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អគ្គនាយកដ្ឋានកសិកម្ម



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DEUTSCHE ZUSAMMENARBEIT



GUIDELINES FOR

EXPORTING BANANAS FROM
CAMBODIA TO CHINA

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für Internationale
Zusammenarbeit (GIZ) GmbH

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Disclaimer

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Phnom Penh, December 2020

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About this document

Rising incomes and a growing middle class have played an important role in China's ever-increasing demand for high quality domestically produced and imported fresh fruits. According to official statistics, average annual urban wages in China increased by 156% in the period of 2009 to 2018 from 32,244 yuan (\$4,569) to 82,461 yuan (\$11,684). During the same period, the value of China's fresh fruit imports grew by more than 487% from under \$1.2 billion to over \$6.9 billion. The Chinese government has facilitated this rapid growth in imports by expanding trade relationships with fruit exporting countries, including through the establishment of free trade agreements, and steadily increasing the numbers of fresh fruits permissible for import into China. In 2018, China imported nearly 11,000 tonnes of bananas worth over \$20 million from nine countries and regions, representing a 113% increase in volume but only an 8.1% increase in value compared to 2017¹. In August 2018 the Government of People's Republic China and the Kingdom of Cambodia signed a protocol of Phytosanitary Requirements for the export of *Musa sapientum* (common name is "banana") from Cambodia to China. This agreement paves the way for Cambodian Banana producers and exporters to export bananas to China².

The "Support of Regional Economic Cooperation in Asia" (SRECA) Project, commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, works with Cambodia, Lao PDR, Mongolia, PR China and Viet Nam in the context of sub-regional cooperation mechanisms such as the Greater Tumen Initiative (GTI) in Northeast Asia or the ASEAN-China Free Trade Area (ACFTA) in Southeast Asia. In response to the needs of Cambodian enterprises, GIZ has cooperated with the General Directorate of Agriculture of the Ministry of Agriculture, Forestry and Fisheries in providing the Manual on Exportation of Banana Fruit to China to help facilitate the business coordination of the both countries, especially to exporters..

This Manual on Exportation of Banana to China is a detailed guideline which Cambodia's private enterprises wish to export their products to China.

¹ Tropical Fresh Fruit Exporter's Guide to China, March 2020, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Support of Regional Economic Cooperation in Asia (SRECA), Cambodia

² China-Cambodia Protocol on Phytosanitary Requirements for the export of fresh Banana from Cambodia to China

1 Overview of Exporting Banana to China

1.1 Introducing the fruit market of China

China is the world's largest producer, importer, and consumer of fresh fruits. Rapid economic growth and average annual urban wages in China have risen dramatically from just over \$4,500 in 2009 to more than \$11,000 in 2018³. Consumers in China have more to spend and are becoming increasingly health conscious. Fresh-fruit sales have become a major feature of the Chinese market. The value of China's fresh fruit imports has soared from under \$1.2 billion in 2009 to over \$6.9 billion in 2018, with more than 200 fruits from 24 countries permissible for import in 2019. Although China is the world's second largest producer of bananas, China is also among the largest banana importing countries. In 2018, China imported over 1.5 million tonnes of bananas worth nearly \$897 million from 12 countries. The Philippines is the leading supplier of bananas to China with its 2018 import volume reaching over one million tonnes worth more than \$600 million – approximately two thirds of China's total imports by both volume and value. Ecuador, Vietnam, Myanmar, and Thailand are also among the top-five leading banana suppliers to China. Other noteworthy suppliers of bananas to China in 2018 included Indonesia (\$9.8 million) and Costa Rica (\$4.6 million)⁴.

1.2 Government of Cambodia objectives in promoting fruit export to China

Cambodia is a very attractive market for overseas investors, particularly from China, thanks to its geographical location, favourable investment policies and climate. At the same time Cambodia must make the most of market opportunities and strive to expand the export volume of agricultural produce to help increase economic growth in Cambodia. The Royal Government of Cambodia (RGC) has a strong interest to support fruit producers and exporters to access international markets in order to increase the volume of fruit exports, with China being an important market for Cambodian Banana exports. An overview of the Royal Government of Cambodia key government agencies, development partners and relevant stakeholders for fruit export has been included in appendix 4.

The Royal Government of Cambodia has defined a number of policies and regulations for the development of agriculture sector in general and export of agriculture produce in particular. The Rectangular Strategy (RS) Phase IV and National Strategic Development Plan (NSDP) 2019-2023 are the two overarching national policies outlining the aim to enhance the development of all agriculture sub-sectors through productivity improvement, modernization and commercialization. The agriculture sector development in Cambodia is governed by the **Agriculture Sector Strategic Plan 2019-2023** and **Agricultural Sector Master Plan 2030**,

³ Markets for Cambodian Crops with Promising Prospects, Bastiaan Bijl Consultancy GMBH, on behalf of CAVAC, May 2020

⁴ Tropical Fresh Fruit Exporter's Guide to China, March 2020, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Support of Regional Economic Cooperation in Asia (SRECA), Cambodia

aiming at promoting competitiveness, inclusive growth, resilient and sustainable modern agriculture sector⁵.

Specifically, in crop sub-sector, **Master Plan for Crop Production 2016-2030** envisions Cambodia as “a reliable source of high quality, safe, and competitive crops in the global economy while ensuring sufficient volumes of safe food to meet food and nutrition security of its own citizens in a sustainable and climate resilient way.” Under the Master Plan, eight priority crops and its value chains were identified for further specification on policy interventions.

Recognizing the importance of and the commitment in promoting horticulture sub-sector, the government is developing a **Horticultural Strategy**, covering eight components including R&D, production and productivity improvement, post-harvest management, marketing and export, processing and value addition, human resource development, producer and consumer groups, and collaboration and networking with other stakeholders.

At the production level, **Law on Agriculture Cooperatives** and **Sub-Decree on Contract Farming** are intended to “strengthen the responsibilities and build trust” between farmers and buyers based on “equality and justice” principles. The modality of contract farming is to ensure prices, quality and quantity of the supply of agriculture products, and to “improve purchasing, processing, and exporting of agriculture products.” Under the Sub-Decree, farmers work directly with buyers under MAFF’s facilitation and coordination. Furthermore, **Prakas on Good Agriculture Practices (GAP)** was also enacted based on the ASEAN’s GAP standards, instructing GAP certification to be provided to certified vegetables, fruits, and other agriculture farms. To date there are around 50 certified farms in Cambodia, mainly growing fruits. The **Agricultural Extension Policy**, implemented since 2015, aims to support farmers to have greater access to knowledge, skill, information, and technology in order to enhance agricultural productivity, diversification, and commercialization.

The 2018 signed *China-Cambodia Protocol on Phytosanitary Requirements for the export of fresh Banana from Cambodia to China* is a good example how the government facilitates and supports growers and exporters to access the Chinese market.

1.3 Banana production in Cambodia

Banana scientific name is *Musa sapientum* (yellow banana). Cambodian farmers habitually grow different species of bananas in their village lands. Chicken-egg bananas (*Musa Aromatica*) are commonly eaten and used⁶ by Cambodian people. Apple bananas are cultivated almost everywhere by farmers. Another kind of banana is Cavendish bananas⁷, it is grown in many places in Cambodia. This banana is similar to yellow Cavendish banana species which are the species for export market.

⁵ Source: GIZ; Mapping Actors in Trade/ Export of Agriculture Produce in Cambodia, 31 July 2020, BDTTrus consultancy

⁶ <https://chanthol.wordpress.com/2009/01/16/chicken-egg-banana-musa-aromatica-the-national-fruit-of-the-kingdom-of-cambodia/>

⁷ <https://www.thespruce.com/types-of-bananas-4018334>

Cambodia's banana production has, in recent years, been steadily growing. According to MAFF in the media showed that Cambodia exported a total 157,812 tonnes of yellow bananas in 2019 and 147,760 tonnes in the first six months of 2020,⁸ and the figure reached 167,754 tonnes by July 2020.⁹ With these registered companies covering more than 8,000 hectares of land and 21 packaging plants, the export of banana to China is expected to double in 2020.¹⁰ In general, China demands around 2 million tonnes of banana per year from various countries, and therefore there are great potentials for investors to increase investment and production in Cambodia. The major yellow banana producing areas include Kampot, Kampong Cham, Kratie, Steung Treng, Rattanakiri and Tboung Khmoum.

The fast growing of banana production and exports is backed by the large farms and companies with investment from Chinese and Vietnamese investors. According to MAFF, 15 banana plantations and packaging facilities are approved by China. At present, the growing area of Cambodian banana varieties approved for export to China covers almost 5,000 hectares, with an annual output of nearly 300,000 tons. Cambodia is an ideal country for the modern banana industry, with excellent conditions in terms of climate, soil quality and labour. Cambodia's banana industry is closely integrated with China's market, technology and capital. Owing to its ability to fill most of the gaps in the Chinese market, Cambodia may well become one of China's major banana suppliers in the future¹¹. Furthermore, Cambodia enjoys a near-zero infection rate of Fusarium wilt disease, one of the most destructive diseases for banana producers worldwide. As most other banana producing countries are suffering steadily rising infection rates, Cambodia remains at a relative advantage in this regard¹².

Picture 1: Yellow Banana (export variety)



⁸ Ibid.

⁹ MAFF Minister's official Facebook page, <https://www.facebook.com/photo?fbid=3066757030045843&set=a.1072911282763771>

¹⁰ Phnom Penh Post, *Yellow bananas blossoming with Chinese investment*, dated 26 Jul 2020,

<https://www.phnompenhpost.com/business/yellow-bananas-blossoming-chinese-investment> (accessed 27 Jul 2020).

¹¹ Source: <https://www.producereport.com/article/13-new-fruit-varieties-admitted-china-2019-total-now-over-200>

¹² Source: <https://www.producereport.com/article/cambodian-bananas-achieve-permission-import-china>

2 Background of banana export and import policies (Cambodia - China)

2.1 Cambodia - China Free Trade Agreement and ASEAN-China - FTA

Cambodia and China have successfully signed a Free Trade Agreement (FTA) on 5th October 2020. The deal will give Cambodia greater market access. In addition, trade and investment volume between the two countries will be further expanded. The FTA is an important initiative for Cambodia to engage more deeply with China in terms of boosting the bilateral trade and foreign direct investment (FDI). There are two key benefits the FTA will have for Cambodia including the banana exporters. First, Cambodia's rapidly growing economy and in particular agricultural exports will benefit from new market access to the growing market in China. Second, the agreement will encourage greater trade and investment flows between Cambodia and China through the reduction and/or removal of tariff and non-tariff barriers. There are no tariffs on fruit imports to China already as a result of the ASEAN-China FTA. The new Cambodia will eventually benefit from more diverse and cheap products coming into the local market. At the same time trade and investments will give consumers and businesses an access to a wider range of competitively priced goods and services. The trade and investment will fuel continued economic growth, which will help Cambodia to achieve its target of becoming an upper-middle-income country by 2030.

The expected benefit for China will be that it helps China to strengthen its ties with other developing economies including those of Southeast Asia. Cambodia has enjoyed an economic growth rate of 7% annually. It will also help to promote a more comprehensive economic integration in the region and would allow Chinese companies to play a more active role in Cambodia and in the region, that has strong political and economic ties with China.

Important is for Cambodia to prepare itself significantly to maximise the opportunities arising from the FTA so as to minimise to the lowest the potential risks and problems that Cambodia may face as a result of concluding this FTA with the economic giant of China. Cambodian businesses, particularly small and medium-sized enterprises need to be more proactive in accessing resources, making comprehensive preparations, undertaking careful research into opportunities and challenges and also ensuring improving their products' quality, competitiveness and productivity. The Cambodian government needs to help to facilitate the favourable business environment in the country by improving the physical infrastructure, promoting the digital economy and developing its banking and financial sectors.

2.2 Cambodia-China Banana Phytosanitary requirements protocol for fresh banana

A protocol for banana fruit (*musa*) Phytosanitary Requirements was signed in August 2018 between the Ministry of Agriculture Forestry and Fisheries (MAFF) of the Kingdom of Cambodia and the General Administration of Customs (GACC) of the People's Republic of China.

The protocol regulates how fresh banana fruits to be exported to China from Cambodia. The bananas shall comply with the relevant phytosanitary laws and regulations of China and Cambodia, and be free of quarantine pest of concern to China and branch, foliage and soil, and enter into China from the designated ports. The residues of the Agrochemicals and other toxic substances within the bananas shall not exceed the legal maximum residue levels (MRL compare appendix 6) stipulated by Chinese laws. The protocol only covers phytosanitary requirements. Other standards and requirements, such as those concerning human health (such as China's national food safety standards), are also applicable to the bananas from Cambodia, but are not covered by the signed Banana Protocol.

2.3 Policy on importation and exportation to China

In 2018, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) was merged into the General Administration of Customs of the People's Republic of China (see section 4.1 for detailed functions of GACC).

Important for import of fresh fruit to China is that the fruit are in the list of fresh fruit import in China. The official list authorized for this import is published on the website of (GACC), but it is only available in Chinese. An English version is available on the following link <https://www.producereport.com/market-access-list>.

There are no tariffs or import quotas on fruit being exported from Cambodia to China, this is the result of both the regional ASEAN-China Free Trade Agreement as well as the bilateral trade deal. However, the importer in China may need to apply for an import quota permit in which the importer in China states the quantities they wish to import. Once approved, the importer can import bananas in any batches up to the total quota applied and approved in the licenses.

In June 2018, authorities in China issued a new set of national standards (GB 2763-2018) titled "National Food Safety Standards | Maximum Residue Levels in Food Products for 43 Types of Agricultural Chemicals Including Paraquat." Maximum residue levels (MRL compare appendix 6) established for seven of the chemicals listed in these standards are aimed primarily at setting MRLs for fruits and vegetables (MRLs for other chemicals on the list mostly have to do with animal products). These chemicals are flutriafol, fluopicolide, mandipropamid, trifloxystrobin, spinetoram, etoxazole, and fenpyroximate¹³.

¹³ **Note:** these chemical names come from the English names listed alongside the Chinese name of each chemical in the [officially published standards, which can be downloaded by clicking this link](#)

Step-by-step Banana Export Procedure

STEP 1

Registration of Banana Producer and Packing Centre with GDA

STEP 2

Obtaining Sanitary and Phytosanitary Certificate

STEP 3

Certificates Declaration and Support Documents

STEP 4

Shipping Bananas and Payment

3.1 Registration of banana producer and packing centre with GDA

Businesses wishing to export need to register with the General Directorate of Agriculture (GDA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF). The GDA sends the list of registered farms and packinghouses to the General Administration of Customs of China (GACC). Prior to the beginning of trade, GACC will send inspectors to Cambodia to verify and evaluate some selected registered companies on the management of growing, packaging, storage and transportation of bananas. Only companies approved by MAFF and GACC can export bananas. Banana orchards should implement the orchards management programme set out and supervised by MAFF, and gradually promote the implementation of Good Agricultural Practices (GAP), take integrated pest management, to avoid and minimize the occurrence of quarantine pests of concern to China, and to assure the phytosanitary safety required by China.

3.2 Obtaining Sanitary and Phytosanitary Certificate

Before exportation of packaged bananas, MAFF must carry out phytosanitary inspection by 2% packages. If mature bananas or bananas with cracked skin or quarantine pests concern to China were found, the consignment shall not be exported to China. For consignments in compliance with Chinese requirement, MAFF shall issue a Phytosanitary Certificate according to the International Standard and Phytosanitary Measure No. 12 (ISPM12), give the container number, orchard and packinghouse registration number, as well as the following additional declaration:

'The consignment accords with the Protocol of Phytosanitary Requirements for the export of bananas from Cambodia to China and free of quarantine pests concern to China'

MAFF shall provide sample of Phytosanitary Certificate to GACC in order to put on record and confirmation. It takes time between 10 hours to 120 hours to obtain a certificate. The process or 4-steps of this proposal are detailed in appendix table of this document and summarized in the table below (compare appendix 1):

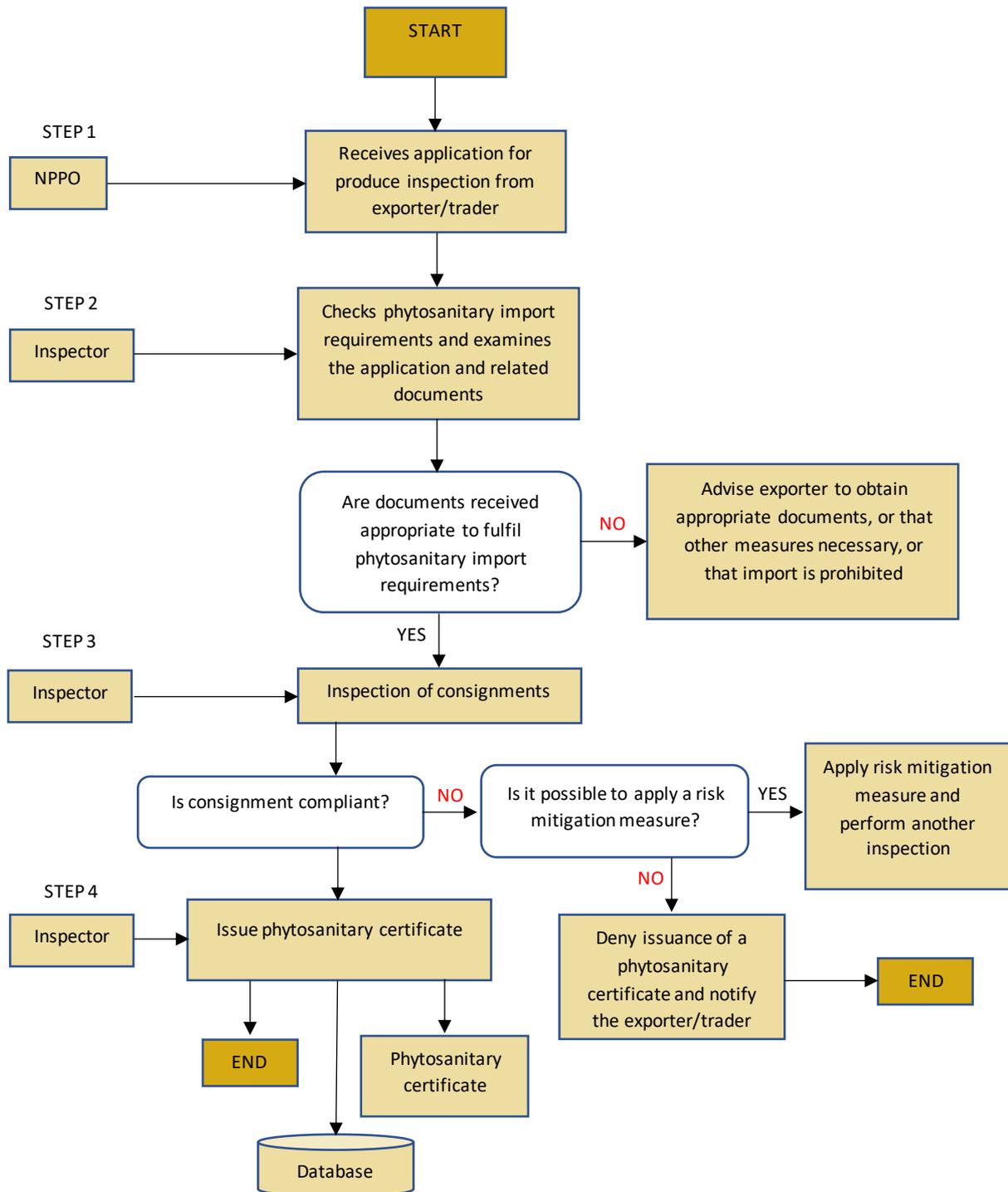


Figure 1: SPS Certification procedure

1st Step	<p>Applying</p> <p>The Exporters or Traders shall submit an application for plant quarantine inspection of export consignment to Department of Plant Protection, Sanitary and Phytosanitary of the General Directorate of Agriculture of Ministry of Agriculture, Forestry and Fisheries. the application must include the relevant documents:</p> <ul style="list-style-type: none"> ○ Application (Get from PPSPSD/GDA) ○ Invoice ○ Packing list ○ Patent ○ Certificate of Value Added Tax registration ○ Trade registration certificate ○ Phytosanitary treatment certificate
2nd Step	<p>Document review</p> <p>The front desk officer will check the phytosanitary import requirement and examine the application and related documents.</p> <ul style="list-style-type: none"> • If the application form and all related document are compliance, the exporter or trader will make the payment and move to next step. • If the application is incomplete, the reviewer will advise exporter to obtain appropriate documents, or that other measures necessary, or that import is prohibited.
3rd 4th Step	<p>Consignments inspections</p> <p>After received an application form and if the document is completed, the Director of the Department of Plant Protection, Sanitary and Phytosanitary of the General Directorate of Agriculture, Ministry of Agriculture, Forestry and Fisheries will assign the plant quarantine inspector to inspect the consignments and check the phytosanitary import requirement.</p> <ul style="list-style-type: none"> ○ Is consignment compliant? ○ If Yes, issue the phytosanitary certificate ○ If No, it is possible to apply a risk mitigation measure? if no deny issuance of a phytosanitary certificate. If yes, apply risk mitigation measure and another inspection

This procedure follows the guideline of International Standard and Phytosanitary Measure No. 12 (ISPM No.12) to ensure that plants cargoes, products or other cargoes which were passed through this procedure is in conformity with the rules of Phytosanitary of importing country and actually complies with the contents as described in the certificate specimen.

3.3 Certificates Declaration and Support Documents

3.3.1 Customs Procedures / Obtaining Export License

3.3.2 Certificate of Origin

3.3.1 Customs Procedures / Obtaining Export License

The new exporter must register into ASYCUDA system at General Department of Customs and Excise before the customs authorities automatically recognize export. After receiving Phytosanitary Certificate, an exporter is required to obtain a permit from the Department of Export Management of GDCE or at the exit. Key documents for this authorization include: (The exact process is described in appendix 2)

All shipments	Only once
<ul style="list-style-type: none">▪ Invoice & Packing list;▪ Request letter for goods inspection (only in factory);▪ Letter of Authorization to Customs Broker;	<ul style="list-style-type: none">▪ Corporate registration letter from the Ministry of Commerce;▪ Patent;▪ Certificate of Tax Registration (VAT);

(Examples of the documents are included in appendix 3)

When the fruit arrives at the Chinese port, exporting countries are required to provide the temperature probe calibration reports and treatment temperature records to GACC officer for auditing.

3.3.2 Certificate of origin

A certificate of origin (CO) is a document used in international trade to certify goods made in Cambodia from where it is being exported. A CO is completed by the exporter and certified by a recognized issuing body – in the Kingdom of Cambodia’s case, Ministry of Commerce (MoC), attesting that the goods in a particular export shipment have been produced, manufactured or processed in a particular country. For a CO to be valid, it must be signed by the exporter and countersigned by MoC. Preferential COs attest that goods in a particular shipment are of a certain origin under the definitions of a particular bilateral or multilateral FTA. This certificate is required by a country’s customs authority in deciding whether the imports should benefit from preferential treatment in accordance with special trading areas or customs unions such as the European Union, ASEAN or the North American Free Trade Agreement (NAFTA) or before anti-dumping taxes are enforced.

In order to apply for a CO for export to China, exporters need CO form E. The exporter must go to the Department of Import and Export of the General Department of Trade Services. The required documents are:

- Authorized Letter from company to Ministry of Commerce (example in appendix 3)
- Sale invoice, Packaging list, and sale contract
- Monitoring report from Commercial Officers
- Bill of Lading / Airway bill
- Customs declaration

It is now possible for the exporter to apply for a Certificate of Origin of Goods through the Electronic System and through MoC webpage <https://co.moc.gov.kh>.

3.4 Shipping Bananas and Payment

- 3.4.1 Prepare bananas for export
- 3.4.2 Packaging and labelling bananas
- 3.4.3 Transport and shipping banana from Cambodia to China
- 3.4.4 Establish and develop business relation with export logistic companies
- 3.4.5 Agents and distributors
- 3.4.6 Payment procedures

3.4.1 Prepare bananas for export

Seller or exporter must prepare a timely supply or production schedule and work closely with shipping company on the date of receiving the agreed goods. If the seller or exporter have signed the contract with many producers, the seller must schedule a supply or common production based on the quantity of banana to be transported on a per-period basis. In many cases (according to agreed terms), appropriate packaging materials must be available for purchase by the sellers or exporters. Therefore, these materials need to be supplied on timely basis. This means that all transport plans and arrangements must be made clear with the appropriate mechanism.

3.4.2 Packaging and labelling the bananas

- **Labels:** Each packing box shall be marked with the name of product, place of origin (province, state), orchard, and packinghouse registration number, etc. in English. Each lot shall be marked in Chinese. The shipment for the bananas shall be in compliance with the sanitary requirement and free from the quarantine pests concerned by China as well as free of branch, foliage and soil, etc.

Picture 2: Example of banana export label from Cambodia



Hints for packaging for shipping:

Bananas must be handled with utmost care when being shipped to ensure that they reach their destination in perfect unbruised condition. Any abrasions, bumps, cuts and bruises must be avoided as these speed ripening and encourage the development of disease. They should also be kept in the right temperature so that they remain fresh and prevent quick ripening and spoiling.

Some hints for packaging: Remove any dust and dirt on the bananas. Dip or spray the pruning cut on the crown of the hand of bananas with a fungicide like thiabendazole (TBZ) while the cut is still fresh and moist. Fungicide is necessary to prevent the bananas from developing fungal growth or disease when shipped for long periods of time.

For example, bananas that are shipped short distances require shade and best is temperatures between 23 and 29 degrees centigrade. Stored in this manner, the bananas will ripen in a few days. Bananas that must spend longer than three days in transit from farm to table must be harvested before the fingers are fully rounded and must be chilled to between 13 and 14 degrees centigrade 24 to 48 hours beforehand. If the bananas remain unrefrigerated for longer than 36 hours, their green life will be significantly shortened¹.

Get a sturdy ventilated cardboard shipping box and line it with a large polyethylene bag designed for shipping. These bags minimize moisture loss, and control oxygen and carbon dioxide levels to different degrees to extend the shelf life of the bananas. Their use is the most important in long term shipping that will last between 4 to 50 days. Bananas shipped for shorter periods of time do not need their boxes lined with polyethylene.

Lay the hands carefully in rows, two hands deep. If you wish to pack the bananas four hands deep, place a flexible cardboard shipping pad between the lower to layers of hands and the top two layers of hands.

3.4.3 Transport and shipping banana from Cambodia to China

Bananas to be exported to China will be allowed to enter through any ports designated by GACC for importing fresh fruits. Ports need to have the necessary facilities to handle fresh fruit imports¹⁴. However, currently, Cambodia has limited direct shipping routes to China. Cambodia does not share a border with China and as a result, Cambodia relies on Ho Chi Minh City (HCM) as the hub to ship its fruits to China. However, bananas from Cambodia are also transported across the border from Vietnam to China (grey export routes).

There are basically four forms of official transport for fresh bananas to China: land, sea, river and air. The price for transport and shipping varies greatly. Well-connected ports that have frequent ships using the ports have significantly lower freight costs and also shorter shipping times. Less commonly used ports tend to be more expensive and have less frequent shipping possibilities. The transport routes are evolving rapidly, and the following information is only indicative of the current favoured routes for banana exports.

The four shipping options and the routes are as follows:

The four shipping options and the routes are as follows:

- **By land:** from Cambodia border checkpoints to Vietnam border checkpoints: a) Bavet in Cambodia to Moc Bai in Vietnam; b) Trapeang Phlong in Cambodia to Xa Mat in Vietnam, c) Trapeang Sre in Cambodia to Hoa Lu in Vietnam. The fruits will go to Pingxiang from Vietnam, then to major markets in China. Minor routes include: Oyadav in Cambodia to Le Tranh in Vietnam and then onwards to the ports in China.
- **By river:** from Phnom Penh to HCM. For the transfer from major HCM city, there are many shipping routes to go to China. Currently, two major ports in China receive bananas imports, they are Shanghai and Dalian.
- **Sea Freight:** Phnom Penh – Sihanoukville – Shanghai. The route currently takes 14 days and it also requires stop-over at another port on the way. Some Chinese companies are working on a direct shipping route from Sihanoukville to Shanghai which will only takes 7 days, and is expected to open later in 2020. There is only one shipping line from Sihanoukville to Shanghai. Currently, only one company is using this route.
- **Air Freight:** Phnom Penh International Airport to Shanghai airport etc: Currently, there is no shipment going by air. Banana exports could be sent by air the main airports to which they would be sent are Shanghai, Zhengzhou, Guangzhou etc.

The main ports in China that receive the fruits include Shanghai, Dalian, Qinzhou, Shekou, Qinhuangdao, and Tianjin.

- For example, **Shekou Port** is one of the key ports in the Dawan District. Over recent years, with the convenient customs clearance policy, sound supporting facilities, and efficient services, more and more importers and exporters have become aware of the

¹⁴ China-Cambodia Protocol on Phytosanitary Requirements for the export of fresh Banana from Cambodia to China

strengths of this port, and the categories and volumes of fruit entering China through Shekou Port have been increasing each year. The goal is to build Shekou Port into the largest fruit import port in South China. Since April 2018, Shekou Port has begun to implement the customs clearance model that allows companies to declare in advance and get cargoes released when arriving in Hong Kong. Since 2019, the port began to pilot the customs clearance model of the “two-step declaration. In terms of supporting facilities, there are 106 reefer checkpoints in the port and 3124 reefer charging points. In 2018 the volume of reefer containers arriving at Shekou Port was 46,300 TEU, a 43% increase from the previous year. Fruits that enter through Shekou Port are mainly dragon fruit, bananas, coconuts, longan, pineapples, and mangosteens.

- A further example is **Qinhuangdao** is an important point of import for fresh fruit. The designated port for imported fruits is located near the Qinhuangdao container terminal. This project includes a 36,000m² stacking area which can store 504 standard refrigerated containers, a 3,000m² inspection area (including an inspection platform, container quarantine area and fruit sorting area), a 36,000m² quarantine treatment area (include a fumigation treatment area, cold treatment area and heat treatment area), two supervised cold storage facilities with a total capacity of 6,000m³ with an automatic temperature and humidity monitoring system, office spaces, first inspection rooms and sample rooms. Qinhuangdao is also planning a wholesale fruit market that will cover more than 16 acres (6 hectares). Marketing supporting facilities, including storage, parking lots, office services and others are fully prepared, and will provide electronic clearing, an information network, quality inspection, monitoring, processing and distribution, financial services and other integrated services for the wholesale market to offer professional, fast, high-quality services
- Cold chain infrastructure and transportation has increased exponentially in China, growing from a cold storage capacity of 10 million m. and 12,000 refrigerated vehicles in 2007 to a capacity of 106 million m. and 89,000 vehicles in 2015. This rapid growth in cold chain infrastructure is concentrated in major import ports and FTZs such as Shanghai, Guangzhou, Fujian, and Tianjin. With the rise of e-commerce in the Chinese imported fresh fruit market, risks previously associated with payment and credit, such as unreliability of payment from Chinese consumers and importers, and delays in full payments being received, have been lessened through reputable online payment methods directly connected to fresh fruit e-commerce websites. For efficiency, spoilage prevention, lower costs, and general ease of access, fresh fruit exporters are recommended to utilize direct export as their primary distribution channel to mainland China. There exist over 4,000 wholesale markets across China, with each city typically hosting several major wholesale markets. Beijing’s Xinfadi Agricultural Market is the largest wholesale market in northern China, and is the source for 70% of all vegetables and 80% of all fruit consumed in Beijing. Guangzhou’s Jiangnan Wholesale Fruit and Vegetable Market is the most important imported produce wholesale market in China, accounting for 70% of all imported fruit and vegetables into China.¹⁵

¹⁵ Source: Exporting Fresh Fruit and Vegetables to China, Produce Market Association, 2016

3.4.4 Establish and develop business relation with export logistic companies¹⁶

Export logistics can be viewed as an extension to the company's current domestic banana growing operation. Understanding where the business of the company is positioned in the exporting supply chain will help the company to determine what extra steps may be necessary to get the banana product to its export market.

To have an effective (and efficient) shipping/transportation, traders/exporters need to build relation and work together with the logistics companies. This is necessary not only at the point of transport, but as early as possible.

Selecting the correct option of freighting the bananas must be business a high priority for your company and is vital to exporting success. In this decision factors such as price and payment method should be taken into consideration. Not getting your export pricing right can result in losses due to unforeseen costs. Also, chasing outstanding debtors in China is a difficult task, selecting the right payment option for the business will reduce the risk on non-payments.

Checklist for freighting

- Has the company considered the logistical demands of exporting, for example where the company is in the exporting supply chain?
- Has the company investigated physical infrastructure that may limit banana export potential, for example, the location of packing houses and the location of ports?
- Has the company investigated engaging the services of a sales agent or distributor?
- Has the company investigated/hired a potential freight forwarder or customs broker?
- Has the company considered the best freight option for you? e.g., Air or Sea?
- Has the company determined pricing and costs this pricing should include?
- Has the company an understanding of payment options for international transaction (e.g., Letters of credit, online payments) and managing foreign transactions?

¹⁶ Sources: AusVeg, Horticulture Australia, 2019, Guide to the export readiness checklist

3.4.5 Agents and distributors

The banana exporting company will not control the entire supply chain and rely on an agent or distributor to facilitate their exporting activities. Agents and distributors have different roles and responsibilities. These roles and responsibilities will also vary according to whether they operate in Cambodia or China. Choosing the right agent or distributor is important

Roles of Agents and Distributors:

- They do not take ownership of goods
- They represent the supplier to the buyer
- They are paid by the exporter based on a commission of sales
- The exporter is responsible for invoicing and collecting the payments from their customers.

Role of Distributors:

- They take ownership of goods and then resell the goods.
- They add a margin to products on resale.
- Money earned by distributors is higher than that of agents, as distributors carry inventory, extend credit for customers and take on marketing responsibilities.

Freight forwarders and customs brokers: If the company intends to control the supply on their own but the company may lack the knowledge to get the banana product to international markets, then using a customs broker and/or a freight forwarder is the most efficient way to the bananas shipped. These organisations generally have expertise in international freight. When selecting a freight forwarder, the company should consider their experience in dealing with perishable products¹⁷.

¹⁷ A list of logistic service providers and freight forwarders can be provided by GIZ-SRECA project upon request:
<https://connecting-asia.org/activities/>

3.4.6 Payment procedures

There are several different payment methods available for the company. Some of these are:

- Pre-payment or upfront payment: The buyer pays cash in advance of shipment (uncommon in international trade)
- Letters of credit: The importer's bank issues a document stating that they will pay the exporter when the terms of the Letter of Credit are fulfilled.
- Telegraphic Transfers: A telegraphic transfer (TT) is an electronic method of transferring funds utilized primarily for overseas wire transactions. Typically, telegraphic transfer is complete within two to four business days, depending on the origin and destination of the transfer, as well as any currency exchange requirements
- Documentary collection: Entrusts the handling of the company trade documents to the bank of the company.
- Credit terms: Payment will occur after the company has shipped the bananas.

For the payment of fresh fruits in general Letters of Credit are not used as it takes very long time to complete the payment, the documents are complicated, and the cost is high. Generally, the payment method is through Telegraphic Transfer (T/T) which includes 100% T/T in advance, or 80% T/T in advance while 20% upon arrival. Under the consignment model, it is usually 100% T/T upon arrival depending on how much the fruits are sold for. There is also a partnership model, which the deposit is paid in advance and the rest will be settled once the fruits are sold.

China Specific Import Requirements

STEP 5

Legislation and Regulations

STEP 6

Inspection, Testing and Quality Control

STEP 7

Customs and
Quarantine Clearance Processes

STEP 8

Customs and Quarantine Inspection
and Testing procedures

Regulatory and Legislative Overview and role of GACC

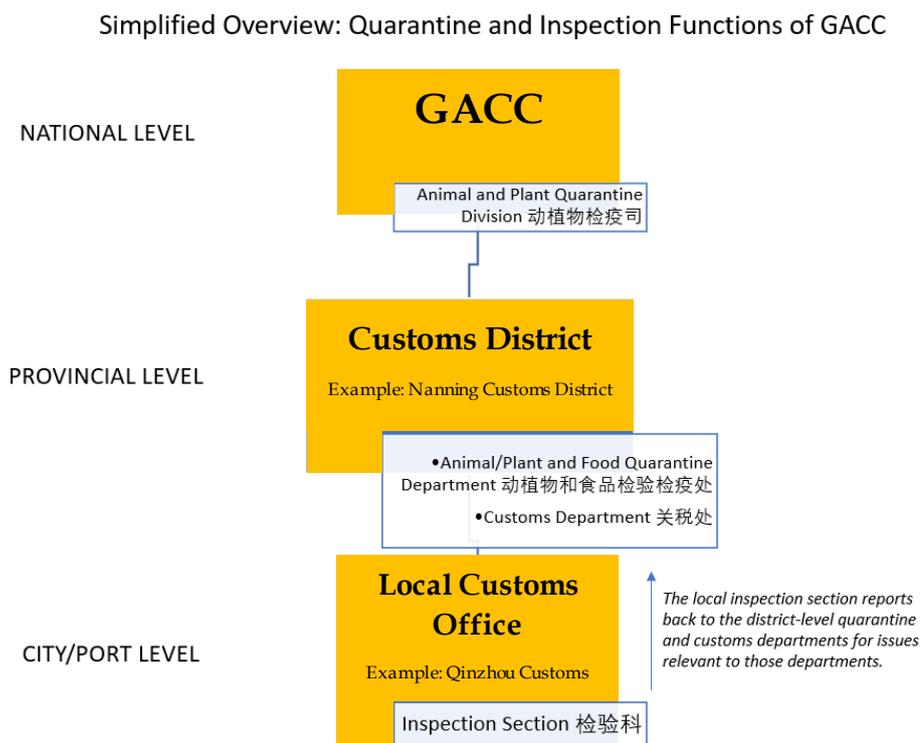
The General Administration of Customs of China (GACC) is the primary body governing policies, regulations, and product inspections related to the country’s fresh fruit imports.

Prior to a 2018 restructuring of China’s government, national-level import quarantine and food safety oversight was the responsibility of the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). In the restructuring, oversight and enforcement responsibilities and personnel related to fresh fruit imports were re-assigned to GACC. The reassignment included moving the entirety of the AQSIQ Animal and Plant and Quarantine Division (动植物检疫司) to become a division of GACC. Meanwhile, the local-level China Inspection and Quarantine (CIQ) offices formerly overseen by AQSIQ were folded into local China Customs offices, also ultimately overseen by GACC.

GACC’s functions as relate to imported fresh fruits include the following:

Regulatory (national-level)	Enforcement (Largely performed by local-level customs offices)
<ul style="list-style-type: none"> • Granting and revoking market access for foreign products • Determining phytosanitary requirements for each product/country based upon site visits and risk assessments • Signing and implementing agreements and intergovernmental treaties on quarantine protocols • Publishing up-to-date lists of fresh fruits approved for import into China, as well as of officially registered packing houses and orchards 	<ul style="list-style-type: none"> • Acting as entry port customs inspection agents able to seize goods in cases of missing or incorrect documentation • Collecting relevant taxes and duties, including value added taxes (VAT), tariffs, excise duties, and other taxes • Conducting quarantine inspections at ports and points of entry into China and reject non-compliant shipments • Ensuring appropriate product labelling of imports • Seizing suspected counterfeit, smuggled, and IPR-infringing imports

Figure 2: Overview of Quarantine and Inspection Functions of GACC



GACC oversees 42 customs districts, which are largely correlated to China’s provincial-level administrative divisions. However, some provinces with more ports or a higher volume of international trade contain multiple customs districts.

The customs districts are usually named after the city where the district main office is located. Typically, if a province only contains one customs district, then the district is named after the province’s capital city. For example, the Nanning Customs District, which is named for the capital city of Guangxi province,¹⁸ and which covers the entirety of Guangxi province. Guangdong province is an example of a province that is divided into several customs districts, such as Guangzhou city, Huangpu district (a part of Guangzhou city), Shenzhen city, and Shantou city.

Collectively, these customs districts administer more than 500 local customs offices across China, which house the staff who conduct the actual customs and quarantine inspections on imported fruit at the port of entry. For example, in Guangxi, under the Nanning Customs District, there are local customs offices named Qinzhou Customs (covering the Qinzhou seaport), as well as Friendship Gate Customs, which covers most of the overland road crossings between Pingxiang county and Vietnam.

¹⁸ Officially, Guangxi is not a province, but an autonomous region, and its formal name is the *Guangxi Zhuang Autonomous Region* (GZAR). However, it is a provincial-level administrative unit and for all practical reasons as applies to this report, its status is the same as a province. We therefore refer to it as such for the sake of simplicity.

4.1 Legislation and Regulations

Some of the underlying laws, regulations and bilateral accords governing GACC's policies for imports of fresh fruit include:

- The Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine (Enacted: 1 April 1992)
 - Regulation on the Implementation of the Law of People's Republic of China on the Entry and Exit Animal and Plant Quarantine (1 January 1997)
- The Food Safety Law of the People's Republic of China (Revised: 1 June 2015)
 - Regulation on the Implementation of the Food Safety Law of the People's Republic of China (1 December 2019)
- GACC and legacy AQSIQ decrees, such as the Administrative Measures on Inspection, Quarantine and Supervision of Entry Fruits (AQSIQ Decree No. 68, 5 January 2005)
- Bilateral agreements and memoranda, etc. signed by China and exporting countries

Announcements related to new policies and laws, customs statistics, and lists of officially registered orchards and packhouses are regularly published in Chinese on the GACC's Animal and Plant Quarantine Division website (<http://dzs.customs.gov.cn/>). Some relevant announcements are also published on the English version of the GACC website (<http://english.customs.gov.cn/>), but it is substantially less comprehensive compared to the information published in Chinese.

4.2 Inspection, Testing and Quality Control

- 4.2.1 China MRL policy
- 4.2.2 List of documents required for shipments of fresh fruit imported into China

GACC's quarantine inspection and testing procedures have two main aims:

- Phytosanitary security
 - Ensure that the shipment does not contain pests of concern or other pathogens that could pose a risk to domestic crops.
 - Pests of specific concern are typically listed in the phytosanitary protocols.
- Human safety
 - Ensure that heavy metal and pesticide residue levels do not exceed standards.
 - Imported fruits are subject to the same standards as domestically produced fruits.

As of the 2019 update of China's National Standards for Maximum Residue Limits (MRL) for pesticides in agricultural products.

In most circumstances, China only sets heavy metal residue standards in fresh fruit for lead and cadmium. The limit for all fruits is 0.1 mg/kg of lead and 0.05 mg/kg of cadmium in the edible parts of the fruit. An unofficial English translation (pdf) of the relevant food safety standards is available for download from the USDA Foreign Agricultural Service.

- Check for other pathogens, chemicals or food safety issues which violate food safety regulations or could otherwise pose a risk to consumers.

It should be noted that, after the imported fruit has cleared customs and entered China, testing for MRL violations and other food safety issues may be conducted by other government authorities at other points in the supply chain, including at the wholesale and retail levels.

4.2.1 China MRL Policy

Deferral Policy:

China maintains a national Maximum Residue Limit (MRL) list and does not defer to other markets' standards.

Default MRL Policy:

China does not have a default MRL policy. China regulates pesticide MRLs under GB 2763, the national food safety standard on pesticide MRLs. The current version of this standard, GB 2763-2019, covers all pesticides that are approved for use in China. GB 2763-2019 contains over 7,000 MRLs for 483 pesticides. China has undertaken an initiative to expand this regulation to include 10,000 MRLs by the end of the year 2020. Although China does not officially defer to FAO/WHO Codex standards, they host the Codex Committee on Pesticide Residues (CCPR) meeting annually, and during the CCPR meeting in 2007, China stated that it may consider Codex MRLs in cases where there is a residue dispute on specific

Frequency of MRL Updates:

China's MRL standard is updated every two to three years, and changes mostly include the addition of new MRLs. MRL proposals are notified to the WTO throughout the year, but it can take one to two years for draft provisions to be adopted. For list of MRL relevant for bananas please refer to appendix 6.

4.2.2 List of documents required for shipments of fresh fruit imported into China¹⁹

General documents for imported fruit

Provided by Exporter

- Official phytosanitary certificate issued by origin country or region (输出国家或地区官方植物检疫证书)
- Certificate of Origin (CO) (产地证书)
- Sale contract (贸易合同)
- Bill of lading (提单)
- Packing list (装箱单)
- Other buyer-specific documents as specified by your Chinese importer or freight forwarding agent.
 - As of August 2020, some exporters of foods to China were being unofficially requested by local-level customs offices to provide letters expressing their commitment to following Chinese regulations and World Health Organization-issued food safety guidance related to Covid-19.

Importer

- Entry Animal and Plant Quarantine Permit (进境动植物检疫许可证) specific to the type of fruit, origin, importer and exporter of the shipment.
- Customs Declaration Agent Appointment Letter (代理报关委托书, in case of acting as an agent for customs clearance).

Documentation specifically for bananas from Cambodia

Exporter

- Heat treatment temperature probe calibration reports and treatment temperature records (as per banana phytosanitary protocols).

¹⁹ Source: [GACC and importer interviews](#)

4.3 Customs and Quarantine Clearance Process

- Cargo Arrival Notice: Shipper notifies consignee (importer or agent) of the shipment's arrival to port and into facilities supervised by China Customs.
- The consignee submits to GACC all necessary documentation and applies for customs inspection (which includes quarantine inspection).

Document submission is now typically done electronically and can be performed 24 hours-a-day.

- If application is accepted, payment of tariffs and taxes.

Cambodian bananas have no tariff under the ASEAN-China FTA, but still must pay Value Added Tax (VAT) of 9% as of August 2020.

- Customs and quarantine inspection (see next section for details)
- In most cases, if inspection is passed, the consignee takes delivery of the cargo immediately (this is a point where fresh fruits and other fresh goods, due to their perishable nature, differ from other cargo).
- Issuance of "Entry Cargo Inspection and Quarantine Certificate". This is an important document that is required by many retailers in order to prove the imported fruit products they are selling were legally imported.

Figure 3: Example of Incoming Goods Inspection and Quarantine Certificate²⁰

中华人民共和国出入境检验检疫
入境货物检验检疫证明

编号: [REDACTED]

收货人	[REDACTED] 有限公司		
发货人	[REDACTED]		
品名	[REDACTED]	规格数/重量	442000.00克
包装种类及数量	442000个	原产国家或地区	美国
合同号	[REDACTED]	原产地号 [REDACTED]	
票/箱单号	[REDACTED]		
入境口岸	[REDACTED]		
入境日期	[REDACTED]		

证明

进口自产货物清单					
品名	产地/唛头/批号	规格	数量	生产日期	
[REDACTED]	[REDACTED]	442000个	442000个	2019-02-04	
以下空白		合计	442000个		

上述货物经检验检疫合格评定，予以通关放行。

签字: [REDACTED] 日期: 2019年 02月 12日

备注: [REDACTED]

D-2018(20)-11 ① 海关收执

The "Incoming Goods Inspection and Quarantine Certificate" is issued by the port customs in accordance with relevant national laws and regulations to certify that a certain batch of goods has been imported from a normal channel and has received the customs inspection and quarantine conformity assessment in accordance with the law, allowing the batch of goods to be legally circulated, transported and put in the country Legal documents for market consumption.

²⁰ Source: <https://www.re-code.org/article/865?categoryid=33>

4.4 Customs and Quarantine Inspection and Testing Procedures

The on-site inspection includes aspects related to both customs regulations and quarantine procedures.

- The customs aspect on the on-site inspection includes confirming that the contents, weight, and value of the shipment match the declarations made on the shipment's documentation.

- The actual container number must match the number declared on the phytosanitary certificate (for containerized shipments).
- Customs may also conduct an audit to determine if the declared value of the goods is reasonable and not overly low.

- For the quarantine aspect, the on-site inspection could be followed by laboratory testing and analysis.

- On-site inspection

- Check transport vehicles and packaging materials.
- Collect samples for laboratory testing (conducted at random).
- On-site examination – including cutting open fruit cross-section(s) – to check for insect eggs, larvae, or symptoms of insect damage, as well as the presence of mold inside the fruit.
- Collection of photo or video documentation of potentially harmful organisms or other issues uncovered in the inspection.
- If issues are found, representative samples will be delivered separately to a laboratory for safety and health analysis and pest quarantine and identification

- Laboratory testing for both pests and food safety violations (heavy metal and pesticide residues).

- Testing is assigned by an automated computer system and is partially randomized.
- Importers are not informed of whether, or which, tests their products were subjected to unless a problem is uncovered.

- Fruits that fail inspection due to the presence of a potentially harmful pathogen may be eligible for remedial treatment in China, overseen by GACC. If the remedial treatment is successful, the fruits can be released from customs and sold. Otherwise, the shipment will be returned (which could include diverting to a destination in another country) or destroyed.
- In ports with a high volume of fresh fruit imports, shipments of fruits deemed to have a low risk of phytosanitary or health problems will often be released to the consignee upon completion of the on-site inspection and still pending the results of laboratory tests and issuance of the Entry Cargo Inspection and Quarantine Certificate.
- The fruits contained in the shipment must originate from orchards, packing houses and pest treatment facilities that have been properly registered with GACC.
- Exporters should not mix into the container/shipment any quantity of fruit (such as a few cases of another fruit to be used as samples) that is not listed on the packing list and the import license. Doing so could cause rejection of the entire shipment.
- The quantity imported must not exceed the quantity listed on the import license.
- Wooden pallets used in the shipment must comply to International Standards for Phytosanitary Measures No. 15 (ISPM-15) and be properly marked as such.
- The first ever shipment to China of a particular fruit from a particular country/region is likely to be much more heavily inspected than subsequent shipments and may take several days or even a week or more to be released.
- The inspection and quarantine program for a specific shipment of fruit will be affected by the actual situation in the orchards in the exporting country, including pest epidemic data collected from the orchard pest monitoring and control records established by the export protocols.
- Quarantine and food safety inspection and testing results from local customs offices are fed back to GACC headquarters in Beijing for use in its epidemic reporting system and its food safety risk monitoring system. These systems are in turn used to inform inspection and testing programs for specific species of fruits imported from specific countries/regions. Therefore, past inspection or test failures for a particular product may influence future rates of inspection and testing, even at other ports of entry.

5 Hints for production and marketing Bananas²¹

5.1 Banana production

Ensure adequate production: One of the fundamental principles of export readiness is understanding that the ability of the company to export is dependent on the availability of your product. If the company does not have a yield greater than the demand of current domestic buyers, then it may not be a worthwhile investment to seek overseas orders.

Specific quantity orders: It is important to understand that in most cases, Chinese buyers have specific order quantities that they are required to fill. They are also likely to have seasonal trends in demand that might be different from the current seasonal production in Cambodia. Before engaging in business with a buyer, it is important that the company determines the minimum and maximum order requirements, as well as the timing of the orders. In order to maintain a long-term successful relationship with Chinese customers, the company must be able to reliably fill orders. The banana production methods may also be affected through the requirements of China, the importing country. These need to be carefully checked and verified.

Checklist for banana production:

- ⇒ Can the company produce a yield large enough to service the Chinese target market?
- ⇒ Is the company willing to alter production methods according to particular biosecurity demands of the Chinese market?
- ⇒ Does the banana product meet government regulations and safety standards for the market in China?
- ⇒ Can the company increase production in response to demand? If so, does the company have enough trained staff to handle the increased production?

5.2 Focus on quality²²

There is general agreement amongst industry experts that product quality is the single most important determinant of success for fresh fruit sales in China. Identifying bottlenecks in quality should be among the top priorities of fruit growers and exporters seeking to establish a presence in the Chinese market. In addition to enhancing planting, harvesting, and soil management techniques, ensuring proper post-harvest handling and appropriate logistics services are also important determinants of the condition in which fruits arrive in wholesale and consumer markets in China. Additionally, growers and exporters should focus on understanding China's preferences for fruit sizes, flavours, colours, and shapes, and consider developing products tailored specifically to those demands.

²¹ Sources: AusVeg, Horticulture Australia, 2019, Guide to the export readiness checklist

²² Tropical Fresh Fruit Exporter's Guide to China, March 2020, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Support of Regional Economic Cooperation in Asia (SRECA), Cambodia

5.3 Market research

China's consumer markets are highly dynamic and rapidly evolving. Fresh fruit suppliers should consider conducting their own market research in order to better understand market conditions and to develop an informed evidence-based strategy for their particular products. Such research should include detailed analysis of competing products, price trends, and offer actionable recommendations. It should also take into account the highly fragmented nature of China's regional markets, and the variations in preferences and consumption habits between them. In such a dynamic environment as China, such market intelligence can have a short shelf life, and therefore should ideally include a strategy to stay current with market trends. A very useful report for this purpose is the recently published *Tropical Fresh Fruit Exporter's Guide to China*²³. The report highlights the trade between China and three ASEAN-member countries: Cambodia, Lao PDR, and Vietnam for the following fruits: banana, banana, watermelon, longan, lychee, dragon fruit, durian, and jackfruit.

5.4 Local partnerships

Exporters of premium fresh fruits need to place greater emphasis on selecting import and promotional partners that can help them to achieve their potential in China. Maintaining product quality from grower to end consumer is a collaborative effort that requires dedicated management across the entire supply chain. Ensuring premium products receive the promotional attention they deserve in the right online and offline spaces also requires partners with strong local networks. Growers and exporters of premium fresh fruits should seek out opportunities to meet and develop relationships in China – not only with importers, but also with purchasing managers of leading retailers and e-commerce websites.

5.5 Marketing and branding

In China's highly competitive fruit market, branding has become a key method for suppliers to differentiate their products, receive higher prices, and achieve greater sales volumes. Effective fruit brand marketing requires working directly with Chinese retail partners, as well as conducting public relations campaigns in China's media and on social media networks. In addition to branding for specific fruit companies and products, as evidenced by government-led fruit promotions on leading e-commerce platforms and in major retail chains, carrying out country and industry branding has also been proven highly successful in China.

²³ Tropical Fresh Fruit Exporter's Guide to China" SRECA's website
https://connecting-asia.org/wp-content/uploads/2020/03/20200410_Tropical-Fresh-Fruit-Exporter%E2%80%99s-Guide-to-China_SRECA_e-version.pdf

5.6 Marketing

Know your market: Making a good first impression on a potential fresh fruit buyer is vital to export success. It is important to be confident, responsive, friendly and professional. In order to make a good impression, it is important to learn about any cultural factors that may influence the companies' ability to export to the market in China.

Promotional materials A good website and a promotional brochure are very effective ways to communicate with international vegetable buyers. The company website should be well constructed and easy to navigate, with up-to-date content. It should be in English, Chinese and Khmer. Business cards also make it easy for the company to build relationships with vegetable buyers that you meet in person.

Translations: Chinese banana buyers will not be able to speak or read Khmer or even English. The company will need to consider translating all communication material to English and Chinese and hiring the services of an interpreter for meetings.

Visit China (market visits) Cambodia fresh fruit exporters should visit China in order to better understand their target market and the distribution channels through which their products flow. Visiting China is also essential for developing relationships with potential import and promotional partners. Attending a fresh fruit trade fair, conference, or participating in a trade mission are the fastest and easiest ways to begin networking with potential partners while learning first-hand about the market with expert guidance. Face-to-face meetings are also an important part of Chinese business culture, the value of which should not be underestimated by anyone seeking to establish a presence the China market.

Checklist for marketing the bananas:

- ⇒ Does the company have promotional materials suitable for overseas customers such as a website and brochures?
- ⇒ Has the company considered the translational of promotional materials into English and Chinese language which is relevant to target the Chinese market?
- ⇒ Is the company willing to undertake business trips to the target market in order to promote and market the bananas, as well as conduct business negotiations?

5.7 Risk management

Understanding and successfully managing the risks associated with exporting your vegetables must be central to your export strategy. Risks to be aware of when exporting include:

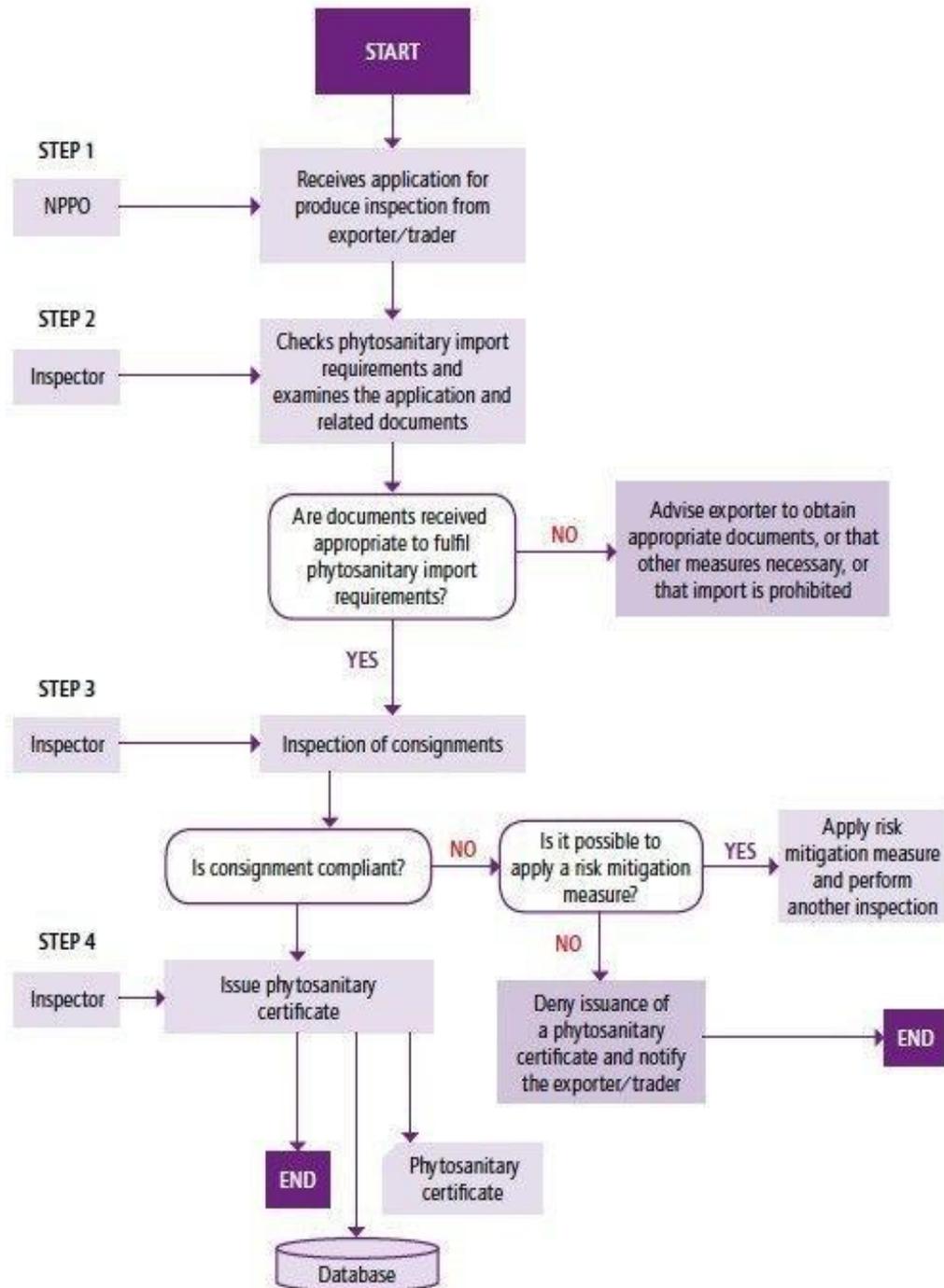
- **Legal risks:** Export destinations operate under laws that differ from Cambodian law. The company needs to themselves with the laws of China (national and local laws) for banana exports.
- **Bribery, graft and Corruption Risk:** Bribery, graft and corruption are illegal in China. Participating in any of these activities is illegal.
- **Quarantine compliance risk:** Understand any quarantine requirements that China demands.
- **Exchange rate risk:** Exchange rate risk can occur because of fluctuations in the value of currency.
- **Non-payment risk:** A serious risk for exporters can remain non-payment.

6 List of relevant trade fairs in China

Event	2020 Dates	Location
China International Fruit & Vegetable Fair (ChinaFVF) en.chinafvf.com	TBD	Beijing
China International Import Expo (CIIE) www.ciie.org/zbh/en	TBD	Shanghai
Asia Fruit Logistica www.asiafruitlogistica.com	September 16-18	Singapore
ifresh Asia Fruit & Vegetable Industry Expo en.ifreshfair.cn	November 10-12	Shanghai
Asia Fresh www.asiafreshexpo.com	November 27-28	Shanghai

7 Appendixes

Appendix 1: Step/process of applying for phytosanitary certificate



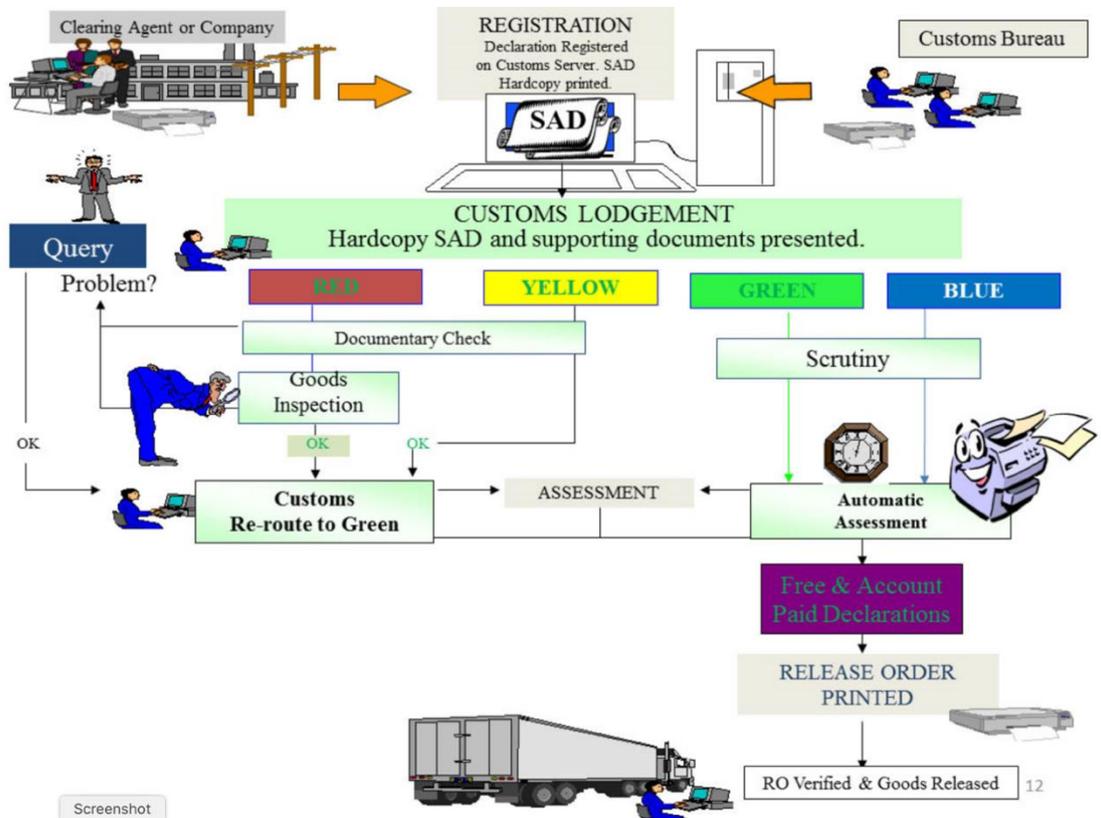
Appendix 2: Customs Declaration - Cambodia

Reference Regulations

- Prakas No. 1447 MEF dated 26 December 2007, Ministry of Economy and Finance, on Provisions and Procedures on Customs Declaration.
- Instruction N0.1308 GDCE dated 24 November 2009 on Detail Procedures and Responsibilities in Functioning Customs Declaration (Single Administrative Documents-SAD) through electronic mean.

Procedures of Customs Declaration in ASYCUDA

The Electronic lodgment of Customs Declaration (Single Administration Document-SAD) through new automated customs processing system called Automated System on Customs Data (ASYCUDA) follows the Processes in diagram of ASYCUDA below.



The general procedures to be followed by importers, exporters and their representatives for the electronic submission of customs declarations are described below:

1: Preparation and Printing of Customs Declaration

The Customs Broker/Declarant inputs information of SAD directly into the ASYCUDA. The computer checks and verifies the customs declaration with reference documents in the system, and performs some examinations. The system will allow registration of customs declaration when information is completed and valid. Registered customs declarations can be cancelled with authorization from the GDCE. Only registered customs declaration is considered legal document.

After registration, the Customs Broker/Declarant shall print and sign two (2) copies of SAD attached with all required documents and submit to competent Customs officer.

The system will automatically inform the Customs Brokers /Declarant about the situation of the customs declaration process.

2: Submitting the Customs Declaration

The customs officer in charge of face vetting examines hard copies of registered SAD and attached documents with information in the system to ensure that the SAD is properly filled, clear and legible and signed by the Customs Broker/Declarant, and all required documents are submitted together with the hardcopy registered SAD.

The customs officer may reject any SAD which does not fulfil the above requirements.

3. SAD Processing Lanes:

When the SAD is completely and satisfactorily checked, the customs officer assesses the SAD by using the system. By using risk management criteria, the system will assign the processing Lane for the Declaration as below:

RED Lane: The SAD must be scrutinized (checked against documents). Goods are subject to physical inspection before re-routing the SAD to GREEN lane and assessment by Customs.

YELLOW Lane: The SAD must be scrutinized (checked against the documents) before re-routing to GREEN lane and assessment by Customs.

GREEN Lane: The SAD is automatically assessed and a clearance document issued. The hardcopy SAD may be subject to post-clearance audit (PCA).

BLUE Lane: The SAD is provided the same treatment as for GREEN Lane and with specific reasons subject to post-clearance audit.

If customs declaration is under Red and Yellow lane, Customs officer shall verify the selectivity criteria that caused the declaration to be set in these lanes. The system will show special requirements such as requirement for import license, withdrawal of sample and history of smuggling etc.

4. Query Desk:

If there are some errors in data entry or irregularities found during physical examinations, SAD will be routed to the Customs Query Desk. Customs Broker/Declarant will be notified that the SAD status has changed to “query” and the reasons for the query.

Upon receiving the notification, Customs Broker/Declarant shall go to the Customs Query Desk. If any amendments to SAD are required, Customs Officer in charge of Query Desk will discuss with Broker/Declarant. If agreement is not reached, the customs officer will prepare a report or record to GDCE for further action.

When the above action is fulfilled and agreement is reached, customs officer shall sign on SAD and update the inspection act based on the results of inspection and settlement at query desk or upon the decision of GDCE. Then SAD will be re-routed to GREEN.

5. Container Scanning

Container scanning is done independently of SAD processing. The system will be available in the Scanning Office enabling the scanning officer to compare the goods declared on the SAD with those found on the scanning image/scanning information.

Any irregularity found should be recorded in the Inspection Act Form by Customs.

6. Assessment Notice

When the SAD is assessed by the ASYCUDA, the system will inform the amount of duties, taxes and fees to be paid. The notice of assessment will be used as a reference document for payment of duties, taxes and fees.

7. Accounting

Duties, taxes and fees are paid in accordance with regulations in force. If payment is made via the National Bank of Cambodia or other authorized financial institutions, the receipt issued these institutes shall be submitted to Customs and the system will issues a Customs receipt in return.

8. Release of Goods

After payment of duties, taxes and fees Customs will issue the Cargo Release Note, which details the amount of duties, taxes and fees related to the declaration. This note is used to authorize release of the cargo from customs.

9. Post Clearance Auditing (PCA)

SADs processed under blue and green lane are subject to post-clearance audit.

Authorized User for SAD process

- Legal person or company with Value Added Tax certificate
- Owner of the goods or representatives
- Customs broker recognized by Customs
- Legally authorized Employee of the company

Required Documents for Customs Declaration

Documents to be attached with SAD:

- Invoice and Packing list
- Transportation documents (Bill of lading/ Airway Bill/Truck bill)

If necessary

- Manifests
- Licenses
- Permit
- Certificate of Origin
- Certificate of Insurance and
- other related documents

Responsibility of Customs Broker/Declarant in Customs Declaration

Customs Broker/Declarant shall perform the following responsibilities:

- Declarant shall input data on Customs declaration including valuation note until registration
- When finish inputting data on Customs declaration, declarant shall verify and then register Customs declaration if there is no mistake or after the correction of mistake. After registration ASYCUDA will provide registration number and date automatically.
- Declarant shall print 2 copies of the registered Customs declaration and valuation note (in case necessary) in A4 size paper (Note: Customs declaration can be printed after registration).
- Registered Customs declaration attached with necessary documents shall be submitted to Customs officer in charge face vetting. Declarant shall sign on Customs declaration in front of Customs officer.
- In case Customs officer in charge face vetting does not accept Customs declaration, declarant shall contact query desk official.
- If there is official in charge of manifest, declarant shall bring the copy of Customs declaration to Customs officer in charge of manifest in order to write off goods in Customs declaration from manifest.
- If scan is required, declarant shall bring the copy of Customs declaration to Customs unit in charge of scanning the container.
- If physical inspection is required, declarant shall contact chief examiner for inspecting the cargo.
- If additional information is need by Customs officer, declarant shall go to query desk.
- If payment is made via banking system, declarant shall provide bank receipt to Customs officer in charge of accounting in order to certify the payment in ASYCUDA.
- If payment is made on cash/check, declarant shall provide cash/check to Customs officer in charge of accounting in order to certify the payment in ASYCUDA.
- After payment of duties and taxes or in case goods are declared under advance payment, declarant shall receive Customs receipt from cashier and then Customs receipt on vehicle (if exist) and cargo release note of Chief of accounting.
- Declarant shall take transportation note from Customs officer in charge of warehouse or Customs area and then take the cargo out.
- In case there is an approval and permission to totally or partially return duties and taxes, declarant shall bring necessary documents include decision of the competent authority, Customs declaration, Customs receipt, Bill...etc to accountant and cashier in order to certify the return of duties and taxes in ASYCUDA.



ព្រះរាជាណាចក្រកម្ពុជា
Kingdom of Cambodia
ជាតិ សាសនា ព្រះមហាក្សត្រ
Nation Religion King

អគ្គនាយកដ្ឋានគយនិងរដ្ឋាករកម្ពុជា
General Department of Customs and Excise

លេខ និងកាលបរិច្ឆេទ No. & Date
 2020 អលក រ 1928 : 30/06/2020

បញ្ជាក់ដៃបង់ប្រាក់
PAYMENT RECEIPT

តាមការសុំ/សារ/ការិយាល័យដាក់ប្រតិបត្តិ Lodgment Office: KPC11 Tropicang Piong CEO
 ប្រតិបត្តិ Declarant: K009901805837 YQL (CAMBODIA) INVESTMENT CO., LTD.
 អ្នកនាំចូល/អ្នកនាំចេញ Importer/Exporter: K009901805837 YQL (CAMBODIA) INVESTMENT CO., LTD.

លេខយោងប្រតិបត្តិ Declarant Reference		បញ្ជីប្រតិបត្តិ Customs Registration		ប្រភេទ Type	ទឹកប្រាក់ Amount
ឆ្នាំ Year	លេខ No.	ឆ្នាំ Year	លេខ No.		
2020	YQ040/20	2020	E 1928 1928 652	EX 1	0
ចំណូលសារពើពន្ធ Fees					ទឹកប្រាក់ Amount
សរុបចំណូលសារពើពន្ធ Total Amount for Fees:					0
ចំណូលមិនមែនសារពើពន្ធ Non-Tax		យោង Reference		ទឹកប្រាក់ Amount	
CDF	Customs Declaration Fee	Prakas 1608 MEF Dated 21/12/2018		15,000	
PFC	CPF 20F	Prakas 1608 MEF Dated 21/12/2018		60,000	
សរុបចំណូលមិនមែនសារពើពន្ធ Total Amount for Non-Tax Fees:					75,000
មធ្យោបាយទូទាត់ Means of Payment		យោង Reference		ធនាគារ Bank	
10	In cash			75,000	
សរុបប្រាក់ទទួលបាន Grand Total:					75,000



ប្រតិបត្តិ Cashier

SENG WANNACRITH

KINGDOM OF CAMBODIA
SINGLE ADMINISTRATIVE DOCUMENT

CUSTOMS DECLARATION

A OFFICE OF LODGEMENT

Office Code: KPC11

Tropeang Plong CEO

BLUE

Copy 1

2 Exporter/Consignor Code K009801805837
YQL (CAMBODIA) INVESTMENT CO., LTD.
#40 St. 04 Phum Banla Sa'et Sangkat
Kamouh Khan Sen Sok Phnom Penh
Cambodia

8 Importer/Consignee Code
DALIAN RUIHUA EVERFRESH TRADE CO.,LTD.
ADD: NANSHAN1910 HOUSE E14, NO.124 QIQI STREET
ZHONGSHAN DISTRICT DALIAN, CHINA.

14 Declarant/Representative Code K009801805837
YQL (CAMBODIA) INVESTMENT CO., LTD.
#40 St. 04 Phum Banla Sa'et Sangkat
Kamouh Khan Sen Sok Phnom Penh

18 Ident. and Nat. of MOT at Arrival / Departure
TRUCK: 51C-11764 VN YES

21 Ident. and Nat. of MOT Crossing the Border
TRUCK: 51C-11764 VN

25 Mode Transport 26 Inland Mode 27 Place of Loading/Discharge
3 at Border 3 Transport KHKPC KAMPONG CHAM
29 Office of Entry/Exit 28 Location of Goods
KPC11 Tropeang Plong CEO CCA

1 TYPE OF DECLARATION EX	6 Total Packages 1540	7 Declarant Reference Number 2020 YQ040/20
3 Form E	4 Excess E	5 Number 652
9 Name YQL (CAMBODIA) INVESTMENT CO., LTD.	10 Octagonal Code 1540	11 xxx VN
12 Country of Export Cambodia	13 Pre-arrival 0	15 C.E. Code a KH b
16 Country of Origin Cambodia	17 Country of Destination China	19 C.D. Code a CN b
20 Delivery Terms FOB Tropeang Plong	22 Cur. & Tot. Invoice Amount USD 8,514.00	23 Exch. rate 4,093.0000
24 Nature of Transactions 1 0	28 Bank Code Tropeang Plong	29 Nature of Transactions 1 0
25 Mode Transport 3 at Border	26 Inland Mode 3 Transport	27 Place of Loading/Discharge KHKPC KAMPONG CHAM
29 Office of Entry/Exit KPC11	28 Location of Goods Tropeang Plong CEO	29 Nature of Transactions 1 0

31 DESCRIPTION OF GOODS
a) Marks Packages
b) Number & Type: 1,540 BX
Box
Containers Identifier
Goods Description as Per Tariff: -- Other
Commercial Description: FRESH BANANAS

32 Item No 1	33 Commodity Code 08030090 00	34 C.O. Code a KH b	35 Gross Mass (kg) 23,100.00	36 Preference
37 Procedure 1000 000	38 Net Mass (kg) 21,660.00	39 xxxxx	40 Transport Doc / Previous Declaration YQL-0017	41 Supplementary units 8,514.00
42 Item Price 8,514.00	43 Identification of Warehouse	44 Adjustment 1.0000	45 Customs value 34,547.802	46

44 ADD. INFO
License No: DV: DQ:
Value Declared: 0-0
Attached Dec:
CHAMNAR OFFICE: (30-06-2020)
INV+PL:YQL-0017 (30-06-2020)

Type	Tax base	Rate	Amount	MP
ETO	34,547,802	0.00		0 1
Total				0 1

43 Deferred payment	44 Adjustment 1.0000
B ACCOUNTING DETAILS	
Mode of Payment : CASH	Date : 30 JUN 2020
Assessment No :	Date : 30 JUN 2020
Receipt No :	Date :
Guarantee : 0 KHR	Date :
Total Fees : 15,000 KHR	
Total Declaration : 15,000 KHR	

50 Principal No: Signature

C OFFICE OF DEPARTURE	
51 country	52 Office of Destination (and Country)

53 Guarantee Not Valid
54 Place and date
Stamp:
Result:
Signature:

54 Place and date
Signature and Name of Declarant Representative
ZHAO YANG



YQL(CAMBODIA)INVESTMENT CO.,LTD.
 #40, st04, Phum Banla sa'et Sangkat Kmounh Khan Sen Sok, Phnom Penh City, Cambodia.
 TEL: +855-713035039
 cills@126.com

COMMERCIAL INVOICE

Invoice Number: YQL-0017
 Date: 30-Jun-20

Consignee: DALIAN RUIHUA EVERFRESH TRADE CO.,LTD
 Address: NANSHAN1910 HOUSE E14 , NO.124 QIQI STREET ZHONGSHAN DISTRICT , DALIAN,CHINA

Notify Party: *****Same as consignee*****

Shipper/Exporter: YQL (CAMBODIA) INVESTMENT CO.,LTD.
 Address:#40 , st04 , Phum Banla sa'et Sangkat Kmounh Khan Sen Sok , Phnom Penh city, Cambodia.

Seller: YQL (CAMBODIA) INVESTMENT CO.,LTD.
 Address:#40 , st04 , Phum Banla sa'et Sangkat Kmounh Khan Sen Sok , Phnom Penh City, Cambodia.

COMMODITY	FRESH BANANAS	
BRAND/S	YQL	
TRANSPORT DETAILS:		
Destination	DALIAN,CHINA	LOADING AT:
Carrier	CMA	FROM: Kampong Cham Province, Cambodia, Trucking
Vessel /VOY	LCRRRAINE 20006N	Ho Chi Minh ,Vietnam
ETD	7/3/2020	BY Sea to : Dalian, China

CONTAINER NUMBERS/SEAL NUMBERS	Classification	Quantity (Cartons)	NET WEIGHT (14kg/Carton)	FOB HO CHI MINH UNIT PRICE (US\$ per piece)	TOTAL AMOUNT (US\$)
GESU9531240K8514205	CLASS A789	44	616		\$,786.00
	CLASS B458	200	2800		\$,560.00
	CLASS CL	1296	18144	\$5.50	\$,7,128.00
TOTAL FOB HO CHI MINH PORT		1540	21560		\$8,514.00

TOTAL AMOUNT IN WORDS: US DOLLAR EIGHT THOUSAND FIVE HUNDRED AND FOURTEEN ONLY.

Certified true and correct
 YQL (CAMBODIA) INVESTMENT CO.,LTD.



YQL(CAMBODIA)INVESTMENT CO.,LTD.
 #40, st04, Phum Banla sa'et Sangkat Kmounh Khan Sen Sok, Phnom Penh City, Cambodia.
 TEL:+855-718035039
 cilis@126.com

PACKING LIST

SERIES NO. YQL-0017
 DATE. 30-Jun-20

Consignee: DALIAN RUIHUA EVERFRESH TRADE CO.,LTD
 Address : NANSHAN 1910 HOUSE E14 , NO.124 QIQI STREET ZHONGSHAN DISTRICT , DALIAN,CHINA

Notify Party: *****Same as consignee*****

Shipper/Exporter: YQL (CAMBODIA) INVESTMENT CO.,LTD.
 Address:#40 , st04 , Phum Banla sa'et Sangkat Kmounh Khan Sen Sok , Phnom Penh city, Cambodia.

Seller: YQL (CAMBODIA) INVESTMENT CO.,LTD.
 Address:#40 , st04 , Phum Banla sa'et Sangkat Kmounh Khan Sen Sok , Phnom Penh City, Cambodia.

TRANSPORT DETAILS:		LOADING AT:
Destination	DALIAN,CHINA	FROM: Kampong Cham Province, Cambodia, Trucking
Carrier	CMA	Ho Chi Minh ,Vietnam
Vessel /VOY	LORRAINE 20008N	BY Sea to : Dalian, China

COMMODITY FRESH BANANAS
 BRAND/S YQL

CONTAINER NUMBERS/SEAL NUMBERS	Classification	Quantity (Cartons)	NET WEIGHT (14kg/Carton)	GROSS WEIGHT (14kg/Carton)
GESU9531210/K8614205	CLASS A789	44		660.00
	CLASS B456	200		3000.00
	CLASS CL	1296	18144	19440.00
GRAND TOTAL		1540	21560	23100.00

PACKING DETAILS/SAY: FRESH BANANAS

Certified true and correct
 YQL (CAMBODIA) INVESTMENT CO.,LTD.





YQL(CAMBODIA)INVESTMENT CO.,LTD.

#40, st04, Phum Benla sa'et Sangkat Kmounh Khan Sen Sok, Phnom Penh City, Cambodia.
TEL:+855-718033039
cills@126.com

BILL OF TRUCKING

Document Date: 30-Jun-20

Bill of Trucking No : YQL-0017

Place of Loading: Kampong Cham Province, Cambodia

Shipper/Exporter: YQL (CAMBODIA) INVESTMENT CO.,LTD.

Address:#40 , st04 , Phum Benla sa'et Sangkat Kmounh Khan Sen Sok , Phnom Penh city, Cambodia.

Consignee: DALIAN RUIHUA EVERFRESH TRADE CO.,LTD

Address : NANSHAN1910 HOUSE E14 , NO.124 QIQI STREET ZHONGSHAN DISTRICT , DALIAN,CHINA

ORIGIN	CAMBODIA	Port of discharge: TRAPANG THLONG BORDER CHECK POINT,VIETNAM		
FROM	KAMPONG CHAM,CAMBODIA	TO: Ho Chi Minh City,Viet Nam		
MARKING	DESCRIPTION OF GOODS	QTY (Boxes)	Net Weight (14kgs)	Gross Weight (15kgs)
	FRESH BANANA (HS code : 0803.90.00)			
	Packing:14kg/box net	1540	21560	23100.00
	TOTAL:	1540		23100.00
IN WORDS	From Kampong Cham,Cambodia to Vietnam By Truck			
Contract No.:	YQL-0017			
Invoice No.:	YQL-0017			
Vehicle No.:	GESU9531240/K8614205			



Certified true and correct

YQL (CAMBODIA) INVESTMENT CO.,LTD



Appendix 4: Government Agencies, Development Partners and Relevant Stakeholders²⁴

General Directorate of Agriculture (GDA) of MAFF plays an important role in promoting the export of the Bananas in Cambodia. Under GDA, the **Horticulture Department** has developed the horticulture policy aiming at the supporting and further promoting the sub-sector. The GDA supports the sub-sector through providing the technical skill trainings, including the promotion of safe product standards (GAP and organic), and linking producers to markets. **Department of Plant Protection, Sanitary and Phytosanitary (SPS)** is a highly relevant unit for agriculture exports through its role in pest monitoring system management and farm inspection in order to issues SPS certificates to exporting companies.

Under **Ministry of Commerce (MoC)**, the relevant departments and units include:

- **Trade Training and Research Institute (TTRI)** (under General Directorate of Domestic Trade) provides capacity building to relevant government staff and private sector on trade agreement, trade negotiation for both agriculture and non-agriculture products (a total of 16 modules), and other on-demand courses upon SMEs' request (including export procedure, market research, custom, entrepreneurship, exhibition, production, and registration, etc.); conducts researches (banana value chain study in 2016); and plans to develop a trade info centre, which includes an information desk for registration services, QIP, business prototype, tax and custom services, trainings, product development and technology), database for SMEs, and an e-library for MoC consisting of all trade information for both students and SMEs.
- **Department of Exhibition Affairs** (under General Directorate of Trade Promotion) is responsible for organizing and facilitating trade exhibitions in both local and international markets, covering (1) annual forum and exhibition of safe vegetables and fruits in Siem Reap, targeting tourists and hotels (MoC providing free booths to SME upon registration); (2) annual China and ASEAN exhibition in Nang Ning in September, targeting 150 free booths for all kinds of products and SMEs bearing own costs for other expenditures with MoC facilitating the process of getting the sample to the exhibition; (3) annual exhibition in Shanghai in November; (4) annual exhibition in Khun Ming in June; and (5) other exhibitions in other provinces in China.
- **Department of Trade Policies** (under General Directorate of Trade Promotion) has engaged with MAFF in the MoU discussion/negotiation with China authorities on official market access of the Cambodia's fresh agriculture produce to China; is part of the banana working group at MoC, supporting the banana MoU negotiation; and works with development partners on various value chain studies and developing trade policies for specific crops (e.g. draft National Cassava Policy, value chain studies on pepper and cashew nuts, etc.)
- **Department of Import-Export** (under General Directorate of Trade Services) is responsible for issuing Country of Origin (CO) certificate (automated since 2015 with online application and payment, but still needing hard copy as per clients' requirement); cooperates with TTRI in providing trainings on CO application to approximately 600-700

²⁴ Source: GIZ; Mapping Actors in Trade/ Export of Agriculture Produce in Cambodia, 31 July 2020, BDTTrus consultancy

logistic professionals; and ensures code of conducts (via a Prakas) of logistic service providers by issuing an ID and certification (2-year with possible renewal).

The Department of Research and Extension of **Royal University of Agriculture (RUA)** received the fund support from USAID through USDA to conduct a banana (and cashew nut) value chain study to map out key stakeholders. In addition, RUA is running five Technology Parks (drip irrigation and cover crops), under the full financial support from USAID to support horticulture and livestock development. One of the Technology Parks, which is located in Siem Reap focuses mainly fruit sub-sector. RUA has also contributed to a study under the Japan-ASEAN framework to promote technology especially related to cold chain, storage facilities and packing houses.

Ministry of Economy and Finance (MEF) supports the agriculture sector through tax and custom incentives provided to SMEs and also those engaged in agriculture sector. According to two Sub-Decrees on tax and custom incentives for SMEs issued in late 2018 and early 2019,²⁵ SMEs in agriculture and agro-industry sector among the SMEs who are qualified to entitle a range of benefits including:

- Exemption of income tax for newly registered enterprises for 3 to 5 years
- Exemption of monthly 1% pre-payment of income tax and annual minimum tax during the income tax exemption period
- Incentives for deductible expenditure include a 200% weighted tax deductible expense for IT-based accounting software and training and staff technical training, and a 150% weighted tax deductible expense for equipment or new technology that increases productivity
- Exemption of import tax on production equipment, construction equipment, and production inputs

In February 2020, the government developed “SME Sector Rejuvenation Initiative 2020” to launch a **SME Support Fund**. Under this Fund, an SME Bank was established with US\$100 million fund to be provided to SMEs as low interest rate loans. While half of the fund is for non-agriculture SMEs via partnered banks and MFIs, the remaining half is channelled to support SMEs in agriculture and agro-processing sectors through Agriculture and Rural Development Bank. The loan amount is up to \$300,000 with an interest rate between 5 and 6 percent for working capital and 5.5 and 6.5 percent for investment.

In addition to the above-mentioned government agencies, there are a number of relevant projects, programs and initiatives supporting the trading and exporting of the designated commodities. Besides those of development partners, there are two platforms recently initiated with direct relevance to this study. These include:

- **Grow Asia’s Cambodia Partnership for Sustainable Agriculture (CPSA)** is a multi-stakeholder partnership platform aiming at enhancing agriculture inclusiveness and sustainability in Cambodia. Targeting fruits, pepper and other horticulture sub-sector,

²⁵ Sub-Decree No. 124 R.N.Cr.BK on tax incentives to SMEs in priority sectors, dated 2 Oct 2018; and Sub-Decree No. 50 R.N.Cr.BK on custom incentive to SMEs, dated 25 Mar 2019.

CPSA conducts researches and offers a platform for networking opportunities, information exchange, and training on technical skill, and stakeholder coordination (e.g. vegetable working group established in 2019). Recently CPSA conducted a rapid value chain study of 5 fruits (banana, banana, longan, dragon fruit, and fragrant) to support the development of a fruit working group.

- **Cambodia Horticulture Investment Platform (CHIP)** recently initiated by a policy makers and private sector with an aim to gather the involvement from all relevant stakeholders in vegetables and fruits sub-sectors. To date, CHIP consists of around 10 members who are private sector (including Longmate, Amru, KOC, etc.), policy makers (MAFF, MEF and MoC), and investors. CHIP is directed by four pillars including supporting the government in trade negotiation with trading partners (like Japan, Korea and other countries), tackling non-tariff barriers through investment in machinery supporting fresh agriculture produce, advocating for government incentives in agro-processing, and linking producers with long-term market access and investment in irrigation. The interest of CHIP in fruits includes banana, pineapple, avocado and passion fruits. By end of 2020, CHIP aims to support its member to export fresh banana under “Rich Farm Asia”, a joint venture to export fresh and dried banana to China (targeting 5,000 tonnes to China and Korea in 2020-2021).

Appendix 5: List of agents and authorities in Cambodia and China

Government Offices Cambodia

Name of Entity or Company	Contact details
Ministry of Commerce	Director Department of Trade Policy of General Directorate of Trade Promotion Tel: 017 495 091
Ministry of Commerce	H.E Ho Siv Yong - Director Department of Export & Import, in Certificate of Origin Tel: 012 838 909
Ministry of Agriculture, Forestry and Fisheries	General Director of General Directorate of Agriculture Tel: 017 98 48 98
Ministry of Agriculture, Forestry and Fisheries	Director of Department of Plant Protection, Sanitary and Phytosanitary of General Directorate of Agriculture, Tel: 012 325 558
General Department of Customs and Excise	Branch Head of Customs and Excise of Export Department, Tel: 012 871 797

Government Offices for Border Trade China

Office	Province/Region	Contact
Kunming Customs Office	Yunnan	+86 871 63016999 https://kunming.cus-toms.gov.cn
Hekou Entry & Exit Inspection and Quarantine Bureau	Yunnan	+86 873 3426689
Mengla CIQ (Mohan Port)	Yunnan	+86 691 8811030
Pingxiang Customs	Guangxi	+86 771 8520101

Wholesale Markets China

Company	Contact
Shanghai Longwu Fruits and Vegetables Wholesale Trading Market Management Co., Ltd.	wangcx@esenagro.com +86 13501653481 www.lwfruit.com
Guangzhou Jiangnonghui Market Service Management Co., Ltd.	jiangnonghui@outlook.com +86 20 81990213
Shanghai Huizhan Fruit and Vegetable Market Management Co., Ltd.	huizhanguoshu@163.com +86 21 64919766 www.huizhanmarket.com
Jiaxing Haiguangxing Market Management Co., Ltd.	+86 573 82396666/82031520
Guangxi HiGreen Wholesale Market	924511948@qq.com gjhjxsglgs@szap.com +86 771 4979739 www.gxhigreen.com
Kunming Jinmazhengchang Fruit Market	+86 871 5190985 jmzcspsc.cn.china.cn

Appendix 6: Banana MRLs²⁶

Pesticide Name	MRL (mg/kg)
Abamectin	-- Proposed 0.05
Acephate	0.5 Proposed 0.05
Acequinocyl	-- Proposed 0.01
Acetamiprid	2 Proposed 3
Acibenzolar-S-methyl	-- Proposed 0.06
Albendazole	0.2
Aldicarb	0.02
Aldrin	0.05
Amobam	1
Azinphos-methyl	1
Azoxystrobin	2
Bacillus Cereus Strain BPO1	-- <i>Exempt</i>
Bacillus subtilis QST713	-- <i>Exempt</i>
Bacillus subtilis var. amyloliquefaciens strain FZB24	-- <i>Exempt</i>
Bacillus thuringiensis	-- <i>Exempt</i>
Beauveria bassiana GHA	-- <i>Exempt</i>
Benomyl	2
Bifenthrin	0.1
Binapacryl	-- Proposed 0.01
Bitertanol	0.5
Buprofezin	0.3
Cadusafos	0.02
Carbendazim	2

Pesticide Name	MRL (mg/kg)
Carbofuran	0.02 Proposed 0.01
Carbosulfan	-- Proposed 0.01
Chitosan	-- <i>Exempt</i>
Chlorantraniliprole	-- Proposed 3
Chlordane	0.02
Chlordimeform	0.01
Chlorfenvinphos	-- Proposed 0.01
Chlorobenzilate	-- Proposed 0.01
Chloroneb	-- Proposed 0.01
Chlorothalonil	0.2
Chlorpyrifos	2
Chlorsulfuron	-- Proposed 0.01
Clothianidin	0.02
Coniothyrium minitans	-- <i>Exempt</i>
Coumaphos	0.05
Cyhalothrin	-- Proposed 1
Dalapon	-- Proposed 0.01
DCPA	-- Proposed 0.01
DDT (DDE, DDD)	0.05
Deltamethrin	0.05

²⁶ Note: Based on GB 2763-2019. "Proposed" means that China has notified the WTO that it plans to add or update this MRL in future National Standards.

Pesticide Name	MRL (mg/kg)
Demeton-S	0.02
Dichlorvos	0.2 Proposed 0.05
Dicofol	-- Proposed 0.01
Dieldrin	0.02
Difenoconazole	1
Diniconazole	2
Dinoterb	-- Proposed 0.01
Diquat dibromide	0.02
Emamectin	-- Proposed 0.05
Endosulfan	-- Proposed 0.05
Endrin	0.05
Epoxiconazole	3
Erwinia amylovora harpin protein	-- Exempt
Esfenvalerate	0.2
Ethametsulfuron-methyl	-- Proposed 0.01
Ethephon	2
Ethoprop	0.02
Etoxazole	-- Proposed 0.5
Famoxadone	0.5
Fenaminostrobin	-- Proposed 0.5
Fenamiphos	0.02
Fenarimol	0.2
Fenbuconazole	0.05
Fenbutatin-oxide	10
Fenitrothion	0.5
Fenpropathrin	5
Fenpropimorph	2

Pesticide Name	MRL (mg/kg)
Fenthion	0.05
Fenvalerate	0.2
Fipronil	0.005
Fluazifop-butyl	-- Proposed 0.01
Fluazifop-P-butyl	-- Proposed 0.01
Fluopyram	0.3
Flusilazole	1
Flutriafol	0.3
Fluxapyroxad	0.5
Fonofos	0.01
Fosthiazate	0.05
Glufosinate-ammonium	0.2
Glyphosate	0.1
Haloxypol	0.02
Heptachlor	0.01
Heptenophos	-- Proposed 0.01
Hexachlorocyclohexane	0.05
Hexachlorocyclohexane, alpha isomer	0.05
Hexachlorocyclohexane, beta isomer	0.05
Hydroprene	-- Proposed 0.01
Imazalil	2 Proposed 2
Imidacloprid	0.05
Indanofan	-- Proposed 0.01
Iprodione	10
Isazofos	0.01
Isocarbophos	0.05
Isofenphos	0.01
Isomate-M	-- Exempt
Isopyrazam	0.06

Pesticide Name	MRL (mg/kg)
Kresoxim-methyl	-- Proposed 0.5
Lambda Cyhalothrin	-- Proposed 1
Mancozeb	1
Metarhizium anisopliae strain F52	-- <i>Exempt</i>
Methamidophos	0.05
Methidathion	0.05
Methomyl	0.2
Methoxychlor	-- Proposed 0.01
Methyl bromide	-- Proposed 0.02
Methyl Parathion	0.02
Metiram	1
Metsulfuron-methyl	-- Proposed 0.01
Mevinphos	-- Proposed 0.01
Mirex	0.01
Monocrotophos	0.03
Myclobutanil	2
Naled	-- Proposed 0.01
Ningnanmycin	0.5
Nosema locustae	-- <i>Exempt</i>
Omethoate	0.02
Paraquat dichloride	0.02 Proposed 0.01
Parathion	0.01
Permethrin	2
Phorate	0.01
Phosfolan	0.03

Pesticide Name	MRL (mg/kg)
osfolan-methyl	0.03
Phosphamidon	0.05
Phoxim	0.05
Picoxystrobin	Proposed 1
Prochloraz	5
Propiconazole	1
Propineb	1
Pyraclostrobin	1
Pyrimethanil	0.1
Saflufenacil	0.01
Sulfotep	0.01
Tebuconazole	3
Terbufos	0.01
Tetrachlorvinphos	-- Proposed 0.01
Thiabendazole	5
Thiamethoxam	0.02
Thiophanate-methyl	-- Proposed 2
Thiram	1
Toxaphene	0.05
Triacantanol	-- <i>Exempt</i>
Triadimefon	1
Triadimenol	1
Trichlorfon	0.2
Trichoderma harzianum, Rifai strain T22	-- <i>Exempt</i>
Tridiphane	-- Proposed 0.01
Trifloxystrobin	0.1
Zineb	-- Proposed 2
Ziram	1

Source: Bryant Chri

