **8 partner countries, mostly to the EU and US.**



Currently around **1/5** of Cambodia's exports are sold to **ASEAN Member States.**

The use of tariff preferences among Cambodian businesses is still low and only relatively few Cambodian SMEs apply for preferential certificates of origin under ASEAN related Free Trade Agreements.

Cambodian SMEs could benefit from the trade agreements only if they submit an application to obtain a CO.



A CERTIFICATE OF ORIGIN IS ONE OF THE DOCUMENTS NEEDED TO EXPORT

A CO is one of the documents needed to comply with export procedures. Businesses exporting out of Cambodia must provide the following documents before their goods depart:

- Customs Export Declaration

- Commercial Invoice

- Packing List

- Road Transport Document (if departing by land)

- Bill of Lading (if departing by sea)

- Terminal Handling Receipts (if departing by sea)

- Insurance Certificate

- Export Permit

- **Certificate of Origin**



CATEGORIES OF CO



Preferential CO: A preferential CO allows your buyer to pay lower or no customs duty when you export your goods under a Free Trade Agreement or Schemes of Preferences.

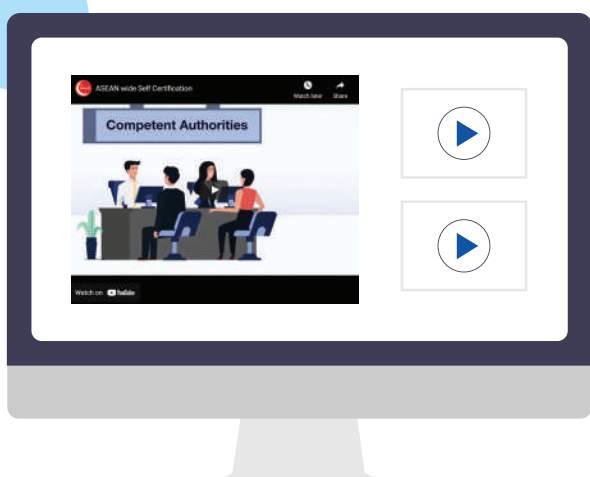
Non-Preferential CO: Also known as "*Normal CO*" certify that the goods are subject to no preferential treatment. The goods will be subjected to import duties.


HOW TO OBTAIN A CO IN CAMBODIA?



In Cambodia, the Export-Import Department at the Ministry of Commerce is the legal entity that provides a CO to any Cambodian exporting SMEs.

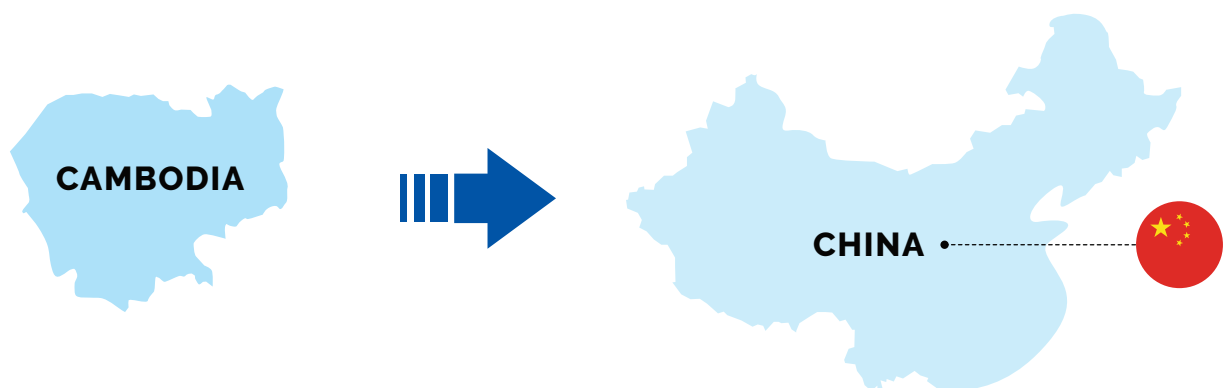
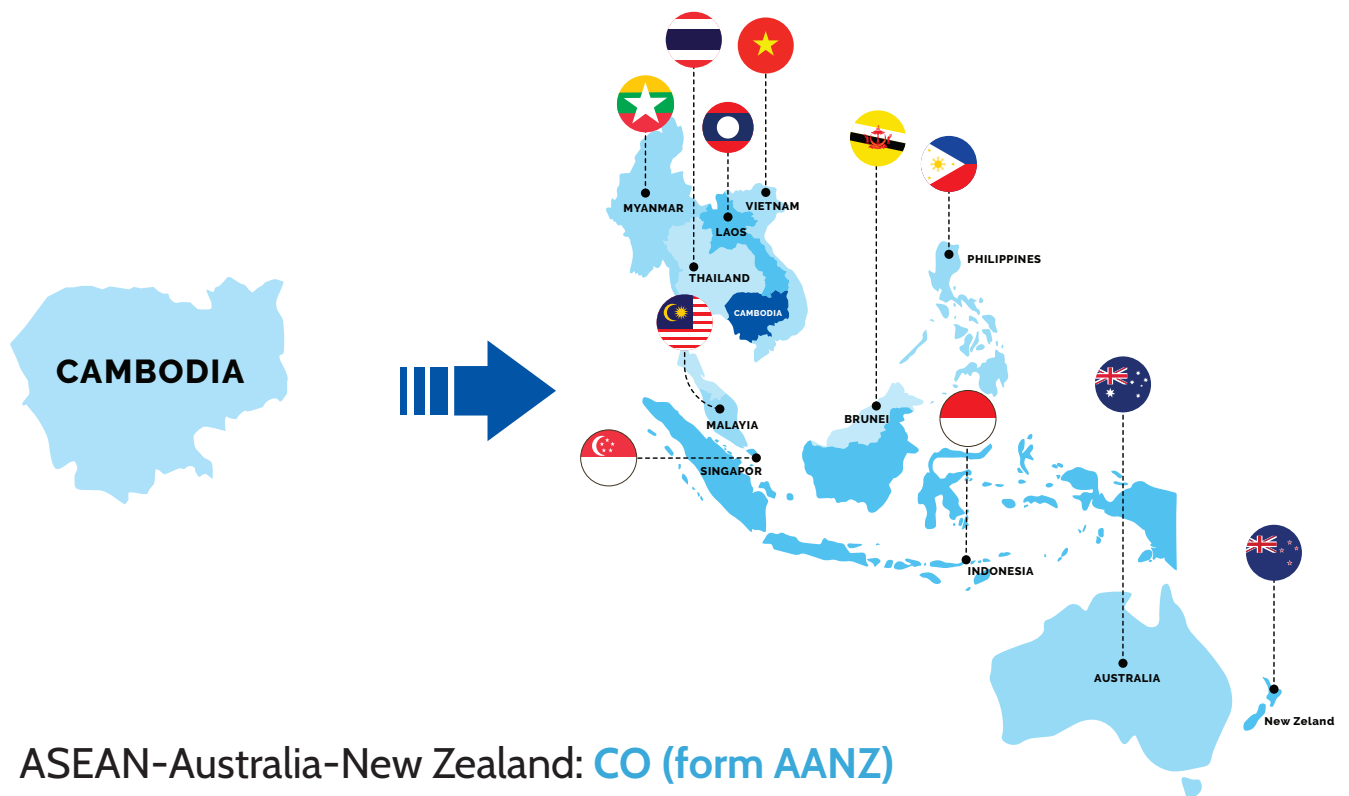
The Ministry of Commerce has developed a specific website to obtain COs: <https://co.moc.gov.kh>. Thus, exporters can create, submit and electronically pay for a CO over the internet. For each CO, the Ministry of Commerce will review and give its final approval.

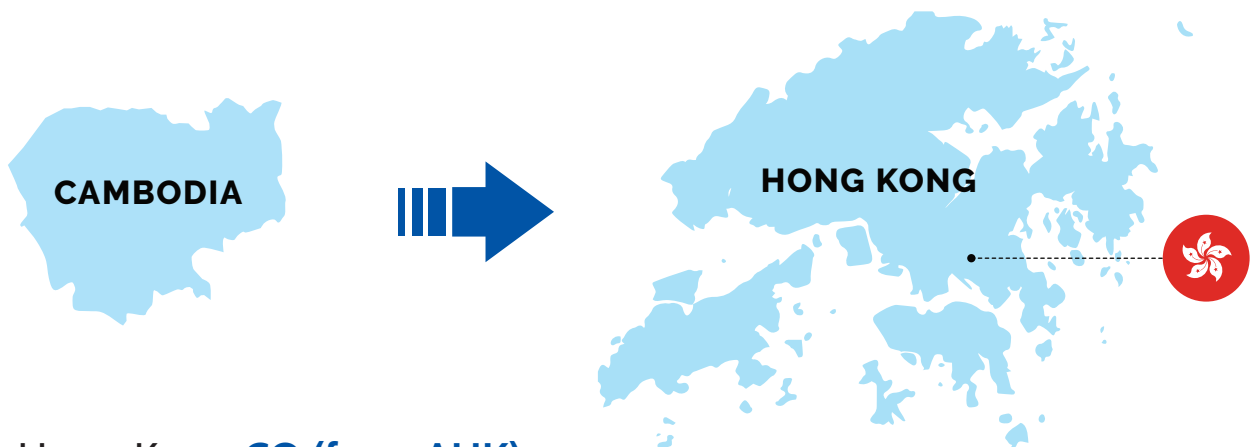


 **YouTube** tutorials are available on the website.

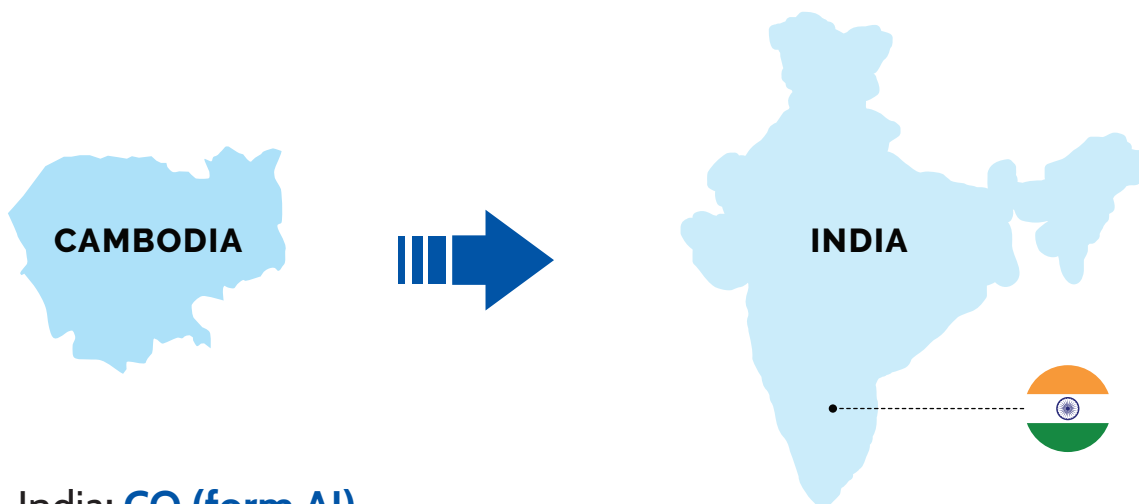
WHICH COS ARE AVAILABLE IN CAMBODIA?

Cambodia issues various different types of Preferential Tariff Certificate of Origin:

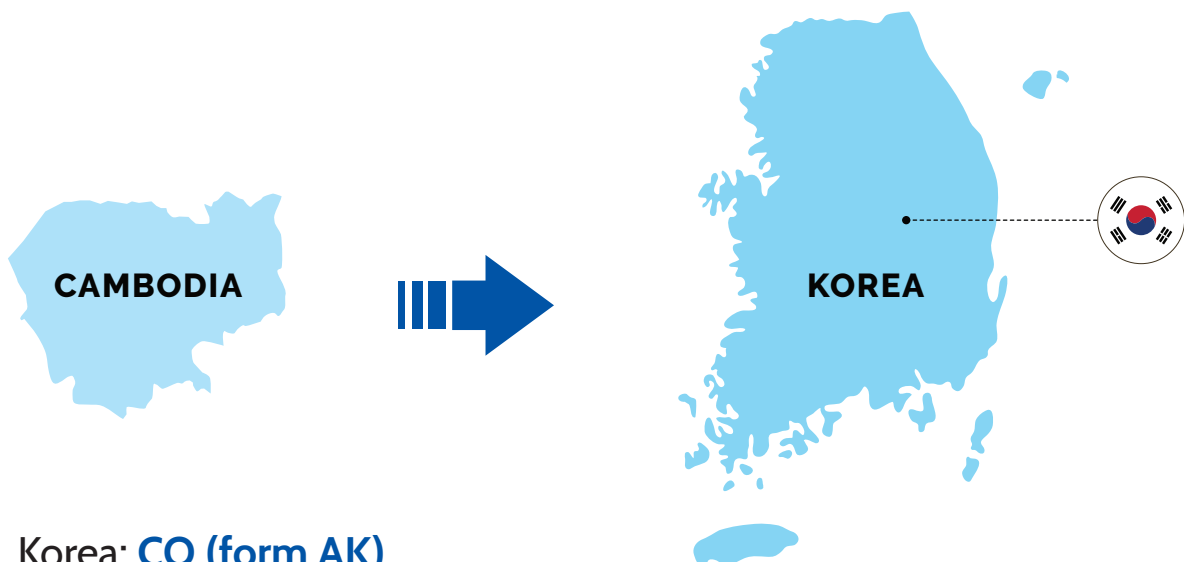




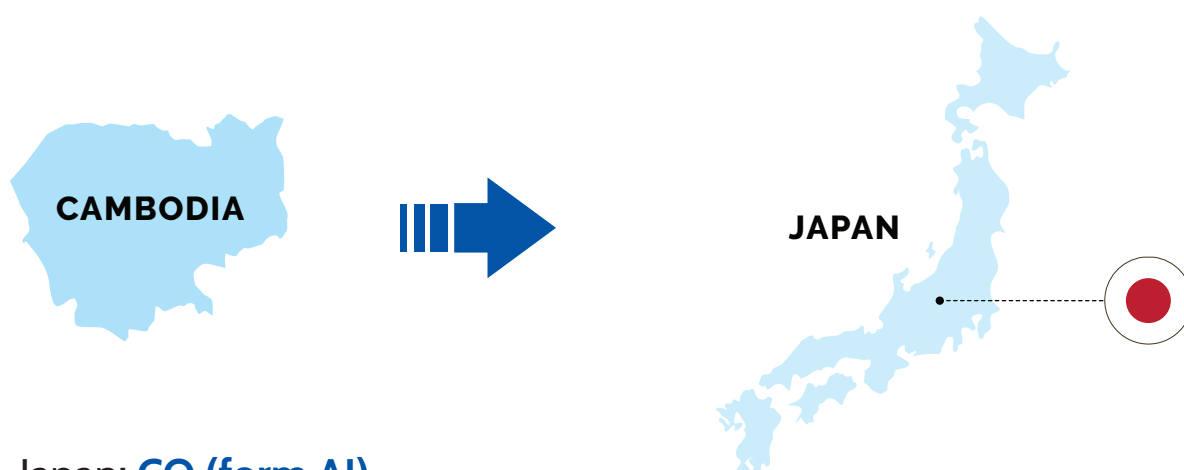
- o Hong-Kong: **CO** (form AHK)
-



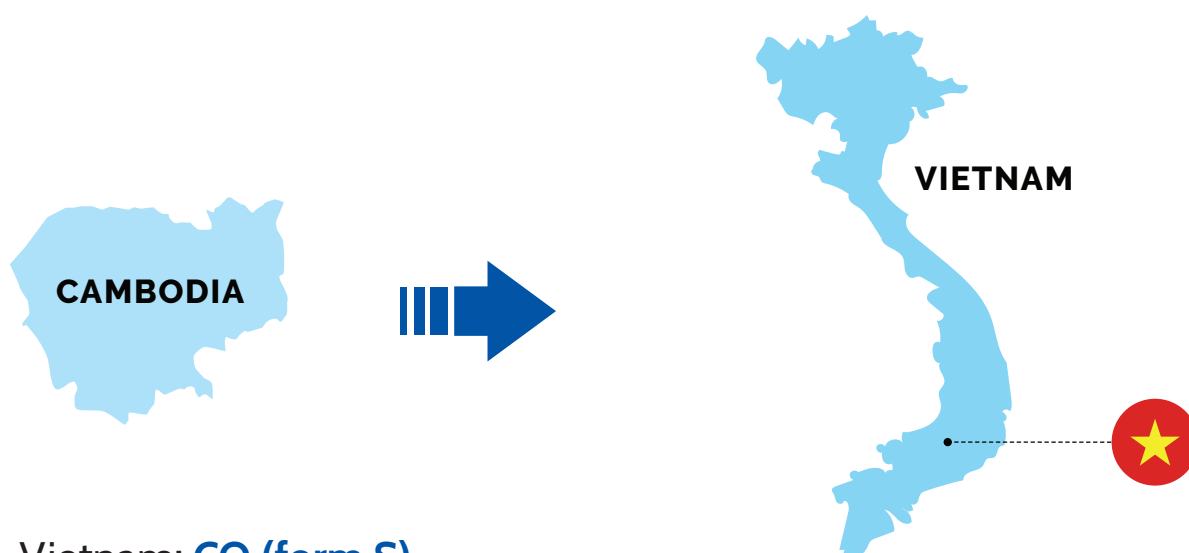
- o India: **CO** (form AI)
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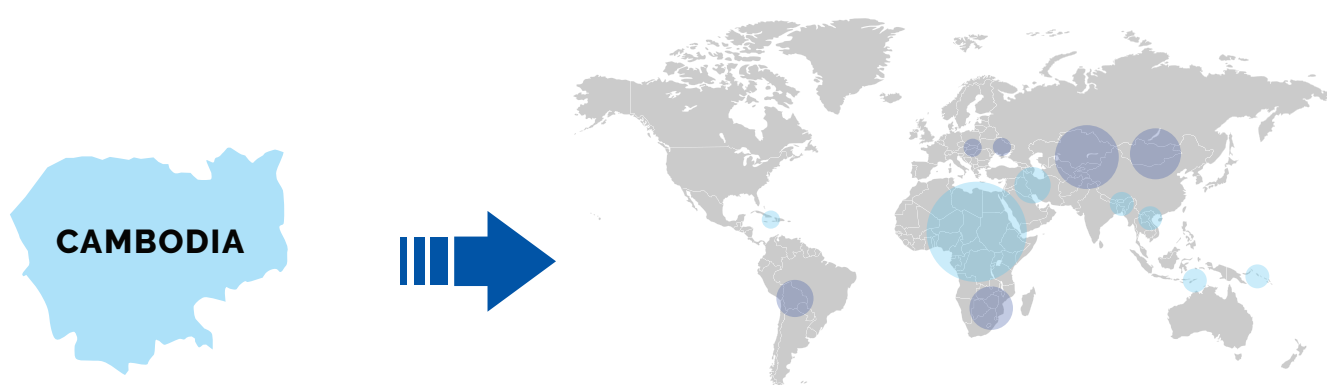
- o Korea: **CO** (form AK)
-



- o Japan: **CO (form AJ)**

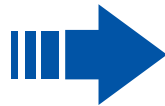


- o Vietnam: **CO (form S)**



- o General System of Preferences (LDC and LLDC): **CO (form A)**

Non-Preferential Tariff:



- o Can be issued using : **CO (form N)**

EXPORT TO THE EU

A CO is no longer needed to export to the EU.

Exporting SMEs are now required to register in the EU's Registered Exporter System (REX) to self-certify the Statement on Origin of their goods instead of applying for a CO. It also concerns Norway, Switzerland and Turkey. **Cambodia became a member of the REX system since 1 January 2019.**



WHAT ARE THE FEES TO OBTAIN A CO?

The fees will depend on the categories of goods, quantity and form.



For garment products
over 2,000 PCS



Footwear
over 200 PRS:

C/O	Public Service Fee
Form N	142,000.00 KHR – around \$35.5 USD
Form A	216,000.00 KHR – around \$54 USD
Other Form	216,000.00 KHR – around \$54 USD



For Garment products
under 2,000 PCS



Footwear
under 200 PRS:

C/O	Public Service Fee
Form N	67,000.00 KHR – around \$16.75 USD
Form A	86,000.00 KHR – around \$21.75 USD
Other Form	86,000.00 KHR – around \$ 21.75 USD



Rice



Agricultural
products



Handicraft

Public Service
Fee is **FREE**

WAY OF PAYMENT



ACLEDA



WING

are the two entities eligible to proceed to electronic payment to obtain a CO.



THE BENEFIT OF AUTOMATION SYSTEM

The benefits of an online automation system can be summarised as follows

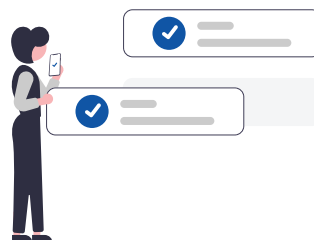
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C/O
Application online



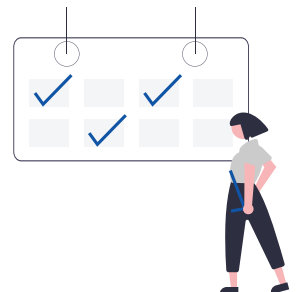
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C/O
Approval on line



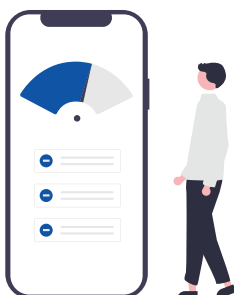
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Save time and
Expend



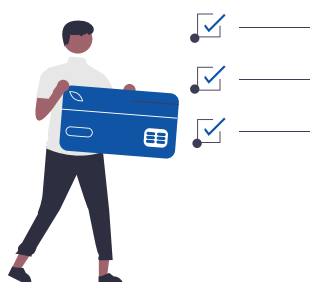
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Faster statistic
recording



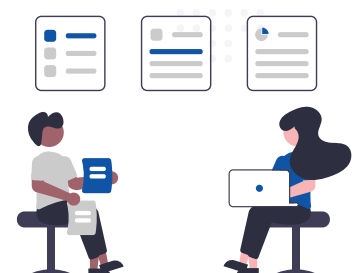
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E-Service
payment(E-Banking)



6

Avoidance of interface
between Official and
private sector



CAMBODIAN NATIONAL SINGLE WINDOW (CNSW)

The Cambodian National Single Window (CNSW), is an initiative of the Government of the Kingdom of Cambodia. The objective of the CNSW is to fulfil Cambodia's commitment to comply with ASEAN's “**Protocol to Establish and Implement the ASEAN Single Window**”, signed by ministers of the ASEAN Member States on 20 December 2006.

The CNSW is built, managed, and operated by the General Department of Customs and Excise and currently involves several institutions/agencies.



- MOC – Ministry of Commerce
- CDC – Council for the Development of Cambodia
- MAFF – Ministry of Agriculture, Forestry and Fishery
- MOH – Ministry of Health
- ISC – Institute of Standards of the Ministry of Industry, Science, Technology & Innovation
- GDCE – General Department of Customs and Excise

Obtaining a CO through the CNSW

The CNSW is a single-entry point to fulfil documentation processes for import and export related regulatory requirements. It aims to facilitate cross-border trade in a timely manner. As a result, Cambodian SMEs can apply for any CO through the CNSW. As of May 2022, the Rules of Origin (RoO) Certificates for The Regional Comprehensive Economic Partnership (RCEP) is still under preparation. It is highly recommended to closely follow the announcements of Government of the Kingdom of Cambodia.

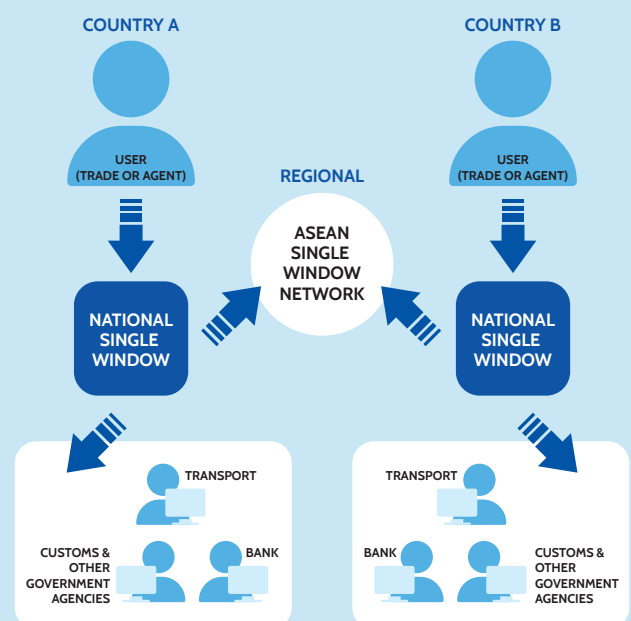
To obtain a CO, it is necessary to register on the CNSW website: <https://www.nsw.gov.kh>. There are no additional fees by applying through the CNSW.

Key advantages of using the CNSW

- **Faster:** Time needed to apply for Licenses, Permits, and Certificates is reduced when submitted electronically.
- **Cheaper:** No need to travel between the offices of various departments and agencies during submission.
- **Easier:** Familiarity due to the standardisation of forms across departments and agencies, as well as reduction in complexity of the application processes.
- **Transparency:** Increase transparency of the issuance processes.
- **Conformance:** Immediate validation during the submission process ensures regulatory as well as data conformance.

CNSW and the ASEAN

Cambodia has implemented the ASEAN Single Window (ASW) for exchanging electronic documents with ASEAN Member states including Certificate of Origin e-Form D since July 2019 and ASEAN Customs Declaration Document (ACDD) since December 2020.



BILATERAL FREE TRADE AGREEMENT



China

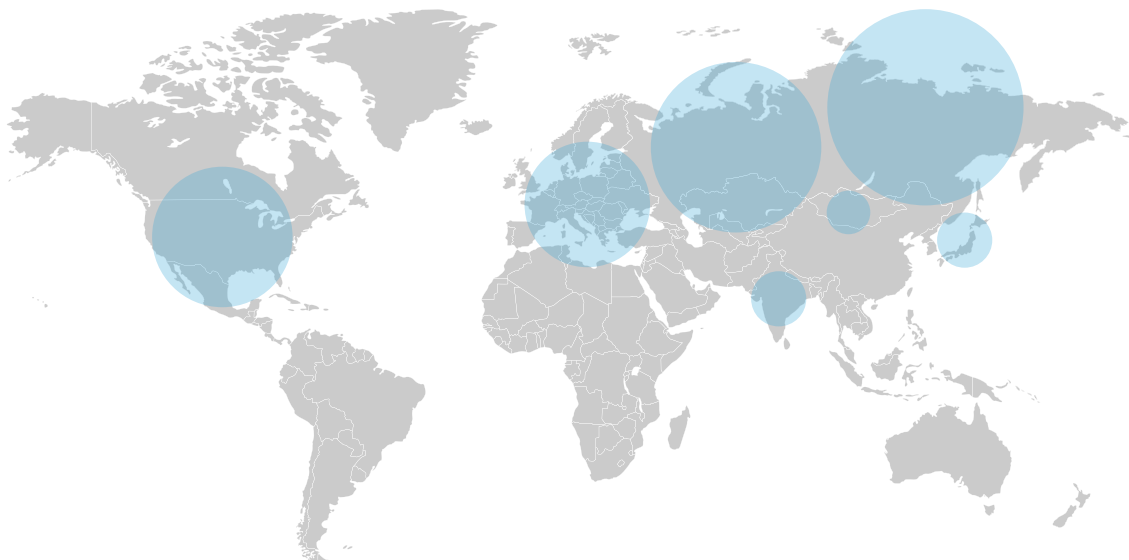
The agreement, which was officially signed on 12 October 2020, brings the proportion of **zero-tariff products** in the goods trade between China and the southeast Asian nation to more than **90%** for both countries.

Korea

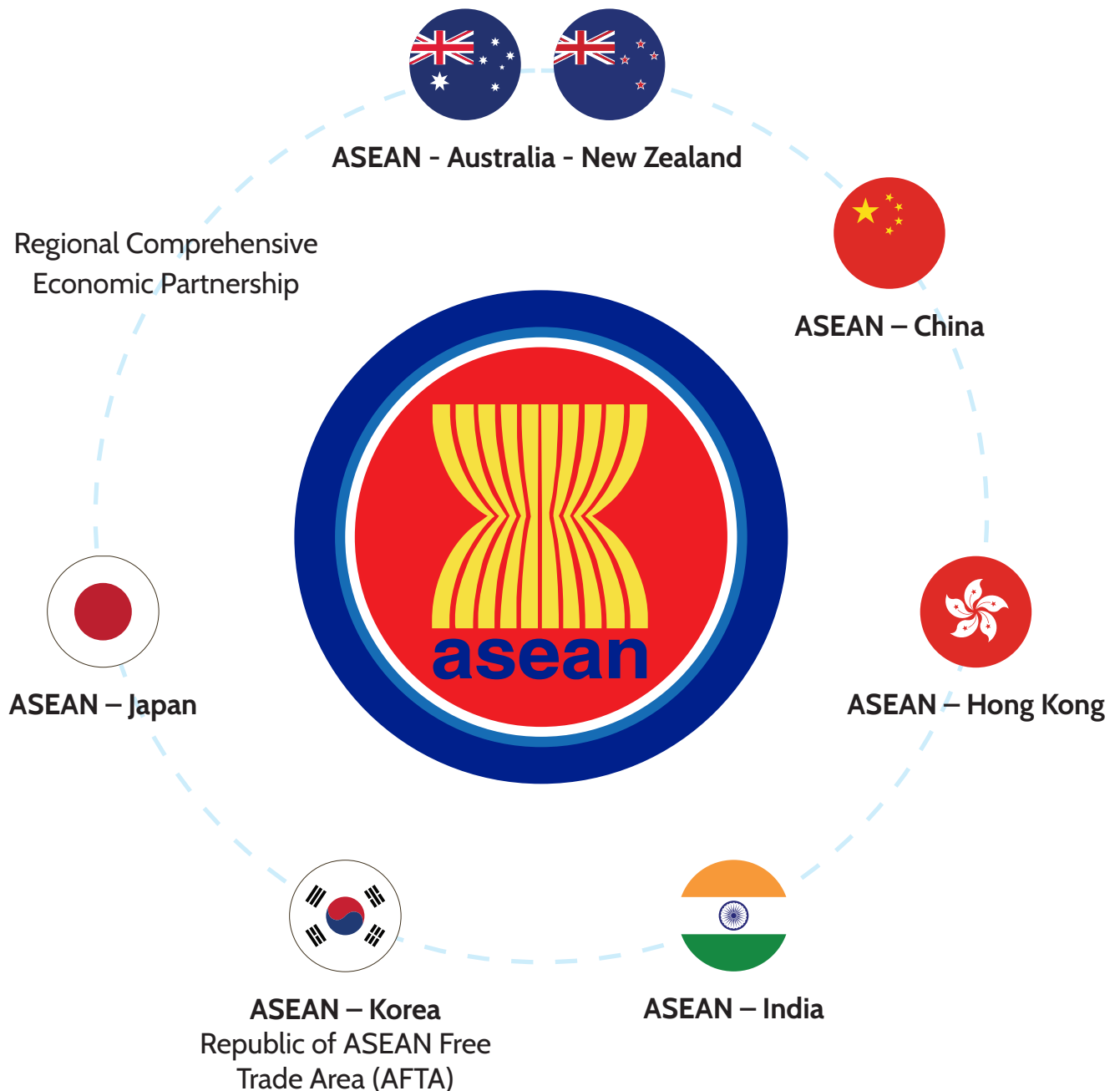
The agreement was officially signed via video by the Minister of Commerce of Cambodia **Pan Sorasak** and the Minister of Commerce of the Republic of Korea, **Yeo Han-Koo** on 26 October 2021.

The National Assembly (NA) of the Republic of Korea will push for the ratification of the **Cambodia-Korea Free Trade Agreement (CKFTA)**, possibly in mid-2022.

Trade agreements with other countries are being considered. Negotiations could start soon.



Free Trade Agreements with ASEAN Dialogue Partners



In order to avail of the benefits of these FTAs,
exports and importers must apply for a Certificate of Origin for their goods
from the Export-Import Department.

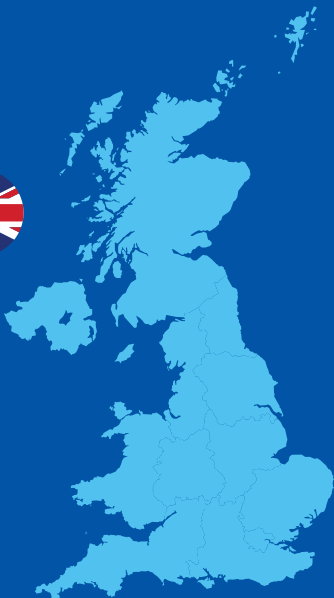
GENERALISED PREFERENTIAL SCHEME (GPS) WITH THE USA

The Generalised System of Preferences (GSP) is a U.S. trade program designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 5,000 products to designated states and territories. GSP is not a trade agreement, but rather a benefit offered to less economically developed countries, allowing these countries to increase and diversify their trade with the United States.



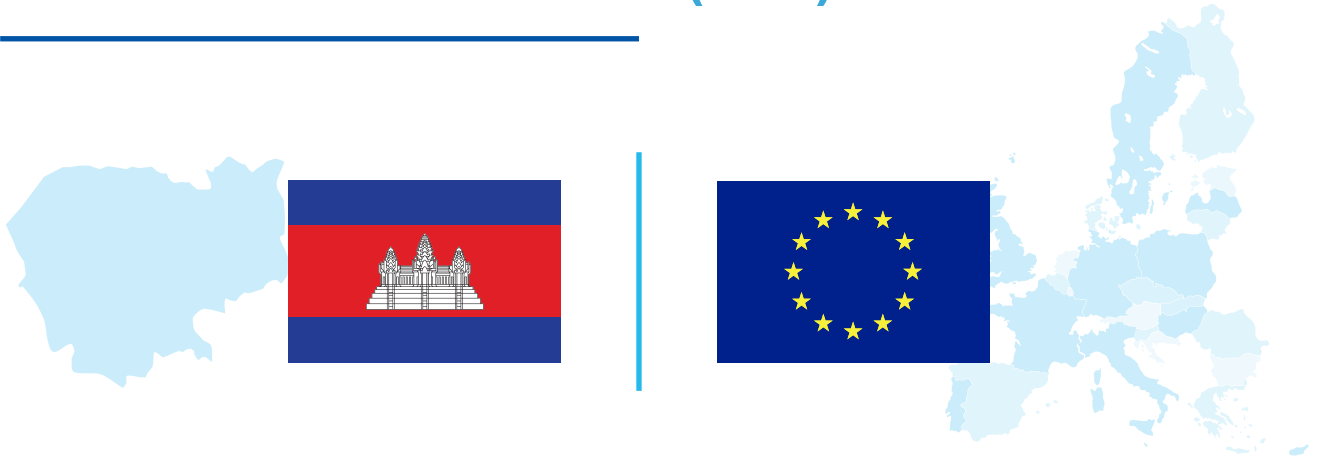
**GSP providing preferential
duty-free entry for up to
5,000 products**





Cambodia, classified by the UN as a least developing country falls into one among the three of the UK's GSP framework, the Least Developed Countries Framework. This will allow Cambodia to enjoy trade benefits with the UK including **duty-free, quota free access** on exports to the UK except for arms and ammunition which is similar to the EU GSP scheme EBA.

EVERYTHING BUT ARMS (EBA)



Cambodia benefits from the EU's Everything But Arms scheme, which grants unilateral duty free, quota free access for all exports, except arms and ammunition.

Exports of textiles and footwear, bicycles, prepared foodstuffs and vegetable products (rice) represented 95% of Cambodia's overall exports to the EU in 2019. Out of the total exports, about 98% were eligible for EBA preferential duties.



As of 12 August 2020, some of Cambodia's typical export products such as garments, footwear and travel goods are subject to the European Union's customs duties. It amounts to around one fifth of Cambodia's yearly exports to the EU.



REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP

RCEP is set to become the world's largest free trade agreement (“FTA”) comprising of 15 member countries including Australia, New Zealand, China, Japan, Korea and ASEAN countries. When in force it will cover more the **3.6 billion people (48.1% of the world's population)**. The combined GDP of RCEP member states was approximately **USD28.5 trillion in 2019** which accounted for **32.7% of global GDP**. The combined trade of RCEP member states exceeds USD11.2 trillion or approximately 29.5% of global trade.



The RCEP aims to reduce or eliminate customs duties imposed by each member state on originating goods by approximately **92% over a period of 20 years**. Each member state sets out specific duty reduction commitments in respect of other exporting member states.

Another area of sustained focus in RCEP is e-commerce and digital trade, which looks promising for Cambodian SMEs.

A CEP clause on cooperation and investment for SMEs where support and technical assistance would be provided to improve quality and productivity and to be part of the regional supply chain.

RULES OF ORIGIN

By determining the origin of a product, rules of origin are the plumbing of a free trade agreement. Only goods originating in the RCEP region will be granted duty free or reduced rates of duty when exported to regional partners. Compliance with the rules of origin is subject to substantive and administrative requirements to prove that a product is genuinely originating in the RCEP area.



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