



TECHNICAL ASSISTANCE REPORT

CAMBODIA

Scoping the FY2026 Workplan for the
General Department of Customs and Excise

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Prepared By

Cindy Negus

Authoring Department

Fiscal Affairs Department

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International Monetary Fund, IMF Publications
P.O. Box 92780, Washington, DC 20090, U.S.A.
T. +(1) 202.623.7430 • F. +(1) 202.623.7201
publications@IMF.org
IMF.org/pubs

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Preface

To support our ongoing engagement with the General Department of Customs and Excise (GDCE) of Cambodia, Ms. Cindy Negus (Senior Economist) of the International Monetary Fund's (IMF) Fiscal Affairs Department (FAD) visited Phnom Penh, Cambodia from September 15-18, 2025.

During this period, Ms. Negus met with officials from the GDCE including H.E. Dr. Kun Nhem, Minister Attached to the Prime Minister, Director General (DG), Deputy Directors General (DDG) Mr. Pha Engveng, Mr. Se Sokhorn, Mr. Chan Sopheap, and Mr. Sok Sovithyea, along with several other senior officials and technical staff. Additional side meetings were held with Mr. H.E. Ung Luyna, Director General, General Department of Policy, Ministry of Economy and Finance, and with development partners, including the World Bank (WB), the Japan International Cooperation Agency (JICA), and the Asian Development Bank (ADB).

We extend our sincere appreciation to Dr. Mauk Pheakdei, Deputy Director of the Department of International Customs Cooperation (DICCC), and Mr. Hanz Tso Teerra, Officer at DICCC, for their excellent support in providing input and organizational assistance for the meetings. We also wish to thank Mr. Varith Proeung, Local Economist, and Ms. Chenda Pic, Office Administrator at the IMF's Resident Representative's office, for their outstanding support during the visit.

This report represents the aide-mémoire that was presented to officials on September 18, 2025. It consists of the following sections: (I) Introduction; (II) FY2026 Priorities and Workplan; and (III) Development Partner Cooperation.

I. Introduction

- 1. Cambodia's economy performed strongly in 2024, with real GDP growth reaching 6 percent, supported by a rebound in garment and agricultural exports and a recovery in tourism¹.** This momentum continued in early 2025, however growth is expected to moderate to 4.8 percent in 2025 as trade tensions and the border dispute with Thailand despite the recent ceasefire, begin to weigh on external demand, tourism, and remittance inflows. Inflation is expected to rise moderately to about 2.8 percent but remains contained. Strengthening customs administration through improved efficiency, transparency, and modernization is essential to safeguard trade competitiveness, ensure sustainable revenue mobilization, and support the government's broader economic reform agenda.
- 2. In response to the evolving economy, the General Department of Customs and Excise (GDCE) is focused on modernization.** Their Customs Reform and Modernization Strategy (2024-2028) contains six primary objectives: enhance customs revenue collection, facilitate trade, ensure compliance and enforcement, uphold laws and regulations, support information technology (IT) tools and operations, and build capacity. Each year the GDCE prepares action plans to achieve these goals and intends to undertake a mid-cycle review in the coming months.
- 3. The purpose of this visit was to renew our engagement with the GDCE and discuss their capacity development (CD) needs.** Discussions were held with GDCE senior officials and technical staff with outcomes contained in the remainder of this report.

¹ This information was provided by Max-Sebastian Dovi of the Article IV Mission Team, based on their 2025 assessment.

II. FY2026 Priorities and Workplan

4. Through discussions with GDCE senior officials, several reform activities emerged as priorities for FY2026. Revenue mobilization is a cornerstone of Cambodia's development strategy, underpinning its ambition to graduate from Least Developed Country (LDC) status by 2030. The government views domestic revenue generation as essential for reducing reliance on external aid, financing public services, and sustaining macroeconomic stability. Over the past decade, Cambodia's revenue to GDP ratio was sitting at 15.9 percent in 2023, with slight decrease estimated at 14.9 percent of GDP in 2024, 2025, and 2026.² The revised Revenue Mobilization Strategy (RMS) for the Seventh Legislature emphasizes modernization, fairness, and efficiency in both tax and non-tax systems, aiming to support inclusive growth, enhance public service delivery, and promote social equity.³ With trade preferences gradually eroding and external shocks posing risks, robust revenue mobilization is critical not only for fiscal resilience but also for enabling Cambodia to meet its development goals independently. Other priorities identified by GDCE officials are noted below.

Customs Law Revision

5. Revising Cambodia's Customs Law is a strategic priority for the GDCE as the country seeks to modernize its legal framework in line with international standards. The current law, promulgated in 2007, has served as the foundation for customs operations for nearly two decades. However, evolving trade dynamics and the government's broader reform agenda have prompted the development of a new Customs Law 2026, which has already undergone internal technical review⁴. Despite this progress, the draft requires an objective and comprehensive review to ensure legal coherence, operational clarity, and alignment with good global practices. Establishing a clear and actionable timeline for finalizing and enacting the revised law in 2026 is essential to maintain reform momentum and provide stakeholders with the predictability needed for effective implementation.

eCommerce Regulation and Revenue Collection

6. eCommerce is rapidly expanding in Cambodia, yet customs procedures are yet to be fully aligned with World Customs Organization standards. The GDCE has adopted some clearance procedures and is piloting systems with logistics partners like DHL, but challenges persist in risk management, manifest review, and revenue collection models. Technical assistance is needed to develop a comprehensive eCommerce framework, improve digital clearance systems, and build capacity for managing growing volumes and compliance risks. To start, GDCE intends to participate in the IMF's Navigating eCommerce Workshop to be held in New Delhi, India from November 10-14, 2025.

² [Cambodia: 2024 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Cambodia](#)

³ [Revenue Mobilization Strategy of the Royal Government of Cambodia of the seventh legislature of the national assembly](#)

⁴ In recent years, the IMF has provided extensive support for the new Customs Law through FAD and Legal. This work will be extensively leveraged and built upon for finalization of the new law.

Special Economic Zone (SEZ) Management

7. As of September 2025, Cambodia has 58 SEZs, of which only 33 are currently active with the remaining 25 under development. The GDCE plays a central role in managing import and export procedures within these zones. The regulatory framework is currently being reviewed and revised to balance facilitation and compliance. Support is needed to review the draft revisions and incorporate good international practices. A potential workshop on SEZ management, particularly in aspects of customs control mechanisms, was discussed, with a suggestion to carry out a field visit as part of the agenda to see the infrastructure, management and operations. This approach could help strengthen institutional capacity and policy coherence.

Investigation Techniques and Anti-Fraud Capacity

8. Combatting commercial fraud, trade-based money laundering (TBML), and non-compliance is an increasing priority for GDCE. These illicit activities directly undermine revenue mobilization efforts. TBML schemes such as over- and under-invoicing, false declarations, and misclassification erode the integrity of customs collections and distort trade data, leading to significant revenue losses. To effectively address these risks, customs officers require specialized training in investigative techniques that go beyond traditional document review, enabling them to detect irregularities across supply chains and declarations. GDCE requested support for a multi-agency workshop involving the Financial Intelligence Unit (FIU), Central Bank, and Police to build cross-sectoral capacity for enforcement and intelligence sharing. Furthermore, technical assistance would support the development of practical tools, methodologies, and case-based learning that support targeted audits and risk profiling. Strengthening enforcement against TBML not only protects the financial system but also enhances the credibility and effectiveness of Cambodia's revenue mobilization strategy.

Post-Clearance Audit (PCA) and Risk Management

9. The current PCA manual, over a decade old, requires revision. Risk-based selection is used, but audit scope and planning are not always consistent. Support is needed to update the PCA manual, develop standardized audit plans, and expand capacity for comprehensive audits, especially in areas like rules of origin and valuation fraud.

ASYCUDA and IT Modernization

10. The GDCE operates multiple information technology offices managing the Automated System for Customs Data (ASYCUDA), infrastructure, statistics, and scanning technologies. While digital services like e-payment, pre-arrival processing, and electronic cargo tracking have been introduced, further modernization is needed. The department set out clear workplan to upgrade ASYCUDA, integrate artificial intelligence tools for inspection, and strengthen its 2025–2029 ICT strategy under its own capacity and financial support for actual implementation. The GDCE has confirmed that no technical assistance is required for this work.

Rules of Origin and Trade Compliance

11. Under existing Free Trade Agreements (FTAs), Certificates of Origin (COs) are generally issued by competent authorities or certified exporters. However, new FTA frameworks increasingly require acceptance of self-certification by traders, such as Declarations of Origin (DOs) by exporters. Recently, in response to the U.S. Reciprocal Tariff, Cambodia has offered preferential rates to goods originating in the U.S. based on self-certification by importers. This shift presents growing challenges for the GDCE in verifying the Rules of Origin (ROO) when granting preferential tariffs using DO or self-certification, as there is no secured website or platform to authenticate such DO or self-certifications. To address these challenges, GDCE requires capacity building in the area of Rules of Origin and verification procedures. Technical assistance is needed to strengthen origin verification, to better understand manufacturing supply chains, and improve trade awareness.

Customs Reform and Modernization Strategy (2024–2028)

12. The GDCE is implementing a strategic plan focused on six goals. They include revenue collection, trade facilitation, compliance and enforcement, legal alignment, IT operations, and capacity building. A mid-term review is planned to assess progress, identify emerging challenges, and recalibrate priorities. Support is needed to conduct this review, analyze results, and prepare the next annual action plan with clear implementation benchmarks.

13. Given the foregoing needs identified by GDCE, the following activities supported by FAD are proposed for FY2026. A CD plan will be later developed for FY27. See Table 1.

Table 1. Summary of CD Activities Proposed by GDCE for FY2026

Topic	Proposed Activity
Customs Law Revision	Remote expert support, January/February 2026
eCommerce and Customs	Workshop, November 10-14, 2025, Delhi
Special Economic Zone (SEZ) Management	To be confirmed
Customs Reform and Modernization Strategy (2024–2028) Mid-Cycle Review	Remote expert support, timing to be confirmed
Multi-agency workshop involving the Financial Intelligence Unit (FIU), Central Bank, and Police to build cross-sectoral capacity for enforcement and intelligence sharing.	To be considered, confirmed

Next Steps

14. GDCE will review the proposed activities for the foregoing topics and confirm. Planning will then take place. Support for other activities will be discussed later.

III. Development Partner Cooperation

15. Development partners (DPs) continue to play a pivotal role in supporting Cambodia's trade and customs modernization. The ADB is leading two major programs focused on revenue mobilization and trade competitiveness, with substantial progress on GDCE policy actions. While improved customs data is still pending, a firm has submitted a bid to provide new technology. ADB is also exploring support for a certificate of origin mechanism, though its feasibility remains uncertain. The Policy Based Loan includes significant components on capital gains and personal income tax⁵ and several regional technical assistance programs are available to complement these efforts. Meanwhile, JICA is advancing its support on trade facilitation, including strengthening the Authorized Economic Operator (AEO) program, which now includes seven companies, and plans to conduct a Time Release Study this year. JICA is also addressing human resource development, with a proposed workshop on training-of-trainers, amid changes in recruitment authority now centralized under the Ministry of Civil Service. Additionally, JICA has identified a need for enhanced capacity in investigation and risk management, and system improvements from a business perspective. The World Bank is currently evaluating health taxes under excise policy, with a prioritization workshop scheduled. It has raised concerns about the limited capacity of customs brokers and is considering funding a track-and-trace study visit to Ireland. Although EU German Gate was not present at the recent meeting, GDCE confirmed its support for a risk management framework due for completion in October 2025, as well as contributions to improvements of the National Single Window ePhyto⁶ module, pre-arrival processing, AEO Standardized Operating Procedure development, and CD on trade statistics management.

16. To best support GDCE, DPs underscored the importance of strong coordination and strategic alignment across all ongoing and planned initiatives. There is a shared commitment to prioritize collaboration, particularly in areas such as training, capacity building, and systems modernization. During recent discussions, partners agreed to avoid duplication of efforts, and current activities reflect this principle as each organization is contributing in complementary areas. Partners also expressed interest in joint training programs which will further streamline support and maximize impact for GDCE.

⁵ This work will be undertaken with the Ministry of Economy and Finance and the General Department of Taxation

⁶ The National Single Window ePhyto module is an electronic system that allows plant health certificates (ePhyto) to be submitted, processed, and exchanged digitally between countries, making trade in plants and plant products faster, more secure, and paperless.