

APPENDIX V : SUB-DECREE NO. 148 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

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:

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| 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-Shipments 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