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DEUTSCHE ZUSAMMENARBEIT



GUIDELINES FOR

EXPORTING LONGANS FROM
CAMBODIA TO CHINA

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

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Disclaimer

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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.

Official figures from 2018 show, China imported nearly 457,000 tonnes of longans worth over \$365.6 million. Over the past five years, Vietnam and Thailand have been the only countries to export longans to China. Laos has exported 115 tonnes of longans to China in 2017. Thai and Vietnamese longans enter China through different channels and receive dramatically different import prices. There is good market potential for Cambodian longan for export to China¹.

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 longan Fruit to China to help facilitate the business coordination of the both countries, especially to exporters..

This Manual on Exportation of longan 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

1 Overview of Exporting Longan 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 2018². 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. Over the past decade, 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.

In 2016, China produced over 1.9 million tonnes of longans with an area of 310,000 hectares, representing slow but steady increases in both volume and production area over the previous two years. Longan trees are usually planted in the spring and autumn and require three to four years to begin bearing fruit. China's longans are harvested and available in domestic markets from July through October. The cultivation of longan covers 8,816 hectares in Cambodia, mostly Battambang and Pailin, which together account for nearly 80 percent of all area where the fruit is grown

Most longan grown in Cambodia are exported to Thailand, with the rest consumed locally. Longan production is growing in Cambodia because of strong demand in Thailand. With nearly all high-quality longan being shipped to Thailand where the fruit is processed and packaged for export to China. In 2020 a kilogram of longan fruit fetched approximately 4,000 riel (\$1) in the international market, while, in Cambodia, consumers paid only 2,500 riel. In order to boost direct exports to China a co-operative of longan farmers in Pailin (Cambodia's main production area) plans to build a processing factory to increase export capacity as output and demand rise.

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 longan 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)

² Markets for Cambodian Crops with Promising Prospects, Bastiaan Bijl Consultancy GMBH, on behalf of CAVAC, May 2020

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**, aiming at promoting competitiveness, inclusive growth, resilient and sustainable modern agriculture sector³.

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 (longan **is not** a selected priority crop).

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.

To date Cambodia and China have not negotiated or signed a Protocol on Phytosanitary Requirements for the export of fresh Longan from Cambodia to China. This would be a pre-condition to enable the export of longan to China.

1.3 Longan production in Cambodia

The commercial longan (*Dimocarpus longan* Lour) is a very much liked *arilloid* fruit species in Asia and belongs to the family of *Sapindaceae*. Global production of longan increased by an estimated 6 percent in volume terms between 2016 and 2017, following strong demand in China and Thailand, the two largest producers. In total, world longan production is estimated

³ Source: GIZ; Mapping Actors in Trade/Export of Agriculture Produce in Cambodia, 31 July 2020, BDTTrus consultancy

to have reached 3.6 million tonnes in 2017. Originating in Southern China, the fruit is widely cultivated throughout Asia, including locations in India, Sri Lanka and Myanmar. However, large-scale production is only pursued in China, Thailand and Viet Nam, which currently account for approximately 50, 30 and 15 percent of global production, respectively. A close relative to lychee, longan has seen rapid expansion in global production over the past decade, with an estimated 4.6 percent annual average growth over 2007-2016. Rising demand in China is the main driver of these developments, with both China itself and Thailand – as the largest exporter to China – investing heavily in crop expansion. Thai longans are particularly sought after in China and fetch higher prices due to their superior quality compared with domestically grown longans. Imports of longans by China reached approximately 49 000 tonnes in 2017, an annual increase of an estimated 140 percent.

In Pailin, *Edaw* and *Biew Kiew* varieties are the most popular cultivars occupying about 95% of total cultivated areas. The use of non-seasonal flowering cultivars and the application of chemicals to induce flowering in the seasonal flowering cultivars is practiced from knowledge supplied by Thai farmers. Under natural conditions, the flowering of longan depends on the weather. A period of cool and dry weather is ideal for flowering. Longan is quite sensitive to environmental conditions with irregular yields from year to year. During the immature stage, a combination of organic and inorganic fertilizers may be used. With the introduction of potassium chlorate to induce flowering in longan, Thai and Cambodian producers have applied this chemical as soil drench with the rate of application depending on tree size.

Longan trees are considerably more productive than lychee trees, and harvesting can be postponed without the fruit losing quality. Longan's very high vitamin C content. Given the rising demand in China, the fruit's various positive attributes compared with lychee as well as the potentially larger profit margins, there is further commercial scope for moving to longan production. This is providing investment incentives to both existing growers and new market entrants.

The longan fruit is normally eaten fresh like the lychee. Fresh longan fruit has a short shelf-life. To extend the uses of the fruit the longan can be frozen, canned or dried. Longan fruit can be frozen in its skin in airtight containers. Upon thawing, the fruit can be used in similar manner as freshly picked fruit without any loss of quality. The fruit can be canned in its own juice with little or no added sugar. This is possible because the longan flesh contains a high level of soluble solids. For canning, cultivars with large fruit and small seed are preferably used. Canned longan retain their individual flavour better than lychee or 'rambutan'. Drying the fruit, either intact or after removal of the pericarp, is a practical way of preserving the longan fruit. The dried aril is black, leathery and smoky in flavour and is used mainly to prepare a refreshing drink. This drink is very popular among the Chinese. The seed is used as a shampoo, like soapberries (*Sapindus saponaria L.*), due to its saponin content. Dried leaves, which contain quercetin and quercitrin, and flowers of longan are also sold as ingredients in Chinese herbal medicine⁴.

⁴ FAO; 2000, Prof. Wong Kai Choo, Longan Production in Asia

Picture 1: Longan Fruit



2 Background of longan 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 longans 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 Currently no Cambodia-China Longan Phytosanitary protocol for fresh longan

Currently there is no Phytosanitary protocol between China and Cambodia regarding longan. The two countries are in discussions for such an agreement. According to the MAFF, Cambodia hopes to be able to ship Pailin longan to Asia's largest market (China) but this will require that a Phytosanitary protocol is signed

While Cambodia has been granted a Phytosanitary protocol for the export of Longan to Vietnam, the kingdom is waiting for greenlight from Thai counterpart to sign a Phytosanitary protocol with Thailand.

IMPORTANT NOTE: These export guidelines for Longan to China are NOT based on any agreed upon Phytosanitary protocol between Cambodia and China. The following draft guidelines are based upon the Cambodian-Vietnam and draft Cambodian-Thailand Phytosanitary protocols. They will need to be revised once such a protocol has been signed.

Step-by-step Longan Export Procedure

STEP 1

Registration of Longan Producer and
Packing Centre with GDA

STEP 2

Certificate and Standards

STEP 3

Customs Declaration and Support Documents

STEP 4

Shipping Longans and Payment

3.1 Registration of Longan Producer and Packing Centre with GDA

Generally, a company cannot export a fresh agricultural product from Cambodia to China unless they are approved by both the General Directorate of Agriculture (GDA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the General Administration of Customs of China (GACC). Therefore, businesses wishing to export need to register themselves with the GDA, who then sends the list of registered farms and packinghouses to GACC. Next, GACC will visit Cambodia to inspect and audit some selected registered companies. Prior to the beginning of trade, GACC will send inspectors to Cambodia to verify and evaluate the management of growing, packaging, storage and transportation of longans, traceability, and the effectiveness of exit-inspection system of MAFF.

3.2 Certificates and Standards

- 3.2.1 Obtaining Sanitary and Phytosanitary Certificate
- 3.2.2 Orchard Management

3.2.1 Obtaining Sanitary and Phytosanitary Certificate

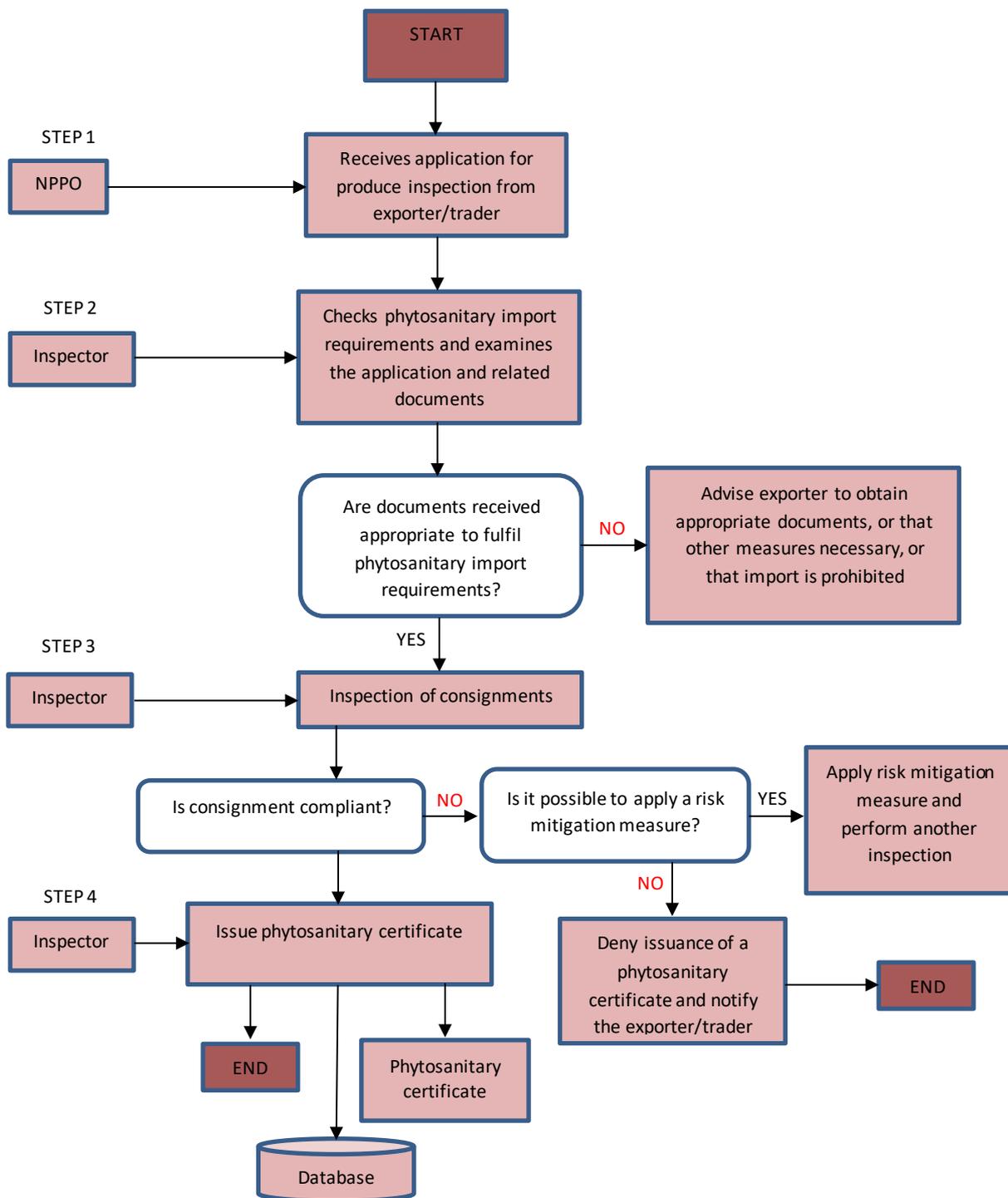
Before exportation of packaged longans, MAFF must carry out phytosanitary inspection by 2% packages. If mature longans or longans with cracked skin or quarantine pests concern to China were found⁵, the consignment shall not be exported to China. For consignments in compliance with Chinese requirements, MAFF shall issue a Phytosanitary Certificate according to the International Standard and Phytosanitary Measure No. 12 (ISPM12), give the container number, name of packinghouse or its registered code, as well as the following additional declaration: *'The consignment accords with the Protocol of Phytosanitary Requirements for the export of longans 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

⁵ <https://www.sciencedirect.com/science/article/abs/pii/S0925521402000479>

And: <https://www.twingsupply.com/4-precautions-of-how-to-export-fruits-to-china/>

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.

3.2.2 Orchard Management

Longan orchards should implement the orchards management program 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, including inspect the occurrence of pests regularly, and take corresponding measures to control the pests; safely use agrochemicals; fruit bagging at the fruit growing period; harvest before fruit mature.

Numerous pests are found on longan. Of particular importance is the longan stink bug (*Tessaratoma javanica*) which can ruin bloom in a year with light flowering. The adult bug feeds on flower panicles, young fruits and newly developed shoots of longan, causing withering and later abscission of those infested organs. The infested fruit ceases to develop. In Thailand, this stink bug can be of epidemic level during March to April, which coincides with the flowering and fruit setting times of longan. The suggested control is to get rid of the eggs as well as the adults. The bugs usually mate in February, thus it is recommended that the tree be sprayed at that time with insecticide such as azodrine at the rate of 10 - 20g chemical diluted in 20 litres of water at about 2-3 weeks intervals from February to April. At the same time the population of the bug's natural enemies in the orchard should be maintained at a satisfactory level. The natural predators of this stink bug are identified as *Anastatus sp.*, *Micropanurus sp.* and *Eupelmid sp.* Other insect pests found on longan include Erinose mite, scales, fruit flies, aphids, stem borers, leaf eating caterpillars, flower eating caterpillars, mealy bug, fruit spotting bug, elephant beetles and fruit piercing moth. A serious disease in longan is the rosette shoot or witches' broom. Reports indicate that the disease is caused by a filamentous virus which is transmitted by vectors such as litchi stink bug (*Tessaratoma papillosa*) and longan psylla (*Cornegenapsylla sinica*). It is also transmitted through infected seeds and budwoods of longan and dodder weeds (*Cuscuta campestris*)⁶.

⁶ FAO; 2000, Prof. Wong Kai Choo, Longan Production in Asia

3.3 Customs 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 either 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 the 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 Longan and Payment

- 3.4.1 Prepare Longan for Export
- 3.4.2 Packaging and Labelling the Longan
- 3.4.3 Transport and Shipping Longan 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 Longan 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 longan 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 Longan

All packing plants and storehouses must establish a traceability system to ensure that the export fruits can be traced back to the registered orchard. If the packing plant is separated from the treatment facilities, it can be traced back to the orchard through the relevant treatment enterprise. The packaging and treatment of the longan fruits after harvest shall be carried out under the strict supervision of Cambodian side.

Grading and classification:

There are no quality standards for longan in Cambodia. For export markets, Cambodia farmers adopted the Thai Agricultural Standard for longan that was developed by National Bureau of Agricultural Commodity and Food Standards of Ministry of Agriculture and Cooperatives of Thailand. During harvesting season, Thai traders in cooperation with farmer cooperative, go to collect fresh longan using Thai Standard for longan. The Fruit colours, apart from fruit size determine the price and meeting the standard requirements of export markets. The “golden yellow” colour is desired with 4 grades of longan for export market. The price and product standards are set by Thai collector that usually determine the export market price.

The Classification of Longan Developed by the Ministry of Agriculture and Cooperatives Concerning Thai Longans Standard:

Extra class: Longans in this class must be of superior quality. They must be characteristics of the variety. The colour of longans' skin must be uniform. They must be free of defects, with the exception of very slightly superficial defects, provided these do not affect the general appearance of the produce, the quality, the keeping quality and presentation in the package.

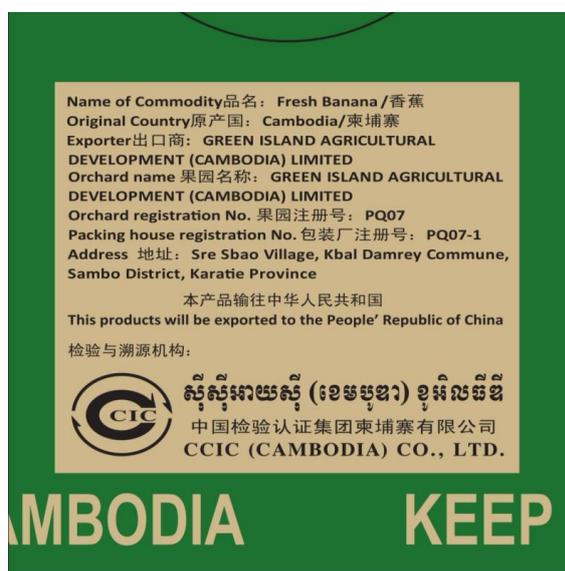
Class I: Longans in this class must be of good quality. They must be characteristics of the variety. The colour of longans' skin must be uniform. Slight defects may be allowed, provided these do not affect the general appearance of the produce, the quality, the keeping quality and presentation in the package. Slight skin defects not exceeding a total area of 0.5 cm².

Class II: This class includes longans which do not qualify for inclusion in the higher classes. Slightly defects may be allowed, provided the longans retain their quality, the keeping quality and presentation in the package. Skin defects not exceeding a total area of 0.5 cm²

Packing sites: The longan shall come from orchards and packing houses registered by MAFF, and approved by GACC. The registered documents shall include the name, address and registration code for assuring the traceability in case the unqualified longans are exported to China. MAFF shall provide GACC with the list of registered packinghouses prior to the beginning of the exportation season.

The registered packinghouses shall be clean and tidy, and have facilities for cleanout, pesticide immerses etc., and the packaged longan shall be stored exclusively under low temperature condition. The packaging materials shall be new and clean.

Labels: Each packing box shall be marked with the name of product, place of origin (province, state), name of packinghouse or its registered code, etc. in English. Each lot shall be marked in Chinese. The shipment for the longans 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 a label (Banana label from Cambodia)

Hints for harvesting and packaging for shipping:

Currently, Cambodia does not have a Phytosanitary protocol agreement with China for the export of longan from Cambodia to China. Thus, direct export of longan to China from Cambodia is currently not possible. However, much of the current trade in longan between Cambodia and Thailand is still informal. The informally imported longan from Cambodia to Thailand is cleaned and re-packed in Thailand, since Thailand has excellent processing, sorting and packing, facilities for longan. It is estimated 60 percent of longan produced in the provinces in Cambodia are being exported to Thailand.

This figure varies from year to year depending upon change in market demand for the fruits. There is high demand, for almost all grades were exported to Thailand, but only grade 1 and 2 are mostly purchased by Thai buyers. This suggests that large proportion of fruits do not meet the export market standards. The demand for high quality of fruits remains high. Thai buyers have used Thai quality standard. There are three grades, namely A (55-75 fruits/kg or 14-18g/fruit), B (76-80 fruits/kg or 12.5-13.2g/fruit) and grade C (more 80 fruits per kg). The latter grade encompasses most small fruited seedless types which do not meet export market is supplied to domestic markets in lower prices. Local markets prefer fresh longan in branches forms⁷. Once Cambodia has both a Phytosanitary protocol agreement with China for longan and the packing and processing facilities are upgraded, Cambodian longan export will benefit from the higher prices the product fetches in China.

The longan fruit must be properly harvested according to the harvesting pattern and post-harvest operation in order to arrive at quality specific to the cultivar and location. The fruit must be mature and acceptable conditions upon reaching the destination. For every grade of the Standard, the fruit must be a whole fruit not spoiled, not blemished nor have obvious scars, free from pests or damage caused by pests, and free from abnormal odour and taste, except the odour resulting from specified food additives. For fruit size, this is determined by the number of fruits per kilogram or the diameter of the equatorial section of the fruit.

Longans 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.

⁷ An Assessment of Longan Value Chain in Pailin Province, Cambodia, 2013, Ra Thorng Neath Net Maria Theresa S. Medialdia, Mekong Institute Research Working Paper Series 2013 supported by New Zealand Aid

3.4.3 Transport and Shipping Longan from Cambodia to China

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.

There are basically four forms of official transport for fresh agricultural products 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 fresh agricultural exports that could also be used for longan exports.

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. In the future longan exports may 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 from HCM city (apart from Shanghai and Dalian) include Qinzhou, Shekou, Qingdao, and Tianjin. Clearly, there are many other ports which can receive the fruits as well, however, in general, the volume is quite small for Cambodian fruits.

3.4.4 Establish and Develop Business Relation with Export Logistic Companies⁸

Export logistics can be viewed as an extension to the company's current domestic longan 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 longan 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 longans 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 longan 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 understand what 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?

⁸ Sources: AusVeg, Horticulture Australia, 2019, Guide to the export readiness checklist

3.4.5 Agents and Distributors

The longan 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 because the company will rely on their knowledge and expertise in the market in China.

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 longan product to international markets, then using a customs broker and/or a freight forwarder is the most efficient way to the longans shipped. These organisations generally have expertise in international freight. When selecting a freight forwarder, the company should consider their experience in dealing with perishable products⁹.

⁹ 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 longans.

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

Regulatory and Legislative Overview
and Role of GACC

STEP 6

Inspection, Testing and Quality Control

4.1 Regulatory and Legislative Overview and Role of GACC

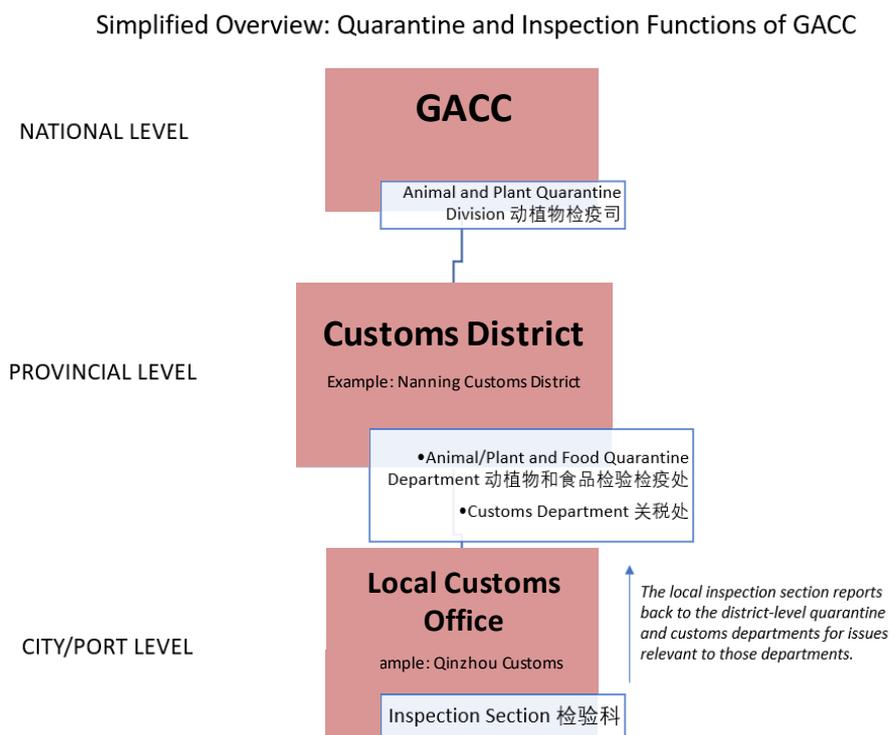
The General Administration of Customs of China (GACC) is the primary body governing policies, regulations, and product inspections related to the country's fresh fruit imports.

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,¹⁰ 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.

¹⁰ 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.

4.2 Legislation and Regulation for Import of Fresh Fruit

- 4.2.1 Inspection, Testing and Quality Control
- 4.2.2 China MRL Policy
- 4.2.3 List of Documents Required for Shipments of Fresh Fruit imported into China
- 4.2.4 Customs and Quarantine Clearance Process
- 4.2.5 Customs and Quarantine Inspection Testing Procedures

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.

4.2.1 Inspection, Testing and Quality Control

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, MRLs had been set for longans for 75 different types of pesticides.

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.

4.2.2 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 shipments.

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 longans please refer to appendix 6.

4.2.3 List of Documents Required for Shipments of Fresh Fruit Imported into China¹¹

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 a longan treatment from Cambodia

Exporter

- At the moment, there is no agreed longan phytosanitary protocol between Cambodia and China. Once the agreement is signed, the information of a required treatment (s) for longans will be available and updated in this section.

¹¹ Source: [GACC and importer interviews](#)

4.2.4 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 longans 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 Certificate¹²


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]	报检数/重量	1137521.2千克	
包装种类及数量	1137521箱	输往国家或地区	国内	
合同号	[REDACTED]	检验检疫编号 [REDACTED]		
票/运单号	[REDACTED]			
入境口岸	[REDACTED]			
入境日期	[REDACTED]			
证明				
进口食品货物清单				
品名	产地/唛头/批号	规格	数量	生产日期
[REDACTED]	泰国	1137521箱/箱	1137521箱	2019-02-04
以下空白		合计	1137521箱	
上述货物经检验检疫合格评定，予以通关放行。 *****				
签字:	日期: 2019年 03月 12日			
备注: ***				

D-2018(20)号 ① 货主收执

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.

¹² Source: <https://www.re-code.org/article/865?categoryid=33>

4.2.5 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 Longans¹³

5.1 Longan 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 longan production methods may also be affected through the requirements of China, the importing country. These need to be carefully checked and verified.

Checklist for longan 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 longan 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?

¹³ Sources: AusVeg, Horticulture Australia, 2019, Guide to the export readiness checklist

5.2 Focus on quality¹⁴

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.

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*¹⁵. The report highlights the trade between China and three ASEAN-member countries: Cambodia, Lao PDR, and Vietnam for the following fruits: longan, longan, 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.

¹⁴ 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

¹⁵ 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

5.5 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.

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 longan 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 longans:

- ⇒ 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 longans, 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 longan 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.

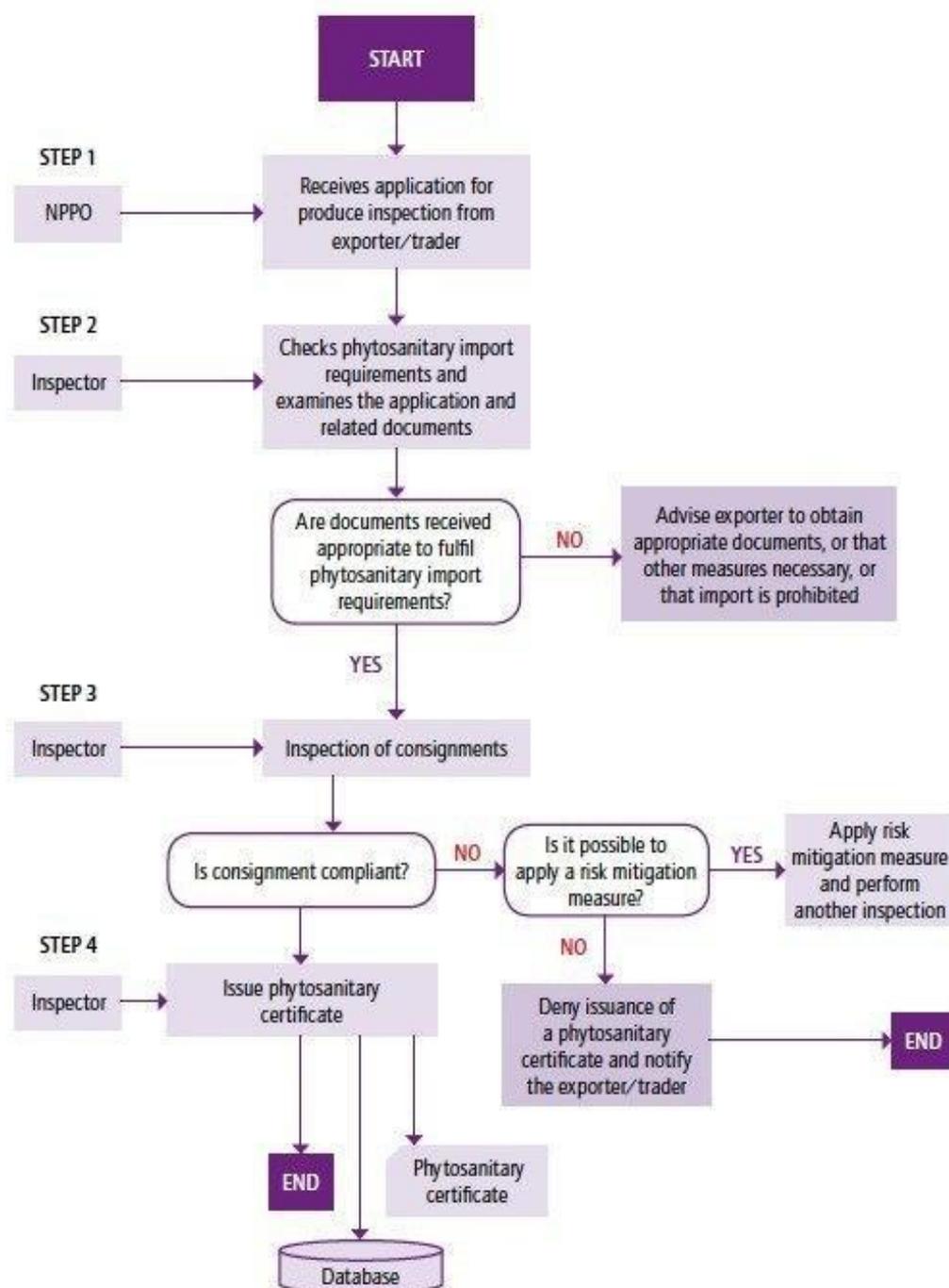
6 List of Relevant Trade Fairs in China

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

IMPORTANT NOTE: In view of the fact that there is currently no Phytosanitary protocol for export of longan from Cambodia to China the following steps are Draft steps only. Once a Phytosanitary protocol is signed they would need to be revised.

Appendix 1 :Step/process of applying for phytosanitary certificate



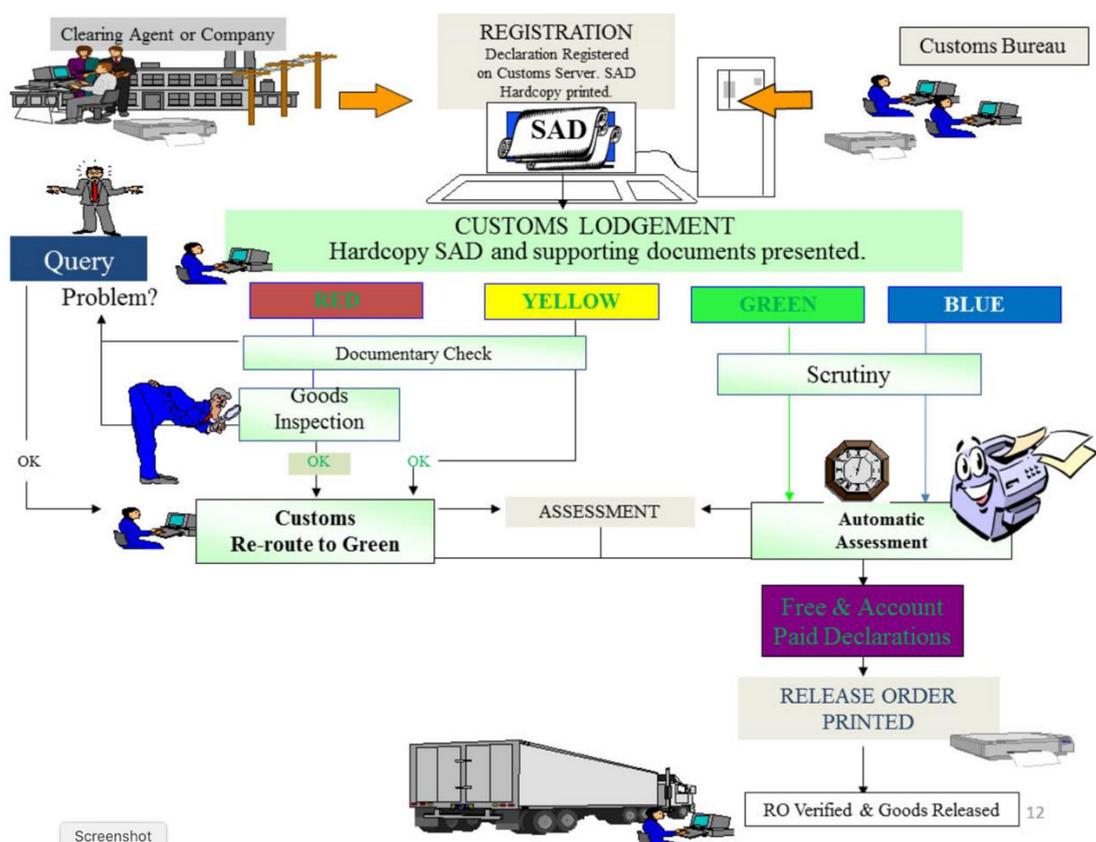
Appendix 2: Customs Declaration - Cambodia

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: Lodgment of 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

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 R L 1928 : 30/06/2020

បញ្ជាក់ដំបូងប្រាក់
PAYMENT RECEIPT

តាមការស្នាក់នៅ/សាខា/ការិយាល័យដាក់ប្រតិបត្តិ Lodgment Office: KPC11 Tropicana Plong CEO
 ប្រតិបត្តិករ/Declarant: K009901805837 YQL (CAMBODIA) INVESTMENT CO., LTD.
 អ្នកនាំចូល/អ្នកនាំចេញ Importer/Exporter: K009901805837 YQL (CAMBODIA) INVESTMENT CO., LTD.

លេខយោងប្រតិបត្តិករ Declarant Reference		បញ្ជីកម្រិតវិស័យ Customs Registration		ប្រភេទ Type	ទឹកប្រាក់ Amount
ឆ្នាំ Year	លេខ No.	ឆ្នាំ Year	លេខ No.		
2020	YQ040/20	2020	E 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		ទឹកប្រាក់ Amount	
10	In cash			75,000	
សរុបប្រាក់ទទួលបានចំណូល Grand Total:				75,000	



ប្រធានកាស៊ីយ៉ា

SENG WANNACRITH

**KINGDOM OF CAMBODIA
SINGLE ADMINISTRATIVE DOCUMENT**

CUSTOMS DECLARATION A OFFICE OF LODGEMENT
Office Code: KPC11
Tropreang Plong CEO

BLUE

Copy 1

2 Exporter/Consignor Code K009901805837
YQL (CAMBODIA) INVESTMENT CO., LTD.
#40 St. 04 Phum Banla Salet Sangkat
Kmounh 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 K009901805837
YQL (CAMBODIA) INVESTMENT CO., LTD.
#40 St. 04 Phum Banla Salet Sangkat
Kmounh Khan Sen Sok Phnom Penh

18 Ident. and Nat. of MOT at Arrival / Departure
TRUCK: 51C-11764 VN Y06

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
KPC11 Tropreang Plong CEO

33 Location of Goods
CCA

30 Country of Export
Cambodia

35 C.E. Code
a KH b CN

17 C.D. Code
a CN b

16 Country of Origin
Cambodia

17 Country of Destination
China

20 Delivery Terms
FOB Tropreang Plong

22 Cus. & Tot. Invoice Amount
USD 8,514.00

23 Exch. rate
4,093.0000

24 Nature of
1 0 Transactions

28 Bank Code
Terms of Payment:
Bank Name:
Branch:
File No:

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

32 Item No. 33 Commodity Code
1 08039090 00

34 C.O. Code
a KH b 23,100.00

35 Gross Mass (kg)

36 Preference

37 Procedure
1000 000 21,660.00

38 Net Mass (kg)

39 xxxxx

40 Transport Doc / Previous Declaration
YQL-0017

41 Supplementary units
42 Item Price
8,514.00

43 Exch. rate
9

44 License No.
Value Declared: 0-0
Attached Doc:
CHAMNAR OFFICE: (30-06-2020)
INV+PL:YQL-0017 (30-06-2020)

45 Adjustment
1,0000

46 Customs value
34,847,802

47 CALCUL OF TAXES

Type	Tax base	Rate	Amount	MP
ETO	34,847,802	0.00		0 1
Total				0 1

48 Deferred payment

49 Identification of Warehouse

50 ACCOUNTING DETAILS

Mode of Payment : CASH

Assessment No : / Date 30 JUN 2020

Receipt No : / Date 30 JUN 2020

Guarantee : 0 KHR Date

Total Fees : 15,000 KHR

Total Declaration : 15,000 KHR

51 Principal No. Signature

52 Guarantees Not Valid

53 Office of Destination (and Country)
Code

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

5 CONTROL BY OFFICE OF DESTINATION
Result:
Signature:

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YQL(CAMBODIA)INVESTMENT CO.,LTD.
 #40, st04, Phum Banla sa'et Sangkat Kmounh Khan Sen Sok, Phnom Penh City, Cambodia.
 TEL:+855-718035039
 cllis@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 Provinos, Cambodia, Trucking
Vessel /VOY	LCORRAINE 20086N	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 (USD/CARTON)	TOTAL AMOUNT
GESU9531240K8514205	CLASS A789	44	616		\$286.00
	CLASS B458	200	2800		\$1400.00
	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.

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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 : 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 Perih 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)
GESU9531240/K8614205	CLASS A789	44	616	660.00
	CLASS B456	200	2800	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.



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YQL(CAMBODIA)INVESTMENT CO.,LTD.

#40. st04. Phum Banla sa'et Sangkat Kmounh Khan Sen Sok, Phnom Penh City, Cambodia.
TEL:+855-718035039
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 Banla 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.:	GESU9631240/K8614205			



Certified true and correct

YQL (CAMBODIA) INVESTMENT CO.,LTD.



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Appendix 4: Government Agencies, Development Partners and Relevant Stakeholders¹⁶

General Directorate of Agriculture (GDA) of MAFF plays an important role in promoting the export of the Longanes 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 (mango 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 mango working group at MoC, supporting the mango 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

¹⁶ Source: GIZ; Mapping Actors in Trade/Export of Agriculture Produce in Cambodia, 31 July 2020, BDTrus consultancy

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 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).

Ministry of Industry, Science, Technology, and Innovation (MISTI), **Institute of Standards of Cambodia (ISC)** is the key agency responsible for standard development, product certification and product testing.

The Department of Research and Extension of **Royal University of Agriculture (RUA)** received the fund support from USAID through USDA to conduct a mango (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 2019,¹⁷ 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

¹⁷ 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.

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, 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, mango, 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 mango, pineapple, avocado and passion fruits. By end of 2020, CHIP aims to support its member to export fresh mango under "Rich Farm Asia", a joint venture to export fresh and dried mango to China (targeting 5,000 tonnes to China and Korea in 2020-2021).

Annex 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
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Appendix 6: Longan MRLs¹⁸

Pesticide Name	MRL (mg/kg)	Pesticide Name	MRL (mg/kg)
Abamectin	-- Proposed 0.1	Chlorbenzuron	-- Proposed 20
Acephate	0.5 Proposed 0.05	Chlordane	0.02
Acequinocyl	-- Proposed 0.01	Chlordimeform	0.01
Acetamiprid	2	Chlorfenvinphos	-- Proposed 0.01
Aldicarb	0.02	Chlorobenzilate	-- Proposed 0.01
Aldrin	0.05	Chloroneb	-- Proposed 0.01
Alpha-Cypermethrin	0.5	Chlorpyrifos	1
Azinphos-methyl	1	Chlorsulfuron	-- Proposed 0.01
Bacillus Cereus Strain BPO1	-- <i>Exempt</i>	Coniothyrium minitans	-- <i>Exempt</i>
Bacillus subtilis QST713	-- <i>Exempt</i>	Coumaphos	0.05
Bacillus subtilis var. amyloliquefaciens strain FZB24	-- <i>Exempt</i>	Cypermethrin	0.5
Bacillus thuringiensis	-- <i>Exempt</i>	Dalapon	-- Proposed 0.01
Beauveria bassiana GHA	-- <i>Exempt</i>	DCEPA	-- Proposed 0.01
Beta-cypermethrin	0.5	DDT (DDE, DDD)	0.05
Binapacryl	-- Proposed 0.01	Demeton-S	0.02
Cadusafos	0.02	Dichlorvos	0.2
Carbofuran	0.02	Dicofol	-- Proposed 0.01
Carbosulfan	-- Proposed 0.01	Dieldrin	0.02
Chitosan	-- <i>Exempt</i>	Dimethomorph	-- Proposed 7
Chlorantraniliprole	-- Proposed 1	Dinoterb	-- Proposed 0.01

¹⁸ 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)
Emamectin	-- Proposed 0.1
Endosulfan	-- Proposed 0.05
Endrin	0.05
Erwinia amylovora harpin protein	-- <i>Exempt</i>
Esfenvalerate	0.2
Ethametsulfuron-methyl	-- Proposed 0.01
Ethoprop	0.02
Fenamiphos	0.02
Fenitrothion	0.5
Fenpropathrin	5
Fenthion	0.05
Fenvalerate	0.2
Fipronil	0.02
Fonofos	0.01
Glufosinate-ammonium	0.1
Glyphosate	0.1
Heptachlor	0.01
Heptenophos	-- Proposed 0.01
Hexachlorocyclohexane	0.05
Hexachlorocyclohexane, alpha isomer	0.05
Hexachlorocyclohexane, beta isomer	0.05
Hydroprene	-- Proposed 0.01
Indanofan	-- Proposed 0.01
Isazofos	0.01
Isocarbophos	0.05
Isofenphos	0.01
Isomate-M	-- <i>Exempt</i>
Metarhizium anisopliae strain F52	-- <i>Exempt</i>
Methamidophos	0.05
Methidathion	0.05
Methomyl	0.2
Methoxychlor	-- Proposed 0.01

Pesticide Name	MRL (mg/kg)
Methoxyfenozide	-- Proposed 2
Methyl bromide	-- Proposed 0.02
Methyl Parathion	0.02
Metsulfuron-methyl	-- Proposed 0.01
Mevinphos	-- Proposed 0.01
Mirex	0.01
Monocrotophos	0.03
Naled	-- Proposed 0.01
Nosema locustae	-- <i>Exempt</i>
Omethoate	0.02
Paclobutrazole	-- Proposed 0.05
Paraquat dichloride	0.01 Proposed 0.01
Parathion	0.01
Permethrin	2
Phorate	0.01
Phosfolan	0.03
Phosfolan-methyl	0.03
Phosphamidon	0.05
Phoxim	0.05
Prochloraz	5
Pyraclostrobin	-- Proposed 5
Spirotetramat	-- Proposed 7
Sulfotep	0.01
Terbufos	0.01
Tetrachlorvinphos	-- Proposed 0.01
Toxaphene	0.05
Triacantanol	-- <i>Exempt</i>
Trichlorfon	0.2

Pesticide Name	MRL (mg/kg)
Trichoderma harzianum, Rifai strain T22	-- <i>Exempt</i>

Pesticide Name	MRL (mg/kg)
Tridiphane	-- <u>Proposed</u> 0.01
Zeta-Cypermethrin	0.5