

Technical update

May 2025



CAMBODIA–U.S. TRADE DEVELOPMENTS AND LEGAL MEASURES ON RULES OF ORIGIN COMPLIANCE

This technical update outlines recent developments pertaining to the United States' Reciprocal Tariffs policy and Cambodia's corresponding legal, policy, and diplomatic responses. In light of ongoing bilateral trade engagement between the Royal Government of Cambodia and the Government of the United States, and the promulgation of two key Prakas (ministerial regulations) governing rules of origin and certification procedures, this update summarizes key decisions, legal obligations, and strategic trade implications. These measures form part of Cambodia's broader strategy to maintain preferential access to the U.S. market while aligning with international standards on origin verification and trade transparency.

1. Update on U.S. Reciprocal Tariffs and Cambodia's Negotiation Status

Pursuant to the White House announcement dated 9 April 2025, President Donald J. Trump has authorized a temporary 90-day suspension of full enforcement of the United States' Reciprocal Tariffs regime. During this suspension period, tariffs are provisionally reduced to 10% for countries that have formally entered negotiation frameworks with the United States. As a result, Cambodia—previously subject to a 49% tariff rate—will benefit from the reduced 10% rate with immediate effect.

This development follows official correspondence dated 4 April 2024 from the Prime Minister of the Kingdom of Cambodia, Samdech Moha Borvor Thipadei HUN Manet, and the Minister of Commerce, H.E. CHAM Nimul, affirming Cambodia's intent to negotiate in good faith. As a reciprocal gesture, Cambodia has committed to reducing tariffs from 35% to 5% on nineteen categories of goods imported from the United States.

To advance bilateral trade negotiations, the Royal Government of Cambodia has established a high-level Inter-Ministerial Negotiation Task Force, chaired by H.E. SUN Chanthol, Deputy Prime Minister, and First Vice Chairman of the Council for the Development of Cambodia. Negotiations with the U.S. Trade Representative (USTR) are scheduled for 14-15 May 2025 in Washington, D.C.

2. Implementation of Origin Control Mechanisms and Legal Enforcement

To reinforce compliance with international rules of origin and prevent the misrepresentation of Cambodian origin in exports to the United States, the Ministry of Commerce (MoC), in collaboration with the Ministry of Economy and Finance (MEF), has issued two critical legal instruments:

A. MoC Prakas on Procedures for Applying and Issuing OCL

- **Reference:** MoC Prakas No. 047 dated 30 April 2025 on the Procedures for Applying and Issuing the Origin Certification Letter (OCL) for Export of Certain Goods to the United States
- **Scope:** Applicable to all producers and exporters of goods originating in Cambodia and classified under the list of "certain goods" (126 product categories) identified in Annex I of the Prakas, intended for export to the United States.

- **Submission Platform:** All OCL applications must be submitted via the CO Automation System: <https://co.moc.gov.kh>
- **Inspection Protocol:**
 - Initial on-site verification is required for first-time applicants.
 - Ongoing monitoring will be conducted using risk-based or complaint-driven inspections.
- **Issuing Authority:** The General Directorate of Trade Support Services (GDTSS) under the MoC.
- **Fees:** No public service fee is levied for the issuance of the OCL.
- **Documentation:** Comprehensive Standard Operating Procedures (SOPs), as well as a sample OCL, are included in Annexes II and III of MoC Prakas No. 047.

B. Inter-Ministerial Prakas on Prevention Measures of Origin Frauds

- **Reference:** Inter-Ministerial Prakas No. 379 dated 30 April 2025 on Prevention Measures of Origin Frauds for the Export of Certain Goods to the United States
- **Effective Date:** 12 May 2025
- **Scope:** Applicable to all producers and exporters of the 126 product categories listed in Annex II, destined for the United States.
- **Compliance Requirement:** All export declarations claiming Cambodian origin must be accompanied by an OCL issued by the MoC.
- **Sanctions:** Non-compliance—including transshipment, misdeclaration, or concealment of origin—will be subject to penalties as stipulated under the Law on Rules of Origin and the Law on Customs.

3. Regulatory Cooperation and Enforcement Framework

Pursuant to Article 4 of Inter-Ministerial Prakas No. 379, the following institutional and enforcement framework has been established:

- **Data Exchange:** A formal Inter-Ministerial Decision will govern information sharing between the MoC (GDTSS) and the MEF (General Department of Customs and Excise – GDCE).
- **Joint Investigations:** Coordinated investigations may be initiated in cases where irregularities in origin are suspected or upon request by a competent authority of the importing country.

Commentary

Cambodia's implementation of stringent rules of origin and certification mechanisms reflects its proactive alignment with international trade compliance standards and its commitment to maintaining transparent, verifiable export practices. These measures are not only instrumental in securing Cambodia's temporary tariff relief under the U.S. Reciprocal Tariffs policy but also serve as a structural foundation for long-term trade integrity.

Exporters and producers are strongly urged to ensure full compliance with the new origin certification requirements ahead of the enforcement date of 12 May 2025 to avoid customs clearance disruptions and exposure to legal penalties.

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