

KINGDOM OF CAMBODIA
Nation-Religion-King

Ministry of Economy and Finance
No. 599 SHV.PRK

Phnom Penh, 31 August 2000

PRAKAS

On the Implementation of the Pre-Shipment Inspection Service



Senior Minister, Minister of Economy and Finance

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree NK/RKT/1198/69 dated 25 November 1998 on the appointment of the Prime Minister of the Kingdom of Cambodia;
- Having seen Royal Decree NK/RKT/1198/72 dated 30 November 1998 on the establishment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Law on the establishment and Function of the Council of Ministers which was promulgated by Royal Kram No. 02 NS.94 dated 20 July 1994;
- Having seen the Law on the establishment of the Ministry of Economy and Finance which was promulgated by Royal Kram NS. RKM. 0196/18 dated 24 January 1996;
- Having seen the Agreement between the Royal Government of Cambodia and SGS dated 14 August 2000 on the Pre-Shipment Inspection (PSI);
- Having referred to the necessity of the Ministry of Economy and Finance.

HAS DECIDED

Article 1: Promulgate the Regulation on the Implementation of the Pre-Shipment Inspection Service which appears as Appendix to this Prakas.

Article 2: The Regulation, which is the Appendix to this Prakas, is the guidelines for the implementation of the Agreement between the Royal Government of Cambodia and SGS on Pre-Shipment Inspection dated 14 August 2000.

Article 3: Companies or persons who fail to apply for Pre-Shipment Inspection of goods, except the exempt goods as referred to in Article 3 of Chapter 2 of the Regulation, and have transported the goods into the Customs territory of the Kingdom of Cambodia will be imposed by a penalty in the amount of 7% of the goods CIF value. In the case of necessity, external assistance might be required for customs clearance of goods circumvented PSI.

Article 4: Delegate of the Royal Government in charge of Customs and Excise, Secretary General, Director of Cabinet, Directors of relevant Departments of the Ministry of Economy and Finance, must effectively implement this Prakas from the date of signature.

Senior Minister
Minister of Economy and Finance
(signature and seal)
KEAT CHHON

cc:

- The Council of Ministers
- Cabinet of the Prime Minister Office
- General Secretariat of the Parliament
- Ministry of Interior

- Ministry of Commerce
- The Council for the Development of Cambodia
- Municipal and provincial authorities
- Phnom Penh Chamber of Commerce
- SGS Liaison Office in Cambodia
- Documentation

REGULATION
On the implementation of Pre-shipment Inspection Services

This regulation is made under the authority of the Ministry of Economy and Finance to implement the procedures for pre-shipment inspection of goods imported into the Kingdom of Cambodia.

INTERPRETATION

ARTICLE 1 – DEFINITIONS

- 1.1 **Bureau of Customs** means the Bureau of Customs for the Kingdom of Cambodia.
- 1.2 **Discrepancy Report** means a report issued by the Inspection Company whenever a Pre-shipment Inspection indicates the existence of any unrectified discrepancies between the actual quantity or quality or both of the Goods and the Importers specifications.
- 1.3 **Customs Declaration** means the import entry form completed by the importer based on the information contained in the ROF.
- 1.4 **Exempt Goods** means the goods referred to in Article 3 (3.1).
- 1.5 **Goods** means goods and related services (other than exempt goods) which are proposed to be imported into the Kingdom of Cambodia and where the value of the shipment is FOB United States Dollars Four Thousand (FOB \$US4000.00) or greater and includes partial shipments of goods and associated services with a lesser value but where the aggregate value of all such partial shipment is FOB United State Dollars Four Thousand (FOB \$US 4000.00) or greater.
- 1.6 **Government** means the Royal Government of the Kingdom of Cambodia.
- 1.7 **Fees** The fees for the provision of PSI Services are:
- (a) 0.80% ad-valorem of the FOB value of the Goods inspected as declared in the exporter's final or pro-forma invoice and indicated in the Reports of Findings, applicable for all Goods with the exception of bulk petroleum products.
 - (b) USD 0.30 per metric tone applicable for bulk petroleum products only inspected as declared in the exporter's final or pro-forma invoice and indicated in the Reports of Findings.
 - (c) Applicable for both (a) and (b) a minimum fee per intervention of USD210.00 shall be applied in all cases where the ad-valorem rate or the case of (b) the tonnage rate would produce lesser than amount.

SGS shall be entitled to its fees regardless of whether, after an inspection of the Goods, the exporter or importer does not provide the information of documents necessary for the issuance of a ROF or, for any reason, does not process with the shipment of the Goods.

- 1.8 **Importer Specification** means the specifications or, in the absence of specifications, the description of the Goods, which have been communicated to the Inspection Company by the importer as set out in Article 5.3
- 1.9 **Inspection Company** means the company, which has the duty to execute an agreement with the Government granting such company the right to conduct pre-shipment inspection services on behalf of the Royal Government of Cambodia.
- 1.10 **Inspection Company Liaison Office** means the liaison office established in the Kingdom of Cambodia by the Inspection Company to co-ordinate Pre-shipment Inspections.
- 1.11 **Ministry of Commerce** means the Ministry of Commerce of the Government.

- 1.12 **Ministry of Economy and Finance** means the Ministry of Economy and Finance of the Government.
- 1.13 **Pre-shipment Inspection** means the inspection on quantity and quality of Goods and related activities to be performed by the Inspection Company.
- 1.14 **Price Verification** means a verification of the price of the Goods in order to determine:
- (a) Whether the amount invoiced by a seller in respect of those Goods corresponds with prevailing export price for Goods in the country of supply or, where applicable, international market prices, and if these prices do not correspond, the extent of the variation.
 - (b) The value for duty purposes.
- 1.15 **RIA and Registered Import Advice** means the confirmation document which is issued by the Inspection Company Liaison Office to the importer in connection with the application by the importer for Pre-shipment Inspection.
- 1.16 **ROF** means the report of findings containing the result of the Pre-shipment Inspection issued by the Inspection Company whenever the Pre-shipment Inspection indicates:
- (a) that there are no discrepancies between the Goods and the Importer Specification, or
 - (b) any previously identified material discrepancies between Goods and Importer Specifications have been confirmed as acceptable by the importer provided that the effect of any material discrepancy is limited to incorrect classification of the Goods (as per Tariff Nomenclature) the ROF shall nevertheless be issued.
- 1.17 **Security Label** means the label affixed to one copy of the seller's final settlement invoice by the Inspection Company in respect of Goods for which an ROF is to be issued which confirms that the Goods have been inspected.
- 1.18 **Tariff Nomenclature** means the Tariff Nomenclature of the Kingdom of Cambodia.
- 1.19 **Total Value** means the total contracted value of Goods.
- 1.20 References to a person include a body corporate, partnership or other legal entity.
- 1.21 References to Articles are references to Articles of this regulation.
- 1.22 Headings are inserted for convenience and shall not affect the interpretation of Regulation.

SCOPE OF PRE-SHIPMENT INSPECTION

ARTICLE 2 – GOODS SUBJECT TO PRE-SHIPMENT INSPECTION

2.1 Commencement

This regulation shall apply to all Goods other than Exempt Goods as specified in Article 1.4 shipped to the Kingdom of Cambodia as from the

2.2 Registration

All Goods other than Exempt Goods as specified in Article 1.4 imported into the Kingdom of Cambodia starting from the shall be registered with the Inspection Company.

2.3 Inspection of Goods

All Goods imported into the Kingdom of Cambodia from the shall be subject to Pre-shipment Inspection by the Inspection Company in the relevant country of supply prior to shipment to the Kingdom of Cambodia.

2.4 **Transitional**

Importer may arrange shipment of Goods to the Kingdom of Cambodia prior to without Pre-shipment Inspection provided the relevant Bill of Lading or Airway Bill or other transport document or title is dated prior to

ARTICLE 3 – GOODS EXEMPT FROM PRE-SHIPMENT INSPECTION

3.1 The following goods shall be exempted from Pre-shipment Inspection:

- (a) Precious stones, and precious metals.
- (b) Object of arts,
- (c) Explosives and pyrotechnic products,
- (d) Ammunition, weapons, implement of war
- (e) Live animals,
- (f) Current newspapers and periodicals.
- (g) Household and personal effects.
- (h) Parcel post or commercial samples.
- (i) Gifts made by foreign governments or international organizations to foundations, charities and recognized humanitarian organization.
- (j) Gift and supplies to diplomatic and consular missions and to agencies depending from the United Nations Organization imported for their own needs.
- (k) Grants in kind.
- (l) Goods imported for government use under government order.
- (m) Scrap metals.
- (n) Cigarettes
- (o) Temporarily admitted goods (temporary import for inward processing for export)

PROCEDURE

ARTICLE 4 – GENERAL CONDITIONS

4.1 **Copies of orders**

All importers shall provide to the Inspection Company two copies of each order for every purchase or importation of goods. The documents submitted shall comprise an application to the Inspection Company completed by the importer, attaching, where relevant, a copy of any official document such as proforma invoices, purchase orders, contracts showing contract specifications, transportation documents and relevant import documents.

4.2 **Issue of RIA**

The Inspection Company Liaison Office shall register all such orders of Goods and issue a RIA, which shall be released to the importer within 24 hours of receipt of the documentation from the importer.

4.3 **Reference Number**

The RIA shall contain a unique reference number, which shall serve to identify the transaction and may be used for all correspondence with the Inspection Company.

4.4 **Inadequate documentation**

Any document supplied to the Inspection Company by an importer which is incomplete, illegible or otherwise unclear shall be returned to the importer for correction before a RIA will be issued.

4.5 **Request for information**

The Inspection Company Liaison Office shall transmit the RIA details to the office of the Inspection Company or its affiliates in the county of supply of the Goods which shall immediately send a request to the seller for the supply of information regarding the Goods and arrange Pre-shipment Inspection of the Goods.

ARTICLE 5 – PRE-SHIPMENT INSPECTION OF GOODS

5.1 **Pre-shipment Inspection**

The seller shall contact Inspection Company to arrange a Pre-shipment Inspection at least three working days prior to the Goods being available for such Pre-shipment Inspection. The Inspection Company will carry out urgent inspection without delay notwithstanding that less than three working days notice is given by the seller.

5.2 **Required Tasks**

The Inspection Company or its affiliate in the country of supply of the Goods shall perform the following tasks in relation to the Goods using all information at its disposal:

- (a) Pre-shipment Inspection,
- (b) Price verification,
- (c) Verification of the total value of the Goods
- (d) Determination of the dutiable value of the Goods in accordance with the Tariff Nomenclature,
- (e) Calculate duties and taxes payable on the Goods in the Kingdom of Cambodia.

5.3 **Documentation to be provided**

The seller shall provide the Inspection Company or its affiliate with copies of purchase orders, price lists, letters of credit and all other documents, which the Inspection Company may deem necessary for the purpose of the Pre-shipment Inspection.

5.4 **Provision of Facilities**

The seller shall provide the Inspection Company or its affiliate with all necessary facilities as well as relevant testing certificates where applicable to enable the Inspection Company to conduct the Pre-shipment Inspection. The seller shall make the necessary arrangements for handling, presentation, sampling and shop testing of the Goods for the purpose of the Pre-shipment Inspection.

5.5 **Place of Pre-shipment Inspection**

The Pre-shipment Inspection may be performed at the seller's premises or such other appropriate place prior to the shipment of the Goods to the Kingdom of Cambodia. The Inspection Company shall be entitled to re-inspect Goods at any time during the course of supply or delivery, prior to the shipment of the Goods to the Kingdom of Cambodia and to seal containers as may be deemed necessary and feasible by the Inspection Company.

5.6 **Repeated Visits by Inspection Company**

If the seller arranges for a Pre-shipment Inspection by the Inspection Company without having prepared the Goods for inspection, or if the Goods have been certified and are found not in accordance with the Importer Specification, the Inspection Company's costs for repeated visits and further Pre-shipment Inspection shall be payable by the seller.

5.7 **Inability to Inspect**

If for any reason the Inspection Company shall be unable to carry out any Pre-shipment Inspection, the Inspection Company shall immediately notify the Director of Customs in writing.

5.7 **Final Settlement Invoice**

Upon satisfactory Pre-shipment Inspection and Price Verification by the Inspection Company or its affiliate, the seller shall submit a final invoice and relevant information to the Inspection Company, which shall include the following details:

- (a) description of the Goods,
- (b) weight and volume,
- (c) mode of shipment,
- (d) port or airport of loading (including any port of transshipment),
- (e) port or airport of discharge, and
- (f) anticipated date of shipment to the Kingdom of Cambodia

5.8 Price Verification restrictions

In countries where price comparison is subject to legal restrictions, the Price Verification shall be performed within the existing framework of the laws of those countries and all restrictions shall be reported by the Inspection Company to the Government.

ARTICLE 6 – POST-INSPECTION AND CLEARANCE PROCEDURES

6.1 Issue of ROF

When a Pre-shipment Inspection has been satisfactorily completed and final invoices and relevant information have been presented by the importer to the Inspection Company, the Inspection Company shall issue a ROF to the importer.

6.2 Contents of a ROF

- (a) the nature of Goods
- (b) the number or quantity of the Goods,
- (c) the quality or actual specification or both of the Goods,
- (d) Price Verification for the Goods, and
- (e) the appropriate customs classification of the Goods in accordance with the Customs tariff.

6.3 Copies of ROF

The ROF shall be produced in a set of one original and five copies, which shall be distributed by the Inspection Company to the importer (one original and three copies). Upon clearance of the Goods through the Bureau of Customs, the ROF shall be retained as follows:

- (a) importer – one original,
- (b) Bureau of Customs – two copies after receiving three copies from the importer and forwarding one copy to the Inspection Company.
- (c) The Inspection company – one copy received from the Bureau of Customs after payment of duties and taxes by the importer, endorsed with details of payment.

6.4 Discrepancy Report

Where a Pre-shipment Inspection has in any way not been satisfactorily completed, an ROF shall not be issued by the Inspection Company, which instead shall issue a Discrepancy Report which shall be distributed in accordance with Article 6.3.

6.5 Correction of Discrepancies

If the seller fails to correct discrepancies in a timely manner prior to shipment of the Goods, the Inspection Company shall withhold the ROF and shall clearly identify all uncertified discrepancies by means of Discrepancy Report. If the necessary corrections are effected by the seller after the issuance of the Discrepancy Report but prior to the shipment of the Goods, the Inspection Company shall then issue a ROF in replacement of the Discrepancy Report.

6.6 Security Label

For each shipment of Goods the seller shall receive from the Inspection Company, the original copy of the final invoice submitted to the Inspection Company, duly attested by the Inspection Company by means of a Security Label confirming that the Goods described in the invoice have been inspected and that an ROF will be issued.

6.7 Customs Declaration (CD)

The importer shall use the ROF as the basis for completion of the CD and the payment of duties and taxes payable to the Bureau of Customs at the port of entry into the Kingdom of Cambodia. In case there has been an amendment to the Customs Tariff prior to clearance, the importer must have his ROF amended accordingly by the Inspection Company.

6.8 Submission of CD

The importer shall sign the CD which it has prepared and present it to the Bureau of Customs with all required supporting documentation and shall pay the applicable duties and taxes specified in the CD. No Goods shall be cleared through the Bureau of Customs without an original signed and completed CD being presented with the corresponding ROF.

6.9 Notification to the Inspection Company

The Bureau of Customs shall supply details of the Customs duties and taxes paid by the importer on the copy of the ROF to be provided to the Inspection Company, pursuant to Article 6.3 (c) and provide the Inspection Company with a legible copy of the CD received by the Bureau of Customs pursuant to Article 6.8.

6.10 Submission of Documentation

The Inspection Company shall request sellers to submit copies of the final settlement invoice, the Bill of Lading, Airway bill and other transport documentation or title. Receipt of these documents from the seller shall not be a pre-condition for the issuance by the Inspection Company of a ROF.

6.11 Re-inspection of Goods

The Inspection Company or their designated agents and the Bureau of Customs shall be entitled to jointly conduct a re-inspection of Goods upon arrival in the Kingdom of Cambodia where a Discrepancy Report has been issued or where there are grounds for a reasonable belief that the Goods are not in conformity with the ROF or where a re-inspection of the Goods is requested by the importer.

INSPECTION FEES

ARTICLE 7 – FEES

7.1 Amount of Fees

All goods other than Exempt Goods as specified in Article 1.4 imported into the Kingdom of Cambodia shall be subject to the Fees as described in Article 1.7.

7.2 Payment of Fees

The Fees shall be payable to the Standard Chartered Bank Phnom Penh 89, Norodom Boulevard, Sangkat Boeung Raing, Khan Daun Penh (PSI Account number) after RIA application to Liaison Office of the Inspection Company for the purpose of issuance of a RIA.

7.3 Receipt to be issued

Upon payment of the Fees, the Standard Chartered Bank Phnom Penh shall issue a receipt to the importer. The importer shall submit the receipt to the Liaison Office of the Inspection Company with the import documentation.

RESOLUTION OF DISPUTES

ARTICLE 8 – DISPUTES

8.1 **Discussions with the Inspection Company**

Any importer may question or dispute the opinion of the Inspection Company relating to that importer's Goods by making a request in writing to the Inspection Company Liaison Office in Phnom Penh. If the matter is not resolved to the satisfaction of the importer within one week of the importer's request, the importer may refer in writing the matter to the Working Committee.

8.2 **Release of Goods**

While the Working Committee is reviewing a matter referred to it in writing by an importer, the importer may apply to the Bureau of Customs to have the Goods released against a surety bond which shall be fixed at the sole discretion of the Bureau of Customs.

ESTABLISHMENT OF WORKING COMMITTEE

ARTICLE 9 – WORKING COMMITTEE

9.1 **Establishment**

The Ministry of Economy and Finance shall establish a Working Committee to review any decision of the Inspection Company referred to it in writing by an importer. The Working Committee shall comprise representatives from the Ministry of Economy and Finance, the Bureau of Customs, the Ministry of Commerce, the Council for the Development of Cambodia and the private sector.

9.2 **Chairman**

The Working Committee chairman will be appointed by the Ministry of Economy and Finance for an initial period of twelve (12) months and subject to reappointment for further period of twelve (12) months at the discretion of the Minister of Economy and Finance at the end of that period.

9.3 **Decisions Final**

The decision of the Working Committee should be made within a maximum period of one month from the importer's application and shall be final and binding on the Inspection Company and the importer and shall not be subject to appeal.

OBLIGATIONS OF IMPORTERS AND SELLERS

ARTICLE 10- COMPLIANCE BY IMPORTER

The issuance of a ROF is an evidence only that a Pre-Shipment Inspection has been conducted. The issuance of a ROF does not relieve the importer from its obligation to comply with all laws, rules or regulations relating to the importation and sale of Goods in the Kingdom of Cambodia.

ARTICLE 11 – SELLER'S OBLIGATIONS TO IMPORTER

The Pre-Shipment Inspection conducted by the Inspection Company shall not affect the rights of the buyer of the Goods against the seller and shall not relieve the seller of the goods of its contractual responsibilities to the importer of the Goods.

LETTER OF CREDIT

ARTICLE 12 – REQUIREMENT FOR LETTERS OF CREDIT

12.1 Application

If payment for Goods is to be made by Letter of Credit, the letter of credit application submitted by the importer shall contain a description of the Goods including, without limitation, the type, quantity, quality and Total Value of the Goods.

12.2 Payment by Letter of Credit

For transactions effected by Letter of Credit, payment shall only be made to seller unless the original invoice in respect of the Goods is affixed with a Security Label and is presented to the importer's bank along with all other shipping documents required for the negotiation of payment.

NON-COMPLIANCE

ARTICLE 13- PENALTIES

After the, any person who fails to obtain Pre-Shipment Inspection of any Goods other than Exempt Goods as specified in Article 1.4 which are shipped to the Kingdom of Cambodia shall be subjected to severe sanctions from the relevant Authorities.