

# Exporting Palm Sugar from Cambodia to Europe





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# I Product definition

Palm sugar is a sweetener that originates from different varieties of palm trees.

## 1 Presentation of the product

The five main sources of palm sugar are:

- Date palm and its two varieties [Phoenix dactylifera and Phoenix sylvestris], which are found in the Middle East and Asia, respectively. Date palms are mainly grown for their fruits, the dates.
- Palmyra palm [Borassus genus], found on the African continent, in Asia, and New Guinea, can be useful for thatching, hats, writing materials and some food products. Of course, its wood is also used.
- Nipa palm [Nypa fruticans] can be found in the tropical and coastal regions of the Indian and Pacific Oceans. Its particularity lies in its favored biome: mangroves. Indeed, it is the only palm tree that grows partially underwater. Its tap is rich in sugar and is used to produce palm sugar.
- Sugar palm [Arenga pinnata] is native to Asia's tropical and coastal regions and is mainly grown in Indonesia and China.
- Coconut palm sugar [Cocos nucifera] is also found in the coastal tropical regions of the Pacific and Indian Oceans. This sugar is produced from the blossom and is therefore often referred to as coconut blossom sugar. Major producers are Thailand, the Philippines, and Indonesia.

### HS code

There is no separate HS code for palm sugar, which makes it difficult to source statistics.

Palm sugar can be traded under multiple HS codes, including 1704.9090, 1901.9090, and 1702.9010.<sup>1</sup>

### Tip:

- To learn more about the sweeteners market in Europe, read the CBI study on alternatives to sugar: <https://www.cbi.eu/news/sugar-alternatives-under-review>

## 2 Cambodian product offer

More than just a sugar-producing tree, the palmyra is a true symbol of Cambodia and is fully part of Khmer culture and tradition.

Used for hats, roofing, mats, baskets, boats, souvenir, houses, furniture, as well as in many dishes, it is said that palmyra tree has 108 uses in the country.

### A. Production

Today, Cambodia has more than 3,000,000 palmyra trees.

As palm sugar production greatly depends on weather, production per year largely fluctuates.

As a relatively new commodity, statistics on total production of palm sugar in Cambodia are unclear, but it was estimated at around 14,000 tonnes in paste form in 2019, which can produce approximately 9,100 tonnes of sugar powder.

### B. Associations

Created in 2009, the Kampong Speu Palm Sugar Promotion Association is Cambodia's main palm sugar association. It includes around 200 producing families and 10 trading companies that supply domestic and international markets.

It acts as an inter-professional/non-profit organisation and aims to promote and protect Kampong Speu palm sugar, particularly by connecting producers with traders.

### C. Geographical indication<sup>3</sup>

In 2019, the European Union granted protected geographical indication [PGI] status to Kampong Speu palm sugar.

According to Sam Saroeun, president of the Kampong Speu Palm Sugar Promotion Association, "Prices will remain stable thanks to the PGI, which should allow farmers to have a better standard of living. The indication should also allow us to protect the name of our product from counterfeiting."



## II Introduction to the EU Market



Sugar is one of the most consumed ingredients at a global level. Its total market reached 185 million tonnes in 2021 while 64 million tonnes are traded on average per year.<sup>4</sup> Sugarcane comprises 74% of the market while sugar beets account for around 25%.<sup>5</sup> Note that sugar beets are extremely popular in European countries [much more popular than sugarcane], since Europe produces its own sugar beets but does

not cultivate sugar cane. The remaining sugar market consists of palm sugar, maple sugar, and sorghum.

Palm sugar is still a niche market with a global volume of 747,525 tonnes in 2017.<sup>6</sup> Its growth is predicted to be quite strong in the coming years, potentially reaching 1,000,000 tonnes in 2025.<sup>7</sup>

### 1 European imports of Palm Sugar

Since palm sugar production in Europe is virtually nonexistent, it relies entirely on imports. Industry sources estimate the total European market for palm sugar to be anywhere between 1,500 and 3,000 tonnes.

To put things in perspective, the 2019/2020 total EU production of sugar accounted for over 16.5 million tonnes.<sup>8</sup>

Please note that products with very small exports – such as palm sugar - can strongly fluctuate, as a result of bad crops for instance.

#### Tips and useful readings:

- See the website of the Export Helpdesk of the European Commission and the trade statistics published by the [ITC](#) for analyses of the trade of various sugars.
- For a broader overview and analysis of European economies, visit the [World Bank](#) or [IMF](#) websites, which offer data and statistics.

### 2 Target markets and potential for exports

As mentioned in the introduction, official data on palm sugar imports do not exist. However, it is well known that Northwestern countries - with a relatively high income - are the most likely to try new and innovative products. Traditionally, suppliers select the UK as a test market for new products, quickly followed by other Western countries (such as France, Austria, Belgium, and Scandinavian countries), with Eastern and Southern Europe usually being the last to adopt such products.

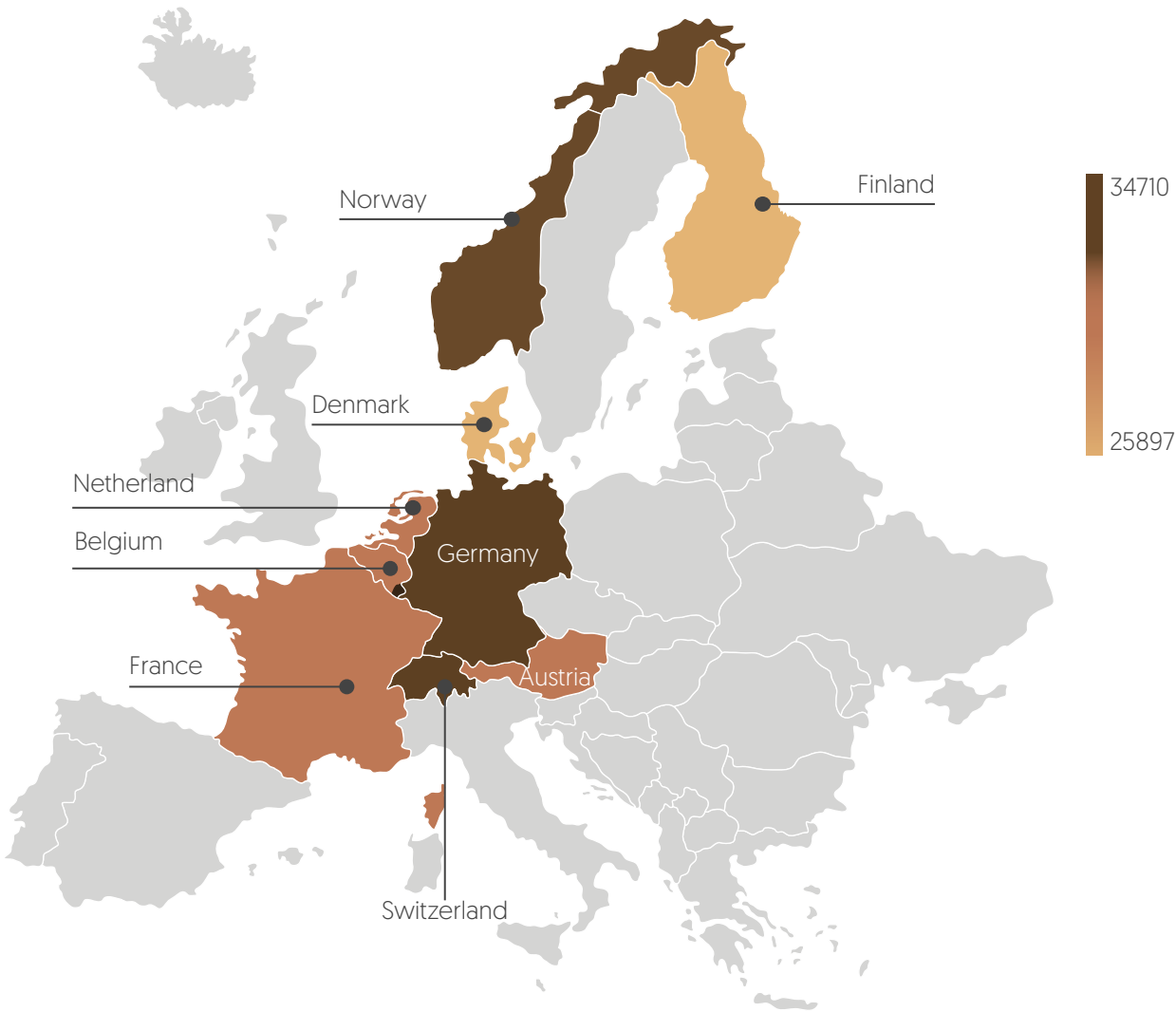
Checking the highest adjusted gross disposable income is a good way to see a market potential for niche and pricey products.

According to the Cambodian Ministry of Commerce, a single palm tree can produce as much as 80kg of sugar powder, which leads to an estimated possible production of around 240,000 tonnes a year.

The current production is estimated at 9,100 tonnes, which only represents 4 percent of the potential production.

At a value of US\$2.7 per kilogram of powder, the potential export value is US\$648 million, representing a huge opportunity for Cambodia's producers and traders.<sup>9</sup>

Figure 1: 10 highest adjusted gross disposable income of households per capita in the Europe



Source: Eurostat. (2020). Adjusted gross disposable income of households per capita.

### 3 European imports of palm sugar from Cambodia

Under HS codes 1704.9090, 1901.9090, and 1702.9010, we speculate that palm sugar has become an established export commodity. It is sold to several Asian and European countries.

The total value of exports increased from virtually zero in 2014 to \$332,000 (107 tonnes) in 2020, a large jump for a relatively small sector. In 2020, three of the top four export destinations were European countries, with Spain claiming the top spot (\$97,000; 34 tonnes), followed by France (\$42,000; 24 tonnes), Korea (\$88,000; 21 tonnes), and Italy (\$37,000 USD; tonnes).<sup>10</sup>

Indeed, Cambodian palm sugar is very popular in foreign markets and orders keep increasing.

In 2018, KSPSPA - Cambodia's largest palm sugar association with more than 200 members - exported to 16 countries, with Japan, Taiwan, South Korea, and France as its main importers.<sup>11</sup>

In 2020, just 10 member companies of KSPSPA exported a total of 70 tonnes to 15 countries in Asia and Europe.

## 4 Competition

### Competing products

The main products you are competing with are raw cane sugar and coconut blossom sugar. Cane sugar is much cheaper than coconut and palm sugar but provides much less health benefits. Coconut blossom sugar has gained momentum and can be seen as a powerful

competitor.

You will also compete with natural sweeteners such as agave and corn syrup, as these products are increasingly used to replace sugar. Palm sugar is harder to process and more expensive.

### Competing countries

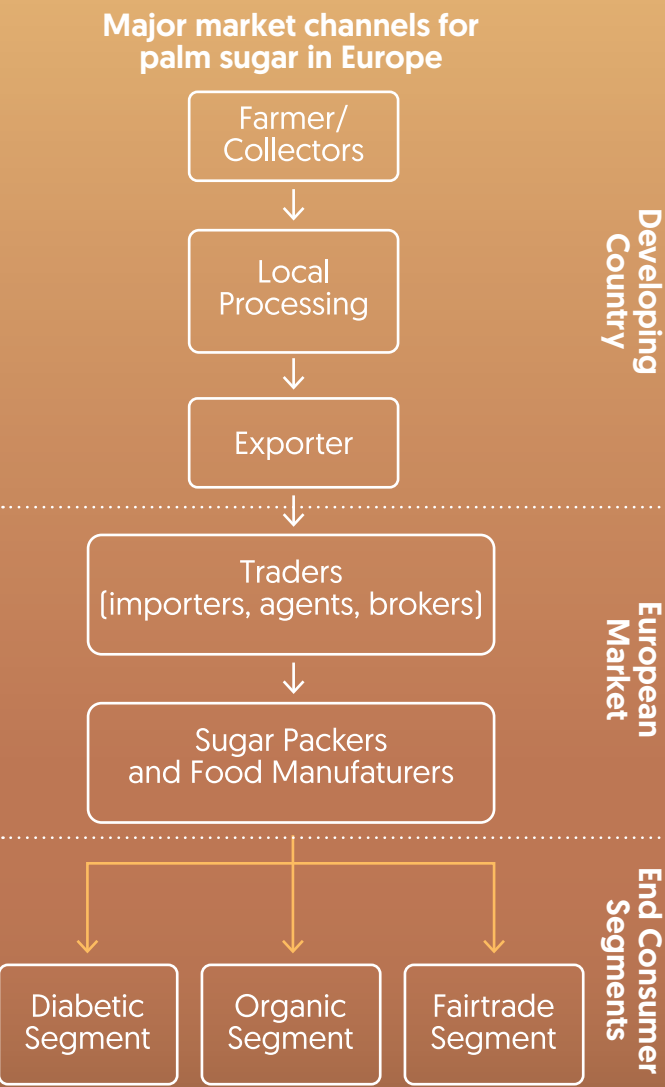
Coconut and sugar palm trees both grow in Southern Asia, which will make your competition largely regional. Indonesia, India, and Thailand are the major palm sugar producers and represent your main competitors as well.

Countries in the Middle East and North Africa also have date palm trees and produce palm sugar. These countries bear watching, as palm sugar producers in these regions have the strong advantage of being close to the European market.

## 5 Market channels

Natural food importers and specialised importers are the most important for you as a palm sugar exporter. European specialised importers include Raw-Superfood, Rapunzel, Naturata, and RealFoods .

Specialised retailers – such as organic and healthy shops - concentrate much of palm sugar sales in Europe.





## Tips and useful readings:

- Join sector associations and cooperatives to increase volumes, benefits from economies of scale, and access bigger buyers.
- Do not focus on supplying directly to food manufacturers. They prefer to purchase from importers, which offer a convenient one-stop-shop. Food manufacturers focus their activities on the development, manufacturing, and marketing of foods.
- Inform importers about the opportunities of palm sugar for diabetic foods.
- For more information, see CBI's study on [market channels and segments for honey and sweeteners](#).

## 6 Segmentation of the market

### Consumers

The consumer market is the largest segment for palm sugar in Europe. It requires palm sugar of high quality, packed for retails (usually by importers). The retail sector needs small but frequent deliveries.

### Manufacturers

Manufacturers of organic, ethical, and diabetic products make up important segments. They sell to specialised retailers, health shops, and organic retailers.

Considering the high price of palm sugar products, conventional retailers represent just a tiny share of imported palm sugar and are therefore minor buyers.

### Diabetics

Countries with large diabetic populations are interesting markets to promote palm sugar, especially as a sweetener.

Germany [by far] followed by France, Italy, Spain, Poland, and the UK are the countries which are expected to have the largest diabetic populations in Europe until at least 2030.<sup>12</sup>

### Gourmet

A relatively small percentage of palm sugar exported to Europe is sold in high quality/premium gourmet products. They target consumers who are willing to spend more money on food than the average consumer.

## Tips and useful readings:

- If you target North-western countries, sell your products as new and innovative. You can also promote the low glycemic index to your buyers.
- To know more about food trends, visit the FoodDrinkEurope website.
- Focus your promotion efforts on importers that supply directly to end users, such as bakeries or consumer markets.





# III Trends and consumer needs



## 1 Health and search for refined sugar alternatives

Although European consumers were already inclined to develop better health habits pre-2019, the COVID-19 pandemic further boosted this trend and has been motivating consumers to support their immune system via better drinks and foods.

As unrefined and brown sugar are seen as healthier than traditional white sugar, artificial sweeteners are quickly being replaced by natural ones in the European market.

Cambodian palm sugar seems like the perfect alternative to refined sugar. It is a natural product with no chemical additives, rich in fructose and minerals, and has a much lower glycemic index than white sugar.<sup>13</sup>

### Tips and useful readings:

- Promote the exclusivity, origin, and natural features of palm sugar to your buyers.
- Check the CBI study on trends for honey and sweeteners for more detailed information.

## 2 Ethical sourcing

European consumers show a growing interest toward ethically sourced products, which promote ethical behaviour toward farmers, employees, and animals.

Fairtrade International – a global leader in ethical certification – has reported significant sales increases in many product categories.

**This provides good opportunities for the development of ethically certified producers.**

## 3 Organic

Organic sales are booming, which is absolutely not the case of organic production within the EU. Indeed, organic production rarely exceeds 15% in almost all EU countries. Thus, the EU vastly depends on imports, especially in the organic segment. This offers good opportunities to newcomers as importers need to identify and tap new sources.

Even for conventional producers, it may be promising to engage in an organic transition, as there are usually more opportunities for SMEs and less fierce price-driven competition.

**As palm trees are often cultivated without added chemicals, getting an organic certification should be relatively easy.**

## 4 Sustainability

Sustainability has become one of the most important topics in the world, due to the risk of global nature loss in a short time and customers' interest in clean and healthy food.

Several sustainability initiatives are already in place in the EU and its supplying countries. Consumers and retailers, in general, are becoming more interested in sustainably produced fruit items. The EU farm to fork strategy is an example of such a sustainability

initiative. It “aims to accelerate our transition to a sustainable food system that should: have a neutral or positive environmental impact, help to mitigate climate change, adapt to its impacts, and reverse the loss of biodiversity.”<sup>14</sup>

This results in European buyers becoming stricter in their requirements for palm sugar production. For instance, they increasingly promote the collection of sap from trees in natural forests instead of simply cutting down these forests.




### Tip:

- Promote measures you are taking to improve the sustainability of your product.

Key takeaways

- Take advantage of existing GI certification.
- Gather other Cambodian palm sugar producers and try to win support from the Cambodian government (promotional activities, presence at major trade fairs, etc).
- Study your competitors. To enter the market, you must be at least as good.
- The EU imports of palm sugar is subject to major fluctuations. Take advantage of this by always being ready to ship.
- Keep an eye on major producing countries of competing products, such as coconut sugar (Indonesia and the Philippines), raw sugar cane (India, Brazil, China, Pakistan, Thailand, and Mexico) and palm sugar (Ethiopia, India, Indonesia and Thailand). Some issues (climate, drought, political instability, logistics problems) might affect them. You should be able to take advantage of such situations.
- Do not focus on supplying directly to food manufacturers, but rather to food importers.
- Agents are especially interesting if you do not have a strong sales network. The website <https://www.handelsvertreter.de/de/> is a good place to start looking for a commercial agent in Germany.
- Note that once you have established a trade relationship through an agent, you cannot establish a direct relationship with the buyer anymore.

Table 1: Successful Cambodian palm sugar companies

| Company   | Background  | Website  |
|---|---|--|
|    | <p>Khmer Organic Cooperative was established in 2014 to promote regenerative agriculture and to provide organic, locally grown food to consumers in Cambodia. They work along the whole agricultural supply chain from the farm gate to the market. In cooperation with various stakeholders and development partners, they promote sustainable agriculture and support small-holder farmers and farmer communities. Khmer Organic Cooperative's exporting efforts are focused on premium Cambodian products.</p> <p>The best quality palm sugar is sourced from farmers in Kampong Speu province. Cambodian palm sugar is a natural sweetener that is popular with health-conscious consumers. Khmer Organic Cooperative's farmers use artisanal palm sap harvesting techniques.</p> <p>Authentic and unprocessed, palm sugar preserves essential plant-based vitamins and minerals.</p> | <a href="http://www.khmer-organic.com">www.khmer-organic.com</a> |
|   | <p>Hesed Agricultural Trading is a social enterprise that works closely with farmers and communities in the rural areas of Cambodia by supporting and purchasing their products, especially palm sugar.</p>   | <a href="http://www.hesedcambodia.com">www.hesedcambodia.com</a> |
|  | <p>Confirel is committed to preserving sugar palm trees and manufacturing high-quality and world-recognised health products. It is dedicated to promoting authentic Khmer products and values while improving the economic activities of rural farmers.</p>   | <a href="http://www.confirel.com">www.confirel.com</a>           |





# IV Requirements

## 1 Legal requirements

### A. Tariffs and rules of origin

The rules of origin determine the origin of goods, and their place of production and/or manufacture.

Cambodia is part of the EU's Generalised Scheme of Preferences, which aims to help developing countries expand their exports.

**Thus, Cambodia enjoys preferential origin rules.**

- 0% tariff - if imported directly
- 5.8% - if imported through a third country]

**To benefit from a 0% tariff, the product must:**

- Be wholly obtained and originate from Cambodia.
- Its sugar weight must not exceed 40% of the final product weight.

### B. Value-added tax

All palm sugar imports are subject to a 7% value-added tax when entering the European Union.

### C. Customs documentation

Documents required by the European Union's customs:

- Invoice for importer
- Commercial invoice for customs
- Bill of lading
- Packing list
- Certificate of origin

### D. Food safety and contaminants control

European Union food safety legislation and buyer requirements are of particular concern in the palm sugar market as this sugar is often produced in an environment where producers have little control over hygiene conditions.

As such, buyer requirements and EU food safety legislation should be taken very seriously.

Contaminants in food are undesirable and hazardous chemicals that can have negative health impacts on consumers. These compounds can be found in food as a result of various stages of manufacture, packing, transportation, or storage.

Official food control inspections can happen at any time, from the moment of import and during all stages of marketing.

If a company does not comply with the European General Food Law, they are reported through the Rapid Alert System for Food and Feed, an institution that can be consulted at any time by the public.

It is important to note that special import conditions – or even a full import ban - can be levied on countries that repeatedly do not comply with European food legislation. These conditions may include laboratory test results for a certain percentage of shipments from specified countries.

To reduce pollutants in food, the European Union imposes strict regulations by establishing limits for specific pollutants.

- **Find the European Commission Regulation here:**  
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02006R1881-20210831>

*Exports of sweeteners such as sugar do not require a health or sanitary certificate.*



- Contamination by Poly Aromatic Hydrocarbons (PAH) is a potential risk in palm sugar production when the palm sap is boiled on an open fire.
- Another issue related to this production is contamination with acrylamide that can form when boiled at a certain temperature. Acrylamide is regarded as a potential cause for cancer.
- The most important aspect of palm sugar production is keeping infections and the multiplication of yeast to a minimum in the palm sap.

### E. Pesticide residues

Maximum residue levels (MRLs) for pesticides in food products have been established by the European Union. If your product includes illegal pesticide residues or higher levels of pesticide residues than permitted, it will be removed from the European market. Samples and testing are often conducted by both government and non-governmental organisations, which frequently

results in public blaming and shaming of the business if residues are discovered.

The European Union provides a regularly updated list of pesticides approved for use in the EU. The European Commission passed 12 new laws in 2019, requiring adjustments to over 80 different pesticides.

### F. Genetically Modified Organisms (GMOs)

Sweeteners classified as Genetically Modified Organisms (GMOs) are not allowed on the European market.

### G. Packaging

Palm sugar is packed in Kraft paper bags or polypropylene (PP) bags with a polyethylene (PE) inner bag, which protects the sugar from moisture. This is necessary as palm sugar attracts moisture.<sup>15</sup>

Buyers may have specific packaging requirements as well.



- Note that organic and conventional palm sugar should be completely isolated from each other.



H. Labelling<sup>16</sup>

You should use markings on your product to track individual production batches.

Use English for labelling unless your buyer has specific requirements.

The following information must be displayed:

- Product name
- Batch code
- Whether the product is destined for use in food products
- Name and address of exporter
- Best before date
- Net weight in metric units
- Recommended storage conditions
- Organic and ethical trade: Name/code of the inspection body and certification number



- The European legislation does not allow health claims related to low glycemic index of palm sugar.

2 Additional requirements buyers often have

A. Documentation

Although there is no strict legislation on documentation, European buyers usually require:

- Technical Data Sheets (TDS)
- Material Safety Data Sheets (MSDS)

Also, they often send a questionnaire to their suppliers, with questions regarding the setup of companies and factories (self-audits).

Refer to the EU Export Helpdesk for more information on the customs document you will need.

B. Representative samples

Buyers often request samples to check that your products meet their requirements, and of course all of the EU’s requirements. The samples are analysed and if your product does not meet their specifications, they will inform you.

These samples should match the rest of your shipment, as these analyses will determine the potential applications of your products.

Tip:

Always send representative samples of the product you can deliver according to the time frame, quantities, and quality required by your buyer. First send a pre-shipment sample and wait for approval from the importer before you ship the order.

V Certifications and certifiers

As buyers and consumers increasingly demand standards above EU regulations, being certified is deeply important.

A certificate provides certainty to customers worldwide, as it attests that your management system, process, or product meets objective (internationally) recognised criteria and related obligations.

Certification can improve efficiency: your operations are more sophisticated, more

efficient, and easier to control. It identifies processes within your company and highlights areas for improvement. A certification is reassuring to the relevant authorities, as it avoids any debate about whether you are complying with rules and legislation.

Getting certified will give your product a good reputation on the (international) market. It is also an excellent marketing tool and offers many promotional possibilities.

Table 2: Most common food-related certifications

| Certification Scope | Certification Program   | Export Market   |
|---------------------|---|---|
| Organic Agriculture | EU Organic<br> | To reach the European organic market, the whole chain of organic production needs to be inspected.  |
| Food Safety         | HACCP<br>      | Compliance to EU regulations is mandatory. HACCP is based on these regulations and proves that you respect these rules.<br><br>Although not mandatory, HACCP proves that you respect EU regulations. It is strongly advised to get it.<br><br>Operators need to implement and maintain a food safety management system in their facility. |
|                     | ISO 22000<br>  | Most comprehensive standard accepted all over the world.<br><br>This is applicable to all organisations in the food supply chain.   |



## 1 General Certifications

### Highly recommended certification

HACCP is not mandatory but it is mandatory to comply with EU regulations and laws. It is thus strongly advised to get this specific certification.

Most European buyers will ask for certifications recognised by the Global Food Safety Initiative [GFSI]. For palm sugar, the most common certification programmes are:

- International Featured Standards (IFS) [common in Germany]
- British Retail Consortium Global Standards (BRCGS) [Common in the UK]
- Food Safety System Certification (FSSC 22000)

Please note that this list is not exhaustive and food certification systems are constantly under development. Most food safety certification programmes are based on existing ISO standards like the ISO 22000.

ISO 22000 is a very good starting point while FSSC 22000 includes some additional requirements

technical details concerning production. ISO 22000 can be easily upgraded to FSSC 22000, in many cases by the same certifier that provides the ISO certification.

Most of the mandatory requirements related to the import of processed vegetables and fruits in Europe are related to food safety.

### Tips and further reading:

- Buyer requirements: <https://www.cbi.eu/market-information/processed-fruit-vegetables-edible-nuts/buyer-requirements>
- The General Food Law, legislative framework regulation for food safety in Europe: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32002R0178>
- The European Food Safety Authority (<https://www.efsa.europa.eu/en>) [EFSA], in charge of developing particular food safety regulations and establishing frameworks for official food controls.

## 2 Organic certification



- As most palm trees are cultivated without added chemicals, getting certified should be relatively easy.

For an imported product to be sold as organic, it must meet standards equivalent to those of European products. There are procedures in place for this purpose that all importers must

follow if they wish to market a product as organic. These procedures depend on the origin of the products.

### Mandatory certification/certificate

- The EU Organic [EU Regulation EEC. No. 834/2007 of Organic Production] certification regulates the production, processing, distribution, importation, and labelling of organic food and agricultural products and is mandatory.

This regulation is completed with additional rules, specifically Regulation [EC] 889/2008 :

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0834&from=EN>



**This regulation covers the HACCP principles, which means you do not need to seek the HACCP certification if you already have the EU Organic one.**

- The Electronic Certificate of Inspection [eCOI]], issued by your certifier in the supplying country and registered in the TRACES system, is mandatory for your products to be legally allowed in the EU.

### Please find:

- Detailed rules concerning the import of organic products from third countries]. <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32008R1235>

### Tips and useful readings:

Find out more on organic regulations:

- [EC] 889/2008 on organic production, labelling, and control: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008R0889&from=FR>
- [EC] 1235/2008 on imports of organic products from third-party countries: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008R1235&from=EN>



EU organic logo displayed on a palm sugar pack





### 3 Sustainability and Corporate Social Responsibility



Sustainability certifications focus on different aspects such as environmental protection and ethical behaviour toward farmers, employees, and animals. Some certificates deal with one aspect only while some cover a broader range of aspects.

#### Ethical trade

Fairtrade – the world’s most famous ethical certification – does not have a standard for palm sugar production. As such, you will not be able to benefit from its recognition.

#### Alternatives are:

- **Fair for Life**  
Institute for Market Ecology (IMO)
- **Fair Choice**  
Control Union

### 4 Main guidelines to get certified

1. Find a buyer.
2. Select a certification scheme that suits operational and EU requirements.
  - Make yourself familiar with the target market. Which certifications are required by your potential customers? Which may offer promising value-added?
  - Determine the next steps. Assess the finance required to upgrade to such certification. [Price of the certification, modification of the production set up, future plans etc]
  - To get yourself familiar with standards, you can use this website:  
<https://www.standardsmap.org/en/home>
  - The Standards Map provides online access to a wide range of information related to sustainability initiatives, standards and trends, allowing businesses to pick the right certification or follow the right standards.
3. Develop and implement the certification system requirements in your organization.
4. Conduct an internal audit.
5. Conduct a management review.
6. Adjust according to the output of the internal audit and management review.
7. Verify the corrective actions.
8. Contact a certification body that has the accreditation to issue a valid certificate.
9. Send an application to a certifying body [e.g., Control Union]
10. The application is reviewed by the certifying body.
11. Preparation of the contract.
12. Reviewing of the contract by the applicant.
13. Sign and send back the contract to the certifying body.
14. The certifying body officially registers the applicant as a ‘client’ and arranges the audit.

#### Before the audit

Some documents need to be sent to the certifying body. These are meant to provide a basic understanding of the company’s operation and its current quality management system. This information will be verified during the onsite inspection.

#### Factory audit

3 components

- Observation of the factory
- Worker interviews
- Documents check



If the client complies with the standards, the certificate is issued.  
If not, some corrective actions need to be done.



**Time limit:**

Minor non-compliance:  
**2 months**

Major non-compliance:  
**1 month**

The certificate is then issued.

Potential certifiers are Control Union and Bureau Veritas.

Table 4: Potential certifiers in Cambodia

**ControlUnion**



N°28, Street 288, Sangkat Olympic, Chamkarmon, 12312 Phnom Penh



023 966 496



cambodia@controlunion.com



<https://www.petersoncontrolunion.com/en>



**Bureau Veritas**



#1186, St.371, Sangkat Steung Meanchey, Khan Meanchey, Phnom Penh, Cambodia.



017 555 638 / +85523 962 280



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<https://group.bureauveritas.com/>

# VI Logistics

To avert the many pitfalls in logistics and get your products on the markets on the conditions agreed on, working with a good logistical operator is crucially important.



## 1 Transport/incoterms

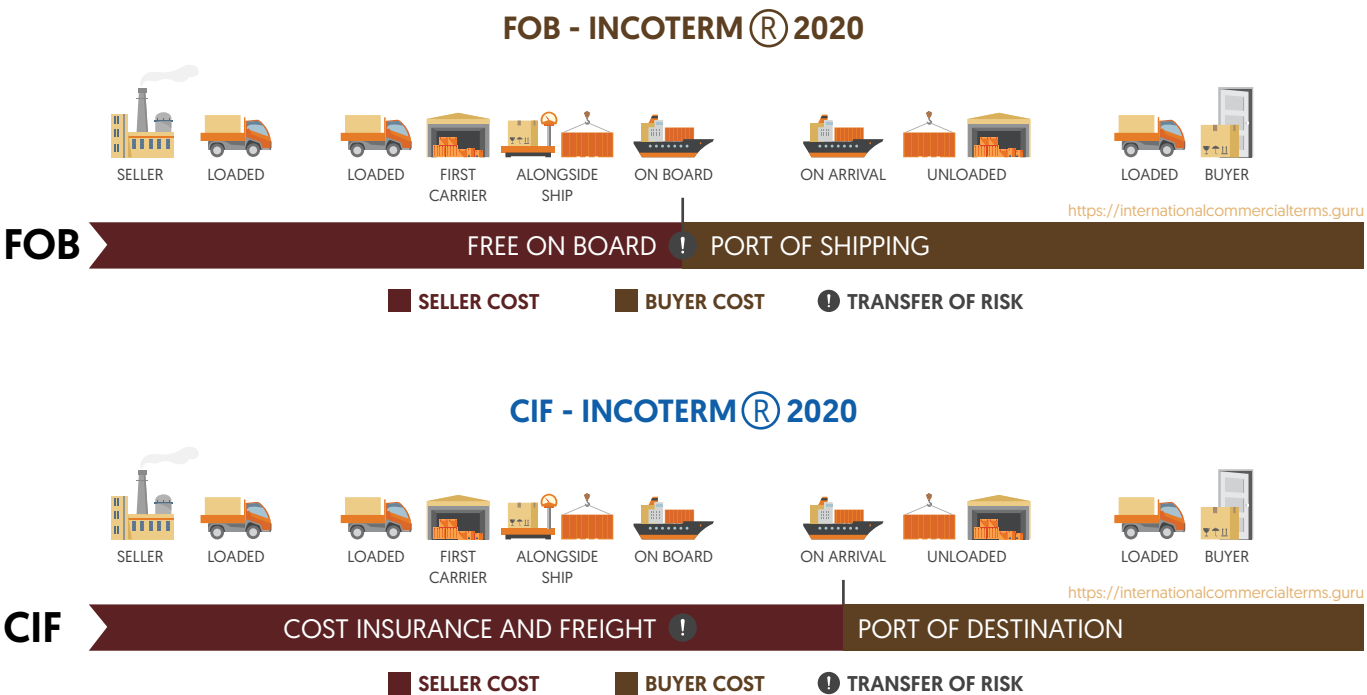
Incoterms [international commercial terms] are a system of international rules that govern international trade operations.

These rules define the distribution of costs, risks, and import and export formalities between the seller and the buyer in the process of delivering the goods. It allows each party to make the necessary arrangements related to its obligations: insurance, costs [logistics, taxes...] and formalities [regulatory, customs...]. Above all, it allows you to avoid disputes.



The most common incoterms are **FOB** and **CIF**.

- **FOB**/Free on Board. The seller must clear the goods through customs and deliver them on board a vessel designated by the buyer. The transfer of costs and risks takes place when the goods are on board the vessel at the port of departure.
- **CIF**/Cost Insurance and Freight. This incoterm requires the seller to conclude the contract of carriage on behalf of the buyer, but also to take out insurance on behalf of the buyer to cover the goods during the carriage. Thus, the goods are transported at the buyer's risk. According to this organisation, there is a gap between the transfer of the expenses which takes place at the port of arrival and the transfer of the risks which takes place at the port of departure.
- It is frequently used because it allows the exporter to provide a complete solution [customs clearance, transport and insurance] without engaging its responsibility since it is the buyer who is responsible for the goods during transport.



**Important:**

- CIF price is higher than FOB
- FOB or CIF is negotiated between the buyer and seller
- Factors to choose FOB or CIF include the relations between the producer and the shipping companies, geostrategic location etc.
- It is recommended for companies to have both prices ready (FOB and CIF) when beginning to negotiate with buyers. Price is indicated usually in container loads.
- Usually, importers in Europe are happy to take over shipments at big ports.
- Big ports include Rotterdam, Hamburg, and Antwerp in continental Europe, other ports in the Mediterranean (Valencia, Genoa).



Together with your logistic provider, you must ensure the preservation of your products by:

- Thoroughly cleaning the holds or containers before loading the sugar.
- Protecting the cargo from moisture during loading to avoid mould, spoilage, and self heating.
- Ensuring appropriate temperature, humidity/moisture, and ventilation conditions during transportation.
- Protecting the cargo from pests such as beetles, moths, etc.<sup>17</sup>

**2 Logistics steps**

Do your research to identify the right logistics provider. Competitive pricing, good services, reliability, and the ability to provide good insurance providers (if CIF) are parameters to look for. It is crucial that you familiarise yourself with some basic information before engaging with a potential buyer. How long does it take to ship to EU? What is the best route or port of destination for your target market? How about combined loads, etc? Importers may have a lot of questions related to shipping options.

1. Do your research to identify the right logistics provider. Competitive pricing, good services, reliable, on time, and good insurance provider (if CIF) are parameters to look for
2. Before negotiating with your buyer, be sure to have FOB and CIF quotations ready. You may request these quotations from your logistics provider.
3. Negotiate with the buyer the terms of the shipment: products, volume, frequency of shipments, delivery time, testing, and payment. Importers often start with small orders (just a few pallets) as they want to run a trial first.
4. Usual payment instalment: 50% with all documents ready and product ready to ship, the other 50% when the product is sold.
5. Do your homework before negotiating with the buyer. Know the common length of the logistics process, how long does it take to produce one container load etc.
6. Understand the packaging. Good logistics depends on good packaging.
7. Arrange basic testing on anything relevant before shipping (MRLs, contaminants etc., organic if needed), to avoid liability issues and reinforce goodwill with the buyer.
8. Sign a contract with the buyer with payment and shipment terms.
9. Package the goods correctly (in compliance with EU law).
10. Send goods. You may have to track them. Be aware of when the product will arrive at the port of destination.



## Tip:

- For more information on incoterms:  
<https://www.velotrade.com/guides/what-is-incoterms-2020/>

### 3 Freight forwarding companies



#### DHL Express

571, 575 Russian Federation Blvd. [110], Phnom Penh, Cambodia  
<http://www.dhl.com.kh/>



#### World Bridge Group of Companies

The Bridge level 38, Village, No 14 National Assembly Street, Phnom Penh, Cambodia  
<https://www.worldbridge.com.kh/>



#### DHL Global Forwarding

11th Floor, Heng Asia Building #22, Mao Tse Toung Boulevard [245], 12305, Cambodia  
<http://www.dhl.com.kh/>



#### CFS Cam Freight Services Co., Ltd.

313 Street, 85c Phnom Penh, 12152, Cambodia  
<https://www.ups.com/kh/en/contact.page>



#### UPS Express Cambodia

Camkocity R1, Camko Street Kongkeo Phos Village 2 Commune, Phnom Penh, Cambodia  
<https://www.ups.com/kh/en/contact.page>



#### Maersk (Cambodia) Ltd.

No. 298, Mao Tse Toung [St. 245], Next to InterContinental Phnom Penh, Room 8A, Mao Tse Toung Boulevard [245], Phnom Penh, Cambodia  
<http://www.maerskline.com/>



#### SRVC Freight Services Cambodia Co., Ltd.

Tuol Kouk District Hall, Phnom Penh 12150, Cambodia  
<http://www.srv-cambodia.com/>



#### DB Schenker (Cambodia) Limited

Ty Thai Heng Long Building, No. 78, 7th Floor, Mao Tse Toung Boulevard [245], Phnom Penh, Cambodia  
[http://www.dbschenker.com.kh/log-kh-en/company/contact\\_us.html](http://www.dbschenker.com.kh/log-kh-en/company/contact_us.html)



#### Swift Freight Logistics Limited

Plot 61, 570- St 331, Phnom Penh, Cambodia  
<https://www.swiftfreightlogistics.com/>



#### CSKHA LINES CO., LTD.

2nd Floor, Kim Hap Bldg., #86EA2, Street 388, Sangkat Prey II, Toul Svay, Cambodia  
<http://www.heung-a.com>



Endnotes

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