
KINGDOM OF CAMBODIA
Nation Religion King

Royal Government of Cambodia

DRAFT LAW

LAW
on
INDUSTRIAL ZONES

Chapter I
General Provision

Article 1.-

The purpose of this law is to establish and manage the Industrial Zone in the Kingdom of Cambodia, in order to upgrade the national economy through the sustainable development of industry.

Article 2.-

The scope of this law is to cover all Industrial Zones in the territory of the Kingdom of Cambodia.

Article 3.-

A developer of the Industrial Zone and investor in the Industrial Zone, who implement a qualified investment project, shall be subject to the law, and can be a physical person or a legal entity.

The developer of the Industrial Zone is a person who establishes the Industrial Zone. He/she constructs its based infrastructure in compliance with the master plan of the Industrial Zone, and can be its legal representative after its creation.

The investor of the Industrial Zone is a person who establishes factories, enterprises, buildings, and/or manufactures products, exploits resources, and provides services in the Industrial Zone.

Article 4.-

The Industrial Zone is the special zone for the development of industry where industrial activities and relevant activities are combined, and can include a General Industrial Zone and/or an Export Processing Zone. Each Industrial Zone shall have a manufacturing center and can be a free commercial, service, and accommodation center.

The General Industrial Zone is a zone in which industrial and manufacturing activities – designed to produce goods for both domestic and foreign consumption – are carried out.

The Export Processing Zone is a zone that deals with industrial and manufacturing activities that produce goods primarily for export.

The Manufacturing Center unites the factories in the Industrial Zones.

The Free Trade Center is a tax-deduction center in the Industrial Zone, which serves to support, store, display, package, clear, and finish products of materials or another equipments that are not forbidden by the law on industrial activities.

The Service Center supports the industrial and commercial activities of the Office of Management and Operations as they relate to Industrial Zones, Banks, Post Offices, the Vocational Center, the Daily Goods Shop, and other elements within the Industrial Zones.

The Accommodation Center offers lodging for employers, employees, and workers in the Industrial Zones.

Article 5.-

The Export Processing Zone and Free Trade Center shall be protected by surrounding walls, and its entrances and exits shall be checked.

Chapter 2

Structure and Administration of Industrial Zones

Article 6.-

The Council for the Development of Cambodia (CDC) is the sole and one-stop service organization responsible for the administration, development, investment, and operation of the Industrial Zone.

Article 7.-

The organization and functioning related to the decisions and approval of the establishment, administration, and control, as well as the organization and functioning, of the Industrial Zone Administration shall be determined by Sub-decree (Anukret).

Article 8.-

The Industrial Zone Administration is the sole and one-stop service administration inside the Industrial Zone.

The Industrial Zone Administration has the duty of administering all daily tasks. It coordinates these tasks in order to encourage timely and effective investment-need resolutions in the Industrial Zones.

Chapter 3

Establishment of Industrial Zones

Article 9.-

The establishment of each Industrial Zone in the Kingdom of Cambodia shall be identified by the respective Sub-decrees. The Sub-decrees shall indicate the location, boundaries, geography, size, and scope of operation, management and creation of each Industrial Zone administration, upon the request of the Council for Cambodian Development.

Article 10.-

The Industrial Zones can be established as a State, Joint Venture, or Private Company.

Article 11.-

The principles of legal private ownership – and other rights recognized by the laws establishing or expanding the Industrial Zones and its infrastructure – shall guarantee advanced compensation, in accordance with appropriate and fair prices. These reparations shall be paid before any license to establish an Industrial Zone is granted.

Article 12.-

Those responsible for illegal building activities on lands set to be designated industrial zones shall cease and remove their construction for a period of three (3) months – without payment – from the day of issuance of the Sub-decree on the Establishment of Industrial Zones.

Article 13.-

All constructions carried out in Industrial Zones shall be applied in conformity with the master plan for Industrial Zones, which was approved by the Cambodian Development Council (CDC).

For any construction which was built or is being built without permission, or which doesn't apply to the master plan or comply with the terms stipulated in the license of construction, the CDC shall either instruct, for the appropriated time, the owners to stop construction temporarily and make the appropriate adjustments, or demand that they remove their construction in whole or in any part for a period determined by notification.

After a limited period, if the owners of the construction haven't met the CDC's requirements, the Cambodian Development Council reserves the right to make adjustments or to decide in removing construction in whole or in any part. In either case, the owners will be compensated for their losses.

Article 14.-

The developer of Industrial Zones shall apply to the CDC for a principal license determining the regions and necessary incentives in establishment of Industrial Zones. The CDC shall provide this principal license or a written letter of rejection for a period of 60 days starting from the day of proper and sufficient application. In case of rejection, the CDC shall identify the specific reasons for its refusal.

The developer of Industrial Zones who receives a principal license shall submit project details to the CDC. These consist of a master project plan, a study of the economic possibilities involved, and a financial statement covering a specific period starting from the day of issuance of the principle license. If it is a qualified project details, the Sub-Decree on the Establishment of Industrial Zones shall allow the developer 100 days to implement his project.

Chapter 4 Performance

Article 15.-

The administrative works and judicial formalities of the Industrial Zones shall be under the Industrial Zones administration set forth in Article 7 of the law, except for the technical work related to the performance of Bank, Finance, and Insurance institutions, which fall under particular laws and provisions.

Article 16.-

Importation into, or exportation from, the Industrial Zone shall be under the jurisdiction of the Zone's administration, in accordance with the existing laws and provisions.

The relevant Industrial Zones administration shall approve any transaction of goods between the enterprises and factories of one Industrial Zones and another.

Article 17.-

Goods exported from areas within the Kingdom of Cambodia's customs boundaries to its Industrial Zones shall be considered goods exported from the Kingdom of Cambodia, and shall pay taxes for importation and limitation in accordance with the exiting laws.

Article 18.-

Land lots within Industrial Zones shall be developed in accordance with the timeline identified in the development program and the master plan of Industrial Zones.

Article 19.-

Only Industrial Zone administrators, authorized agents of the CDC, and Industrial Zone developers have the right to use "Industrial Zones", "General Industrial Zones", "Export Processing Zones", "Manufacturing Center", "Free Trade Center" or "Service Center" on Stamps, Marks, Letters, Communiqués, or other documents related to Industrial Zones.

Chapter 5 Incentives

Article 20.-

Industrial Zone development and investment projects shall receive the appropriate rights, privileges, and incentives, provided that they are qualified undertakings as stipulated in the existing Law on Amendment of Investment of the Kingdom of Cambodia. In particular, Industrial Zone development projects shall receive the incentives as stipulated in Chapter 5, section 1, of Article 22 on this law. Rights, privileges, and incentives received by Industrial Zone development and investment projects cannot be transferred or delivered to any third party, except in cases of purchase or of joint dissolution with written consent from the Cambodian Development Council (CDC).

Article 21.-

While using Riels, foreign currency can also be freely available in the Industrial Zones.

Part I Incentive for Industrial Zone Development Projects

Article 22.-

The following Industrial Zone development projects shall receive customs tariff and tax incentives:

- A term of profit tax breaks for Industrial Zone development projects shall be equal to a term of profit tax breaks for qualified infra-structure and long-term planting field investment projects
- A whole or partial of customs tariff and tax breaks for the importation of machineries, apparatuses, engines, spare parts, and materials of construction that are tangible assets in the establishment of Industrial Zones.
- Tangible assets held by Industrial Zone developers, which were imported under whole, or partial, customs tariff and tax breaks, and which, after sold, transferred, or moved, were put to use in a capacity different from the one originally permitted, shall assume the cost of customs tariffs and taxes which would have been applied

to the sold, transferred, or moved assets in conformity with the existing law and provisions.

Part 2

Incentive for Investment Projects in the Industrial Zone

Article 23.-

Industrial Zone investment projects shall be considered as qualified investment projects, and shall receive customs tariff and tax incentives along the same lines as any other qualified investment project, as stipulated in the Law on Amendment of Investment of the Kingdom of Cambodia and other relevant existing laws. The machineries, apparatuses, engines, spare parts, materials of construction, and raw materials – which are tangible assets imported into the Industrial Zone under the whole, or partial, domain of Cambodian customs tariff and tax law, and which are afterwards used for the support of local markets – shall be considered imported goods by the Kingdom of Cambodia. They shall fill the formalities and pay customs tariffs and taxes again in accordance with the existing law.

Article 24.-

Industrial Zone developers can request land concessions from the State in establishment for 99 (ninety-nine) years and can rent continuously to investors in the Industrial Zone.

If the land concession has not yet been executed, the developer cannot transfer or mortgage absolutely.

Part 3

Incentive for Using Labor Force

Article 25.-

Industrial Zone developers and investors can recruit Cambodian laborers by themselves.

The salaries or benefits reserved for the labor force, as well as the remuneration of Cambodian laborers, shall be identified by a written employment contract, in accordance with the Labor Law of the Kingdom of Cambodia in force.

Article 26.-

Industrial Zone developers and investors are eligible to bring along their spouses and dependents. They have the right to recruit foreign employees and workers, as specified in the Labor Law and Immigration Law of the Kingdom of Cambodia.

Foreign employees shall be permitted to transfer salaries earned in the Kingdom of Cambodia to their countries through the Banking System or other legal processes, after paying taxes.

Chapter 6

Inspection of Industrial Zones

Article 27.-

Competent agencies of the Cambodian Development Council (CDC), whose task it is to perform inspections, are eligible to enter peripheral manufacturing or service area within the Industrial Zone during working-hours in order to ask for information, research documents, or investigate other cases related to those peripheries, in compliance with the existing laws and provisions. The CDC shall provide a written notification of its inspection at least 24

hours prior to arriving at the site, except in urgent cases where the Director of Industrial Zone administration shall reserve the right to make such announcements.

Article 28.-

The Industrial Zone administration can monitor factories, buildings, means of transportation, human beings, materials and equipment, raw materials, remains, and goods in the Industrial Zone, in accordance with provisions identified by this law and/or other provisions in force.

Chapter 7

Article 29.-

Industrial Zone developers or authorized proxies who was acted and is being acted before or during this law comes in force shall also receive the benefits, rights, privileges, and incentives as stipulated in this law, after carrying out the official procedures required for the establishment of Industrial Zones at the CDC.

Article 30.-

All provisions that are contrary to this law shall be hereby repealed.

This Law shall be ratified by the National
Assembly of the Kingdom of Cambodia
dated.....
at Plenary Session,Legislature.
Phnom Penh,

President of National Assembly

Norodom Ranariddh