

EURASIAN AUTOS

CAMBODIA

LETHAL AT LIGHTNING SPEED *P. 14*

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WHITE ON GRAY
EuroCham Cambodia's
White Book

**FLOYD "MONEY"
MAYWEATHER**
Celebrity Profile

CYPRUS
Applying for Citizenship
or Permanent Residence

WHITE ON GRAY:

A PEEK INTO EUROCHAM CAMBODIA'S WHITE BOOK 2017 AND ITS VIEWS ON THE LOCAL AUTOMOTIVE SECTOR

Last September, the European Chamber of Commerce (EuroCham) in Cambodia launched its much-awaited “White Book 2017.” In it is the collective view of member companies on specific aspects of the business environment in Cambodia – covering the local automotive industry. This article provides a summary of that same collective view, as well as the reforms suggested by the organization as a whole.

Inaugurated on June 2nd 2011, EuroCham was established with the objective of promoting the interests of European businesses operating in Cambodia – including authorized importers and distributors of automotive brands.

Over the past years, its Automotive Committee had the opportunity to have dialogues with the Royal Government on behalf of these entities through multiple forums. The objective? To discuss issues and share recommendations for the advancement of the local automotive sector.

CHALLENGES IN THE LOCAL AUTOMOTIVE SECTOR

On page 122 of its White Book 2017, EuroCham stated that “In concrete terms, there has been little improvement in the automotive sector over the past year, and indeed it has become even harder for authorized importers of new brands to be competitive in Cambodia...”

One of the major challenges that was highlighted in the publication is the “Sub-Decree Number 192 ANKR.BK on the Adjustment of Customs Duty and Exercise Tax” coming into

effect and increasing Special Tax rates on new cars.

Another concern that was raised is the set of risks imposed by vehicles imported by unauthorized dealers.

In the publication, it was highlighted that, “prior to the implementation of Announcement No 150 MIH/2016, there are insufficient regulations governing the type, age, origin, and/or condition of vehicles imported into the country. As a result, there are many vehicles on the roads that are not suitable for the Cambodian environment and, in some cases, pose a safety risk to drivers, their passengers, and those around them.” On the brighter side, it was mentioned in the publication that “the Ministry of Industry and Handicraft has announced its intention to enforce UN/ECE Regulations on 19 components, vehicle systems and emissions requirements in line with other ASEAN countries.”

EuroCham welcomes this move and considers it as part of a “movement towards introducing more robust technical standards on automotive imports.”

SUGGESTED REFORMS

In summary, EuroCham’s recommendations focus on 3 specific areas: import regulations, consumer protection and taxation policy.

Specifically, it reiterated to “Implement regulatory measures to prevent the import of cars unsuitable for the Cambodian environment.” The overall benefit if fulfilled? Safe and reliable cars will be made available to consumers and Cambodia will have “safer roads” – which the organization said

“would contribute to the objective of Cambodia’s National Road Safety Committee to halve road fatalities by 2020.”

Other recommendations made by EuroCham this year are to:

- “Require the Department of Land Transportation to notify authorized distributors, on a quarterly basis, of the contact information for all new vehicle registrations or used-vehicle transfers so as to enable product recalls”





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- “Better implement existing technical check requirements”
- “Rationalize taxation policy for automobiles to support the growth of the formal sector”

All in all, EuroCham stated that, at a top level, it seeks to “work alongside the Royal Government in order to help the Cambodian automotive market transition from a predominantly informal, unregulated market to a formalized market with effective regulations and quality assurance that has a positive effect for the Royal Government, consumers, and authorized dealers alike.”



EuroCham's Automotive Committee is led by Michael Vetter, who works alongside committee Vice Chair James Zemke and Vice Chair Peter Brongers for the advancement of Cambodia's automotive sector.