business opportunities
Cambodia
2016

Cambodia Information Pack
EuroCham Cambodia exists to provide a bridge between European investors and key stakeholders in the Kingdom. In addition to our outreach programme, which raises awareness of Cambodia as an investment destination, we represent the voice of the European business community in dialogue with the Royal Government and institutional partners. EuroCham Cambodia also provides research, facilitation services, and networking opportunities to companies with links to Europe. In particular, we work with small and medium-sized enterprises (SMEs), which make up the vast majority of businesses that drive Cambodia’s economy.

This information pack seeks to raise awareness amongst prospective investors about the significant benefits to be found in Cambodia – an unsaturated market with huge potential for future growth offering a strategic geographic location, preferential access to major international markets, favourable demographics, a competitive labour force, low tax rates, and one of the most business-friendly governments within the Association of Southeast Asian Nations (ASEAN). Wishing to provide a balanced perspective, we recognise that Cambodia remains a developing country and we detail some of the challenges encountered when doing business in the Kingdom. Additionally, we provide overviews of the major industries powering Cambodia’s economy and the infrastructural developments that these industries rely upon for their future growth, as well as a body of practical information that prospective investors will want to consider.
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Iconic Vattanac & Canadia Towers in Phnom Penh
Introduction to Cambodia

Part of our mission at EuroCham Cambodia is to highlight the significant breadth of opportunities on offer in this country to those who may have never before considered Cambodia as an investment destination.

After years of political turmoil that stunted its economic development, Cambodia has made a stellar start to the 21st century, establishing itself as one of Southeast Asia’s most consistent engines of growth. It is expected to move up in the United Nations Development Programme’s (UNDP’s) economic classification of countries in 2016, from ‘lower’ to ‘lower-middle income’.
PEOPLE

Cambodia is an ethnically homogenous nation home to approximately 15.5 million (July 2014 estimate) people, 90% of whom are ethnically Khmer. More than 96% of the population speaks the Khmer language.

Buddhism is the country’s official religion and has a significant influence over the Cambodian way of thinking. There is also a sizeable Muslim minority comprised mostly of the Cham people whose ancestors once lived in the ancient Champa kingdom, located in what is today central Vietnam.

Cambodia is an incredibly youthful country with more than 50% of the population aged under 25, while only 4% are older than 65. The country is currently experiencing rapid population growth, with more than three births for every death.

An estimated 20% of people live in urban areas, the majority of whom are concentrated in the capital, Phnom Penh. Battambang, Siem Reap and Sihanoukville are smaller urban centres.

CLIMATE

Cambodia has two main seasons – wet (May to October) and dry (November to April) with an average temperature of 27°C and only minor seasonal variations in temperature and humidity.

CURRENCY

Cambodia has its own currency, the Riel (KHR) which is pegged to the US dollar (USD) at a rate of approximately 4000:1. Cambodia is a partially dollarised economy in which US dollars are widely accepted and represent more than 80% of all deposits in Cambodian bank accounts.
Cambodia is a constitutional monarchy with King Norodom Sihamoni reigning as Head of State since 2004. The King stands above politics, and day-to-day government is run by Prime Minister Hun Sen and the Council of Ministers, which is made up of representatives from the ruling Cambodian People’s Party (CPP). Hun Sen and the CPP have leadership position since 1985.

Cambodia has a bicameral legislature made up of a National Assembly and a Senate. Since the 1991 Paris Peace Agreements, Cambodia has held five multi-party democratic elections to elect officials to the lower-house National Assembly. Although the Kingdom has enjoyed almost two decades of political stability, relations between major parties can be volatile at times. In the most recent elections in 2013, the CPP maintained its majority in the house yet was surprised by gains made by the united opposition force of the Cambodian National Rescue Party (CNRP), led by Sam Rainsy. After a yearlong political stand-off that saw the CNRP refuse to sit in the Assembly in protest against alleged electoral irregularities, a bipartisan agreement was reached in July 2014 for the opposition to formally take their seats in exchange for reform of the country’s National Electoral Commission (NEC).
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953</td>
<td>Cambodia gains independence from France, direct rule by the late King Norodom Sihanouk, remembered as “golden era”</td>
</tr>
<tr>
<td>1970</td>
<td>Military coup led by General Lon Nol, US bombing campaign, beginning of Cambodian conflict</td>
</tr>
<tr>
<td>1975-79</td>
<td>Genocidal Khmer Rouge era under Pol Pot, mass evacuations of urban areas</td>
</tr>
<tr>
<td>1979</td>
<td>Formation of the People’s Republic of Kampuchea (1979-1989) under Vietnamese occupation with ongoing military conflict against a Tripartite Coalition comprising Sihanoukists, Nationalists and Khmer Rouges, with the support of the West and China.</td>
</tr>
<tr>
<td>1985</td>
<td>Hun Sen becomes Prime Minister</td>
</tr>
<tr>
<td>1993</td>
<td>UN-supervised elections create Prince Norodom Ranariddh (royalist FUNCINPEC) Hun Sen (Cambodian People’s Party, CPP) coalition. New constitution restores the Kingdom of Cambodia as a constitutional monarchy, the modern-day state.</td>
</tr>
<tr>
<td>2004</td>
<td>Following King Sihanouk’s decision to retire, the Throne Council unanimously elects His Majesty NORODOM SIHANOMI to become King of Cambodia.</td>
</tr>
<tr>
<td>2013</td>
<td>2013 election, CPP wins but surprised by success of united opposition under CNRP. One-year stand-off over alleged electoral irregularities, resolved July 2014.</td>
</tr>
</tbody>
</table>
Statue of H.M. Norodom Sihanouk near Independence Monument
ECONOMIC TRENDS

The Cambodian economy presents something of a paradox. On the one hand, it has recorded two decades of consistently high economic growth, building successful export-orientated industries such as garment manufacturing and agriculture, and seeing its Gross Domestic Product (GDP) per capita more than triple over the past ten years. The Royal Government has successfully created an open investment environment for foreign capital, which has resulted in substantial increases in Foreign Direct Investment (FDI).

The majority of analysts, including respected financial institutions such as the World Bank, expect that growth will continue over the coming years, though potentially at a slower rate of change than in 2011 to 2014. At the mid-point of 2015, the International Monetary Fund (IMF) predicted a 7% annual growth rate for 2015 which would be similar to the growth recorded in 2014. A boom in construction, growth in domestic credit, and declining global oil prices are largely offsetting slowdowns in key industries such as agriculture, garment manufacturing and tourism.

On the other hand, there is a need for – and significant opportunities in – the diversification of Cambodia’s economy so as to reduce its vulnerability to external shocks, such as the recent decline in the global price of rice, which is the Kingdom’s main agricultural export. Core pillars such as garments and agriculture have recorded strong revenue growth over the
past two decades but there has been limited progress in addressing underlying problems such as prohibitive energy costs and the lacking infrastructure. Over the coming years, both of these industries will come under certain pressures, including a strengthening US dollar, which makes Cambodian products more expensive for the key European market, as well as the emergence of new regional competitors such as Myanmar. The erosion of Cambodia’s favourable access to wealthy foreign markets, as a result of new trade agreements between Western markets and the likes of Vietnam, will also have an impact. Likewise, the tourism sector is vulnerable to external events such as occasional geopolitical tensions and regional security issues.

<table>
<thead>
<tr>
<th>Year</th>
<th>FDI Inflows (Current USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2.4</td>
</tr>
<tr>
<td>2005</td>
<td>3.5</td>
</tr>
<tr>
<td>2010</td>
<td>6.7</td>
</tr>
<tr>
<td>2013</td>
<td>14.1</td>
</tr>
</tbody>
</table>

Source: World Bank Data
KEY ECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Indicator (2014)</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (nominal)</td>
<td>16.71 billion USD</td>
</tr>
<tr>
<td>GDP per capita:</td>
<td>1,090 USD (current USD)</td>
</tr>
<tr>
<td>GDP growth</td>
<td>7.04 %</td>
</tr>
<tr>
<td>GDP composition by sector (%)</td>
<td>Agriculture 29.8 %, Industry 27.3 %, Services 42.9 %</td>
</tr>
<tr>
<td>Labour force by occupation (2012)</td>
<td>Agriculture 51 %, Industry 18 %, Services 31 %</td>
</tr>
<tr>
<td>Trade balance</td>
<td>- 3.01 billion USD</td>
</tr>
<tr>
<td>Total imports</td>
<td>10.58 billion USD</td>
</tr>
<tr>
<td>Major import commodities (all origins)</td>
<td>Petroleum products, construction materials, industrial machinery, motor vehicles, pharmaceutical products, alcoholic beverages</td>
</tr>
<tr>
<td>Total exports</td>
<td>7.57 billion USD</td>
</tr>
<tr>
<td>Major export commodities (all destinations)</td>
<td>Clothing, footwear, rice, timber, light manufactured goods</td>
</tr>
<tr>
<td>Garment and footwear exports</td>
<td>5.78 billion USD</td>
</tr>
<tr>
<td>Rice exports (tons)</td>
<td>387,061</td>
</tr>
<tr>
<td>Tourist arrivals</td>
<td>4.21 million</td>
</tr>
<tr>
<td>Foreign Direct Investment inflow</td>
<td>1.345 billion (current USD)</td>
</tr>
</tbody>
</table>

Sources: World Bank database, Customs data, World Bank Economic Update Oct 2015, GMAC, Cambodia Rice Federation, Ministry of Tourism
LOWER-MIDDLE INCOME STATUS

Notwithstanding the challenges noted above, the greater than threefold increase in GDP per capita since 1995 is a remarkable achievement that has brought Cambodia to the edge of achieving lower-middle income nation status.

According to the World Bank’s classification system, a country is categorised as a ‘low-income’ country if its GDP per capita is below $1,045 in constant 2013 USD, and ‘lower-middle income’ if GDP per capita is between $1,045 and $4,125. Cambodia’s strong economic growth rates in recent years have been significantly higher than the rate of population growth, as demonstrated by the below graph. Official estimates place GDP growth for 2014 at 7%, and a similar figure is expected for 2015. Accordingly, by the end of 2015, Cambodia is expected to have GDP per capita of $1,096 in constant 2013 USD, which would see it move above the low-income threshold.
As of 2015, the European Union (EU) is now Cambodia’s largest trading partner. In 2013, the most recent year for which complete export data is available, Cambodia exported goods to the value of $2.52 billion to the EU, representing 36.5% of the country’s total exports. The vast majority of Cambodian exports to the EU are from the booming garment and footwear industries, which together accounted for 82.4% ($2.076 billion) of all exports. The 600-odd garment factories in Cambodia, which are mostly owned and managed by foreign investors from other Asian nations, have successfully implemented a strategy of targeting the European market for higher-quality, higher-value items. As a result of this strategy, the EU is the garment industry’s largest market in terms of value, though it is second to the US in terms of volume. For footwear, the EU is by far the most important single market for Cambodian products.

Under the EU’s ‘Generalised System of Preferences’ (GSP), Cambodia is classified as a ‘least-developed country’ and therefore enjoys duty-free and quota-free access to the European single market under the ‘Everything But Arms’ (EBA) policy, which covers almost all goods that Cambodia may seek to export to Europe. The scheme, which was implemented in 2001, has facilitated significant growth in both the volume and value of Cambodian exports to Europe, especially in the aforementioned garment and footwear industries. However, in recent years there has been growth in other types of products, such as rice, as well as light industry products including bicycles. In 2014, the EU reviewed the GSP and reclassified some of Cambodia’s competitors, including Thailand, making them no longer eligible for the EBA programme. This measure provides Cambodia a greater competitive advantage when exporting to the EU and, it is hoped, will encourage diversification into new products. Within ASEAN, only Laos and Myanmar have the same market access privileges to the EU as Cambodia, although this potentially may include Vietnam in the future.

The EU’s significance to Cambodia as a trade partner is primarily as an export destination, though with increasing levels of purchasing power amongst its growing middle class there are significant opportunities for the EU to increase the value of its exports to Cambodia (which totalled $239.7 million in 2013). As in

**VALUE OF CAMBODIAN EXPORTS TO EU BY CATEGORY, 2013**

- Garments: 1767.5
- Footwear: 309.5
- Bicycles: 245.6
- Rice: 124.7
- Sugar: 38.2
- Other: 35.0

*Source: Eurostat (extracted 23/02/2015)*
other emerging economies, Cambodians are increasingly being exposed to foreign brands and lifestyle choices, and are coming to demand more options and greater quality from their purchases. A number of European brands have already established a presence in the Kingdom, in industries including automobiles, fashion, cosmetics, pharmaceuticals and household appliances. Cambodians generally perceive these brands well as they have a reputation for high quality.

At present, goods exported from the EU to Cambodia fill specific needs in the market, by offering items that would not otherwise be readily available, such as certain pharmaceuticals, or by catering to the small but significant number of Cambodian elites who can afford to invest in products such as diamonds and luxury automobiles. However, the adjacent table shows that a significant proportion of trade is made up of eclectic transactions which fall into the ‘other’ category.

On the diplomatic front, in addition to various EU member states being represented through embassies in Cambodia, with reciprocal arrangements in place, the EU’s engagement with Cambodia is structured through the EU-Cambodia Cooperation Agreement, which was implemented in 1999. A Joint Committee meets every two years, alternating between Phnom Penh and Brussels, to provide a forum for the European External Action Service and the Royal Government to exchange views and align mutual objectives. The most recent Joint Committee took place in March 2014. Preceding the committee are several subgroups on topics such as development cooperation, trade, institution-building, administrative reform, legal and judicial reform, governance, and human rights. Collaboration also takes place on the regional and international stage through forums such as ASEAN and the Asia-Europe Meeting.

The EU, and its member states, is Cambodia’s largest partner in terms of development assistance. As part of the European Development Cooperation Strategy for Cambodia 2014-2018, the member states and institutions of the EU collectively committed $1.8 billion in funding support to Cambodia for projects relating to the ‘three pillars’ of environment, education and governance. $700 million of this will be provided by France in the form of a loan, while the EU is providing about $590 million in grants. There are further individual contributions from the Czech Republic, Finland, Germany, Italy, Ireland and Sweden.

### Value of Cambodian imports from EU 2013 (USD millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals</td>
<td>29.94</td>
</tr>
<tr>
<td>Automobiles</td>
<td>22.16</td>
</tr>
<tr>
<td>Diamonds and precious stones</td>
<td>15.69</td>
</tr>
<tr>
<td>Malts and foodstuffs</td>
<td>14.93</td>
</tr>
<tr>
<td>Leather products</td>
<td>9.38</td>
</tr>
<tr>
<td>Unspecified industrial machinery</td>
<td>6.83</td>
</tr>
<tr>
<td>Dishwashers</td>
<td>5.09</td>
</tr>
<tr>
<td>Wines</td>
<td>4.69</td>
</tr>
<tr>
<td>Other</td>
<td>130.97</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>239.60</strong></td>
</tr>
</tbody>
</table>

As of 2013, Cambodia’s largest partners in terms of development assistance were its neighbors, with $208.1 million from China, $34.6 million from Japan, and $33.7 million from Singapore. The US provided $20.1 million in assistance, while the World Bank contributed $16.1 million.
opportunities

- opportunities
- success
- investment
- strategy
- analyze
- area
- information
- finance
- distribution
- market research
- analysis
- weaknesses
- potential
- industry
- consumer
- product
- identify
- threats
- strengths
- cost
- investigation
- research
- running
As the steady increase in Foreign Direct Investment shows, international investors are becoming increasingly aware of the many opportunities that Cambodia offers. Whereas those who have little exposure to the country may envisage war and poverty, we see a nation that has once again found its feet, established political stability and consistently recorded strong economic growth. We acknowledge that some challenges remain when doing business in Cambodia, but these should not overshadow the considerable competitive advantages to be found here. European businesses that choose to invest in Cambodia will benefit from the country’s advantageous conditions.
1. PREFERENTIAL MARKET ACCESS

Cambodia is an integrated participant in international markets, having joined the World Trade Organisation (WTO) in 2004. Due to its classification as a ‘least-developed country’, Cambodia receives preferential treatment from a number of key export markets. Both the US and the EU have programmes which give Cambodia duty-free and quota-free access to their markets on almost all export products – the EU allows for ‘Everything But Arms’ while the US scheme covers a list of 4,800 product categories. These benefits represent a considerable advantage over regional competitors such as Thailand and Vietnam. Only Laos and Myanmar share similar levels of access to European market.

Through its membership of the Association of Southeast Asian Nations (ASEAN), Cambodia is part of the ASEAN Free Trade Area (AFTA) and therefore benefits from the Common Effective Preferential Tariff (CEPT) agreement to reduce or eliminate tariffs on manufactured goods traded between the association’s ten members.

At the end of 2015, the ASEAN Economic Community (AEC) had just come into effect, creating a single market that allows for the free flow of goods, services and workers. At present, Cambodia exports relatively little to its near neighbours, though it is hoped that this will change over the coming years. The Kingdom is located centrally within ASEAN, and there are major opportunities to capitalise on increasing levels of ASEAN connectivity in order to integrate into regional production chains or even to serve as a regional logistics hub in future. ASEAN membership also entails participation in collective Free Trade Agreements with China, Australia, India, Japan, South Korea and New Zealand, which may eventually be incorporated into a Regional Comprehensive Economic Partnership (RCEP), a free trade area that would include more than three billion people.

2. STRATEGIC GEOGRAPHICAL LOCATION

Geographically, Cambodia is located in the very heart of Southeast Asia, sharing borders with Thailand, Laos and Vietnam. This provides easy access to a range of high-growth markets and facilitates intra-regional trade. For example, Cambodia’s booming garment industry imports most of its fabrics from China or other Asian countries via land and sea routes. Cambodia has strong air links to other ASEAN countries, as well as to the rest of East Asia: Phnom Penh International Airport has direct flights to Beijing, Shanghai, Guangzhou, Taipei and Seoul plus the global aviation hub of Qatar. With the assistance of international donors and private sector partners, significant amounts of money are being invested in infrastructure in order to enhance Cambodia’s links to its immediate and near neighbours.
3. BUSINESS-FRIENDLY GOVERNMENT

The Royal Government understands the value of foreign direct investment and makes a concentrated effort to encourage foreign businesses to enter Cambodia. In a politically diverse region where regulatory frameworks can prove burdensome on foreign businesses, investors in Cambodia will benefit from the following active measures:

“Cambodia is one of the most open economies in ASEAN with a business-friendly government and strong recent reform record”

Non-discrimination. There are no legal constraints on establishing a company in Cambodia that is 100% foreign-owned. With the exception of owning land, foreign businesses can engage unrestricted in exactly the same business activities as Cambodian-owned companies. The government is conscious of the need to protect the legal rights of foreign-owned companies and we are not aware of any cases of expropriation of foreign-owned assets in recent years.

Low taxes. Cambodia has one of the most competitive tax regimes in Southeast Asia. The tax-on-profits rate of 20% is the lowest in the region, with the exception of Singapore, and employers are subject to minimal social security contributions. Furthermore, almost all goods exported from Cambodia are exempt from customs duties.

Investment incentive schemes. The government has created a dedicated board for administrating incentive schemes for foreign investors – the Council for the Development of Cambodia (CDC). Investors across a broad range of industries can apply for ‘Qualified Investment Project’ (QIP) status, which comes with significant benefits such as a profits tax holiday for up to nine years or special depreciation allowances, as well as import duty exemptions.

Concentrated investment zones. Recognising the time and cost savings in concentrating infrastructural and administrative resources in specific geographic areas, the government has approved 33 Special Economic Zones (SEZs) to be created across the country, mostly near border areas and around the manufacturing hubs on the outskirts of Phnom Penh. Each SEZ has on-site administrative teams with strong connections to relevant ministries to deal with imports/exports, official registrations and troubleshooting, plus there is a concerted effort to ensure that infrastructure projects such as roads and power generation are coordinated so as to facilitate smoother operations within the SEZs.

Easy to repatriate profits. Cambodia’s 1997 Law on Foreign Exchange states that there shall be no restrictions on foreign exchange operations through authorised banks, making it easy to remit profits made in Cambodia to bank accounts back home.

Strong recent reform record. In the past two years, the government has stepped up the pace of reform, addressing issues around the ease of doing business in the Kingdom. New initiatives such as the ongoing automation of Certificate of Origin (CoO) issuance (a document required by exporters) and an online business registration system are designed to reduce the time and resources required to comply with Cambodian regulations while also reducing the opportunities for non-transparent practices by lower-level officials.
4. COMPETITIVE LABOUR FORCE

Cambodia has rapidly established itself as a regional manufacturing hub, driven by its highly competitive labour force. Labour in Cambodia is cheaper than most regional competitors and, given the success of the country’s labour-intensive, export-orientated industries, is of proven quality and reliability. Cambodia benefits from favourable demographics – a youthful population with improving education levels that will only enhance the country’s competitiveness over the coming years. The hiring of foreign staff is relatively easy, with the Labour Department usually approving the hiring of managerial or technical staff where the necessary skills are not available within the domestic workforce.

5. QUALITY OF LIFE

Investors who make the move to Cambodia benefit from an attractive lifestyle, with low living costs and the chance to explore a fascinating country that has a rich cultural heritage and stunning natural beauty. The main investment areas of Phnom Penh, Siem Reap and Sihanoukville cater comfortably to foreigners, with a range of accommodation options, bars, restaurants and entertainment facilities, as well as good connectivity to other major Asian cities. English is commonly spoken in urban areas, and Cambodians are widely considered to be some of the most welcoming people in the region.

“Cambodia benefits from favourable demographics - a youthful population with improving education levels that will only enhance the country’s competitiveness over the coming years”
1. WEAK LAW ENFORCEMENT

Having only relatively recently reestablished political stability after a chaotic few decades, Cambodia’s legal system is still developing and will take a while to catch up with international standards, in terms of both content and enforcement. Despite the government’s pro-business attitude, some non-transparent practices persist at the administrative level, and some foreign businesses have reported that they are at a disadvantage to competitors who are complicit in such activities. For business models reliant upon strong brands, counterfeiting can be a major problem in some industries, such as garments, pharmaceuticals and liquor, while capacity-building for IPR enforcement will take time to bear fruit.

However, ongoing reforms, especially those relating to the automation of government processes such as business registration and issuing certificates of origin, should significantly reduce the scope for anti-competitive practices over the coming years. As mentioned above, the government is taking a proactive approach to tackling these problems, and the Ministry of Commerce is at the forefront of these reforms.

2. HIGH ENERGY COSTS

Due to the aforementioned infrastructure problems, energy costs in Cambodia tend to be somewhat higher than in regional competitor countries. With limited power generation capacity, much of Cambodia’s energy needs to be imported from abroad. Electricity prices in Cambodia are among the most expensive in Southeast Asia due to a shortage of integrated high-voltage transmission systems and the high cost of imported diesel fuel. Phnom Penh and the SEZs tend to benefit from cheaper electricity rates, though reliability can also be an issue at times. The high cost of energy is a major drag on the Cambodian economy as it limits the potential for moving up the value chain. For example, the agriculture industry could be significantly more profitable if Cambodia had more value-adding processing plants, though few have been established due to the cost of energy.

3. INFRASTRUCTURE STILL UNDER DEVELOPMENT

While the government is aware of the importance of developing the country’s infrastructure in order to enhance the country’s productivity and competitiveness, this is a long-term venture. At the present time, business can be made more difficult by underdeveloped infrastructure such as poor roads, limited power generation and distribution, and high transportation costs. These issues are more marked in rural areas, though even investors in the comparatively well-equipped Phnom Penh can expect to have their business operations made easier with planned upgrades over the coming years.

4. SKILLS GAP

Given the almost total elimination of the Kingdom’s educated population during the Khmer Rouge period, Cambodia has had to overcome major obstacles in developing the human resources necessary to be competitive in a global market economy. The government is placing a lot of emphasis on education reform, and there have been large improvements in education levels since the return of political stability.

Nonetheless, the overall quality of education remains low compared to the country’s competitors. In secondary and higher education, as well as vocational training, it is difficult to find sufficient qualified teachers while the curriculum and teaching methods are frequently below regional standards. Many higher education institutions operate on a for-profit basis where commercial considerations can impact the quality of the education provided. The Cambodia Socio-Economic Survey, conducted in 2012, found that about 28% of the labour force had completed an elementary education while only 2.8% had completed post-secondary education. Thus, while there are plenty of bright and talented individuals to be found within the Cambodian labour market, finding the right candidates for senior management or highly technical roles can be challenging. However, the Ministry of Labour does provide businesses with higher quotas for hiring foreign staff under such circumstances.
Major Industries & Opportunities
1. GARMENTS

Since the end of the conflict period, Cambodia has rapidly developed a considerable export-orientated garment and footwear industry that today employs approximately 600,000 people (mostly women), making the sector the biggest formal employer in the country. With a focus predominantly on labour-intensive, low-value-added assembly operations, it benefits from the country’s cheap labour force. The garment industry is concentrated in and around the capital city, Phnom Penh, with a smaller number of factories scattered throughout the provinces. Most factories are foreign-owned, with Chinese, Taiwanese, Singaporean and Malaysian investors being most prominent. Cambodia’s garment industry supplies major international brands including H&M, GAP, Levi Strauss & Co, Adidas and Target.

“Garment exports for 2014 totalled more than $5.3 billion”

Despite facing increasing competition from regional rivals and the erosion of its competitiveness in the European market due to an appreciating US dollar, the garment and footwear industry has continued to register steady growth in recent years. Garment exports for 2014 totalled more than $5.3 billion, representing a 9.2% increase on the year before. This represented an easing of the prior year-on-year growth rates (the 2013 total was a full 17.6% above that of 2012) but nonetheless demonstrates healthy, sustained growth.

Classified as a least-developed country under the EU’s General System of Preferences (GSP), Cambodia benefits from duty-free and quota-free access to the European single market under the ‘Everything But Arms’ (EBA) programme. The EU has long been Cambodia’s biggest market for footwear, and in 2014 overtook the US as the largest importer by value of Cambodian garments. The US remains

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1 ILO - Cambodia Garment and Footwear Sector Bulletin, Issue 1 July 2015
the highest importer by volume, as exports to Europe tend to be of a higher quality.

Important from a sustainability perspective, the industry has in recent years been successful in diversifying its sales markets, making it less vulnerable to the impact of declines in demand from any one major market. While the proportion of the total value of goods being sold to Europe has increased significantly, other important markets such as Canada and Japan (which now accounts for 6% of total value) have been targeted successfully. For the United States the absolute value of exports has increased in the past ten years (from $1.27 billion to $1.86 billion) but at a slower rate of growth. The value of exports to other ASEAN countries remains low at just 1.3%.

Working conditions in the garment factories have become a potent political topic and strikes usually become more frequent around elections. The garment industry is the only industry in Cambodia that sets a minimum wage, which has been subject to multiple increases over the past few years (the minimum wage was set at $128 per month in January 2015 and rose to $140 in January 2016). The current figure is considered too low by many workers’ unions and the cause has been seized upon by the political opposition as negotiations over further increases continue.

Nevertheless, the Cambodian garment industry has historically had a rather good reputation for compliance with international standards when compared with other low-cost manufacturing countries. Since 2001, the Royal Government has supported the Better Factories Cambodia programme run by the International Labour Organisation, which aims to improve working conditions within the sector. Compliance with the programme’s monitoring procedures is a prerequisite for a factory to obtain an export license from the Ministry of Commerce. Furthermore, the Cambodian garment sector has a strong trade union movement that enjoys a robust level of protection under law.
2. AGRICULTURE

Agriculture has long been one of Cambodia’s most important industries and today accounts for 29.8% of national GDP. As of 2012, the sector employed 51% of the working population. Agriculture provides an important source of income to those in rural areas – a key tool in the battle to lessen the economic divide between Cambodia’s comparatively wealthy urban centres and poorer rural areas. Within the sector, rice production is most essential to the economy as rice serves as the country’s primary food source and is a valuable export commodity. Accordingly, 75% of cultivated land is taken up by rice paddies. Cambodia’s romduol rice was voted best rice in the world by the World Rice Conference, for three consecutive years between 2012 and 2014. Other major products include rubber, corn, and cassava, while the protected geographical status products of Kampot pepper and Kampong Speu palm sugar account for a smaller percentage of total exports, but are valuable brands.

The Royal Government has identified rice exports as a ‘Top 5’ priority for the development of the Cambodian economy over the coming years. Rice exports have been steadily increasing, with the country on track to record its highest-ever rice export figures in 2015. Cambodia exported 59.5% more milled rice in the first six months of 2015 compared to the same period in 2014, largely due to sizable growth in the amount of rice being purchased by China. It is difficult to obtain complete export data for Cambodian rice as large quantities of unmilled rice (paddy) are transported through unofficial channels to Thailand and Vietnam for processing due to Cambodia’s limited milling capacities.

Collectively, EU nations remain the most significant export destination for Cambodian rice. However, China is becoming a significant market. In the period from January to June 2015, China purchased more than double the amount of rice than any other single country and nine times more than it did in the first half of 2014.

Looking ahead, Cambodia’s agriculture industry has some pressing challenges. First is a lack of investment in agro-processing infrastructure. Although the government is trying to encourage investment in agriculture and diversification of agricultural production, budgetary constraints limit the extent to which it can allocate funds to support the industry’s growth. Irrigation and water control systems require an overhaul and the country would benefit from procuring higher-quality seeds and fertilisers. There is only limited capacity for milling rice, which if expanded could produce greater quantities of rice and a higher-value product. The result of
this lack of investment is that Cambodia has one of the lowest crop yields per hectare in the region, which will need to be improved in future. The increase in production in recent years has been driven more by the cultivation of previously unused land than by yield enhancements, which is not a model for sustainable growth.

Furthermore, due to sub-optimal infrastructure, high electricity costs and the difficulty in obtaining low-interest domestic financing, Cambodia is struggling to maintain a competitive unit price for its rice. According to data from the Agriculture and Rural Development department of the European Commission, a ton of Cambodian plain white rice currently sells for around $430, whereas the Thai and Vietnamese equivalents would cost $369 and $357 respectively. In terms of tapping the EU market, Myanmar is rapidly emerging as a major competitor to Cambodia. Between September 2014 and April 2015, Cambodian rice exports to the EU dropped by 1% on the previous year, whereas Myanmar (estimated to be around 20 USD/ton cheaper) saw its rice exports to the EU increase by 81%. Cambodia therefore needs to lower costs, improve yield levels and seek to exploit the quality of its fragrant rice at the higher end of the market.

With mostly flat agricultural lands and access to a number of major rivers and their tributaries, Cambodia has the potential to be among the top five milled rice exporters in the world if these problems can be addressed and sufficient investment is made in agro-processing so as to move up the value chain. The government has stated that, if the sector were to reach its full potential, Cambodia could produce up to 3 million tons of milled rice per year with an export value amounting to approximately $2.1 billion. Given this vast potential, there are considerable opportunities to be realised in sales of the equipment required to enhance Cambodia’s rice industry. In particular, there is a need for quality fertilisers and pesticides, heavy machinery such as milling units and tractors, and tools to enhance energy efficiency. There are also opportunities in providing services such as skills training and quality inspection.

Source: http://mekongoryza.com/

CAMBODIA - TOP RICE EXPORT DESTINATIONS 2014 ('000 TONS)

<table>
<thead>
<tr>
<th>Country</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>70.1</td>
</tr>
<tr>
<td>Poland</td>
<td>55.9</td>
</tr>
<tr>
<td>China</td>
<td>49.0</td>
</tr>
<tr>
<td>Malaysia</td>
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<tr>
<td>Netherlands</td>
<td>32.0</td>
</tr>
<tr>
<td>Belgium</td>
<td>18.5</td>
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</tbody>
</table>

Source: http://mekongoryza.com/

75% of cultivated land is dedicated to rice
3. TOURISM

Given Cambodia’s wealth of cultural heritage and numerous sites of natural beauty, the return of political stability has encouraged huge growth in tourism numbers over the past two decades. In addition to the world-famous Angkor Wat temples, the Kingdom benefits from a stunning coastline, tropical islands, and some of the more impressive biodiversity in Southeast Asia.

Tourism is one of the core pillars of the Cambodian economy. The latest available tourism statistics, for 2014, valued the industry in Cambodia at $2.74 billion annually (16.5% of GDP that year). However, the significance of the sector to the Kingdom is even greater than that – tourism provides approximately 350,000 jobs and represents the second-largest source of formal employment in the country. The World Travel and Tourism Council estimated that at the end of 2013 tourism’s total contribution to the Cambodian economy (including goods and services supplying the industry or purchased by those who are directly employed within tourism) stood at 23.5% of GDP.

Despite declining levels of growth in visitor numbers across Southeast Asia as a whole, driven by political unrest in Thailand and anti-Chinese riots in Vietnam in May 2014, Cambodia has continued to see its total number of international visitors increase year-on-year, although not at the rate of the early 2010s, which regularly exceeded 15% annually.

A large number of visitors enter the country via land borders with Vietnam, Thailand and Laos. However, 2014 was the first year when arrivals by air represented a majority of the total. Whereas Siem Reap airport used to receive the majority of international arrivals, Phnom Penh airport has seen significant growth, from 200,000 passengers in 1995 to more than 2.5 million in 2014. Phnom Penh now receives 40% of all air arrivals into the country.

Cambodia Airports is investing an additional $100 million in upgrades to Phnom Penh and Siem Reap terminals so as to improve their capacity to handle up to five million visitors each per year by early 2016. Midway through 2015, passenger traffic was up 16% year-on-year in Phnom Penh and 11% in Siem Reap.

There is a concerted effort by the Royal Government to encourage diversification of Cambodia’s tourism offerings. While Siem Reap and the Angkor World Heritage Site remain far and away the most popular destinations for tourists coming into Cambodia, Phnom Penh is increasingly becoming a destination in its own right on account of its varied restaurant scene.

“Western tourists spend only two days in Cambodia”

There is a concerted effort by the Royal Government to encourage diversification of Cambodia’s tourism offerings. While Siem Reap and the Angkor World Heritage Site remain far and away the most popular destinations for tourists coming into Cambodia, Phnom Penh is increasingly becoming a destination in its own right on account of its varied restaurant scene,
attractive entertainment offerings, and relaxed and vibrant atmosphere. Several major resort development projects by international and Cambodian developers have been approved for the country’s islands, southern coastline, and mountain areas. The government is also looking to open up more of the country to eco-tourism, capitalising on natural resources such as mountains, rivers, lakes, waterfalls, and rare animal species like the Mekong dolphin. Such diversification should help to address one of the major challenges for the development of tourism industry in Cambodia – extending the average duration of stay. Many Western tourists stay for only two or three days in Siem Reap before going on to spend more time in neighbouring Thailand or Vietnam.

As of the end of 2014, visitors from Europe accounted for only 12.3% of total international visitors. Of the EU countries, France, which shares strong historical links with Cambodia, provides the most visitors, followed closely by the UK and Germany. Seeking to benefit from Thailand’s far greater air connectivity to Europe and other Western countries, Cambodia has agreed to a “Two Kingdoms, One Destination” plan with the Thai government to encourage visitors to the region to spend time in both countries on a single visa. This may encourage greater numbers of European visitors to enter the country.

<table>
<thead>
<tr>
<th>Country</th>
<th>Visitors to Cambodia from EU Countries, 2014 ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>141.1</td>
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<tr>
<td>UK</td>
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<td>Germany</td>
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<td>Italy</td>
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<td>Poland</td>
<td>12.9</td>
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<tr>
<td>Denmark</td>
<td>11.8</td>
</tr>
</tbody>
</table>

Sources: Ministry of Tourism, Statistics and Tourism Information Department
4. CONSTRUCTION

As anyone taking a walk around Phnom Penh will quickly notice, construction is booming. The last 15 years have seen the return of political stability and strong economic growth, providing the resources – and the demand – for heavy investment in construction. The construction industry not only provides jobs for labourers (the workforce is estimated to number around 50,000), but also creates demand for architectural and engineering services. Supported by international donors and a number of public-private partnerships, there is significant investment in infrastructure, much of which was destroyed during the conflict or left in a state of disrepair. Ongoing public projects include major roadworks, the construction of bridges, railway transformations, airport upgrades, power generation projects and investment in the waterways system (see ‘Infrastructure’). There is also a concerted effort underway to upgrade infrastructure around the dedicated Special Economic Zones (SEZs) which require power generation and better road links. Approximately half of infrastructure investments are taking place in poorer rural areas. International donors are keen to assist Cambodia to upgrade its infrastructure, particularly the Japanese and Chinese governments as well as the World Bank and Asian Development Bank (ADB). It is estimated that total investment in infrastructure between 2013 and 2022 will be in the range of $12 to $16 billion.

“There are ongoing improvements in infrastructure to address the country’s needs”
Cambodia is proud to have been selected to host the 32nd Southeast Asian Games in 2023, the most significant major sporting event to ever take place in the country. In preparation for the tournament, Cambodia, with financial support from China, is building a new $100 million national sports complex that will include a 60,000-seat stadium in the northern reaches of Phnom Penh.

The private sector is also making major investments in construction in Cambodia. Several residential and development projects are underway, with foreign property developers from Korea, China, Japan and Malaysia providing much of the investment. Residential construction projects follow the Singapore and Bangkok model of large-scale condominium developments, seeking to take advantage of a 2010 law that allows foreign investors to wholly own property, provided it is not on the ground floor. Additionally, developers hope that Cambodia’s expanding middle class will continue to see their salaries increase, which could allow them to pay off installments for newly built apartments in Phnom Penh or other hotspots in Siem Reap and Sihanoukville. However, there is some ambiguity as to the extent to which these forecasts are translating into reality – while developers report an average of 70% of condominiums being sold in Phnom Penh, this figure can be inflated by including bookings with small deposits rather than actual sales transactions.

On the commercial front, we see the emergence of large-scale shopping malls – the Japanese firm Aeon became the first company to open a high-end retail complex in Phnom Penh in 2014, and the Malaysia-based Parkson intends to open by early 2016. According to data from the Ministry of Land Management, Urban Planning and Construction (MLMUPC), the first nine months of 2015 saw a combined investment of $1.75bn in the Cambodian construction sector and real estate sector, representing a 13.75% year-on-year growth rate.
5. OTHER AREAS OF OPPORTUNITY

Food and Beverages

As an emerging market in the Food and Beverage (F&B) sector, Cambodia is an attractive destination for franchise businesses. Several brands – KFC, Burger King, Gloria Jean’s, Starbucks and Domino’s among them – are now present in Cambodia, as well as the UK brand Costa Coffee. It is also possible to sub-franchise or create joint ventures. Recent market surveys have found that branded F&B chains are far outperforming retail outlets in major shopping areas.

Renewable Energy

As Cambodia’s energy infrastructure is still being developed and electricity costs remain among the highest in the region, there are considerable opportunities to be found in renewable energy projects, which over the coming years are expected to play an increasingly important role in enhancing Cambodia’s capacity to meet its own electricity needs and to provide power to those in remote areas. Opportunities are to be found not only in the provision of equipment such as solar panels, biodigestors or biomass gasifiers, but also in maintenance and repair services, quality control, research and development, marketing, and targeted financing.

Healthcare and Pharmaceutical

The Cambodian healthcare system is somewhat limited and there is a low level of public confidence in the services provided by the public sector. The growing middle class is increasingly willing to pay for more reliable and sophisticated forms of medical care, creating a wealth of opportunities in this sector. There is strong competition for the sale of generic pharmaceuticals, with both price and quality varying considerably. European pharmaceutical brands are well-regarded, and pharmaceuticals already represent the largest single commodity that the EU exports to Cambodia.
ICT and New Technologies

Cambodia’s internet connectivity levels increase every year and there are emerging opportunities to be found within e-commerce. Whilst time will be needed for a more comprehensive regulatory framework to be developed, there are already a number of online marketplaces providing platforms for retailers to expand their reach. In 2014, there were modest e-commerce sales to a value of 30 million USD but this figure is only likely to increase in future as consumers become more familiar with e-commerce and the necessary legal and logistical infrastructure is put in place.

Automobiles & Motorcycles

Global automotive brands are now beginning to see the potential of the Cambodian market, and since 2012, a number have established themselves in the Kingdom. In partnership with local companies, Audi, BMW, MG, Mercedes Benz, Jaguar, Land Rover, Rolls-Royce, Porsche and Volkswagen are all present in Cambodia. Based on registration data from the Ministry of Public Works and Transport, there were 39,531 cars and trucks introduced onto Cambodia’s roads in 2014, representing a 6.3% year-on-year increase in the number of vehicles being sold.

Mineral Resources

While Cambodia’s mineral resources remain largely unexplored, several important minerals have been discovered, including bauxite, copper, zinc, gold, iron ore, nickel, granite, gemstones and tungsten. Minerals currently being extracted include gemstones and gold – mostly mined by small-scale operators – plus marble, granite, sand, limestone and salt. In recent years, interest in this sector has grown substantially. A 2013 report by the General Department of Mineral Resources stated that there were 91 companies licensed to conduct 139 exploration projects in the Kingdom, the majority of which concerned metallic minerals (such as iron, gold and copper, with 118 projects in total) and coal (14 projects).

Finance and Insurance

Growing awareness and public confidence is seeing many Cambodians beginning to access formal financing options for the first time which, coupled with increasing demand for credit from the construction sector, is supporting credit growth of around 30% per year. At least one major European bank has committed to opening a branch in Cambodia. Micro-financing provides access to credit for farms and other small businesses and is a booming sub-sector – Cambodia’s 40 registered microfinance institutions and seven NGOs registered as micro-lenders distributed $2.72bn in the first nine months of 2015, which represented a 52% year-on-year increase. Insurance is another major growth sector in which providers have benefitted from strategic partnerships with mobile telecommunications service providers to increase accessibility to their products.

Education

It is broadly acknowledged that Cambodia needs to address a skills gap if it is to continue on the path of economic development, and the private sector has a large role to play in this. The public education system is being subject to an ambitious reform programme, but it will take time before state education can provide Cambodian youth with the skills needed by industries and businesses. Over the past decade there has been a boom in the number of private education providers, to the extent that enrolment in private higher education institutions now exceeds that of the public sphere. Although the standard of education provided by the private sector varies significantly, there are a number of institutions of European or other foreign origin offering high-quality teaching across all age ranges. In addition to traditional learning, there is a real need for more vocational education providers.
Independence Monument
Phnom Penh
Cambodia is investing heavily in physical infrastructure so as to enable future economic growth. Benefitting from its strategic geographical location, it has land routes to Thailand, Laos and Vietnam as well as access to the sea via Sihanoukville, and expanding flight connections to major cities within ASEAN and East Asia. Improvements to infrastructure over the coming years would have a hugely positive impact on growth, not only increasing tourist numbers but also facilitating the easier and cheaper import of construction and manufacturing materials while also making Cambodian exports more competitive by reducing transport costs. As a developing economy, Cambodia’s infrastructure does at times present certain challenges that need to be taken into consideration when developing a business plan and deciding where within the Kingdom to locate your business.
ROADS

Cambodia’s road network was severely damaged during the conflict but has been prioritised by the government, which has overseen considerable improvements to the country’s roads over the past few years with the assistance of international donors (such as Japan, China and the Asian Development Bank) as well as partners from the private sector.

According to the most recent survey conducted by the Ministry of Public Works and Transport, Cambodia’s roads collectively total more than 47,000 km, including 5,600 km of paved national roads connecting major cities and international routes. This survey was conducted in 2012 and there have been considerable improvements made in the last few years, including upgrades to major national highways and the completion in 2015 of a bridge over the Mekong River at Neak Loeng to significantly reduce travel time to Vietnam.

Bridges are particularly important due to Cambodia’s inland river system. Rural roads make up more than 70% of the total network and these tend to be of poor quality and particularly challenging to navigate during the six-month rainy season. According to the ADB, a number of major road construction and rehabilitation projects are currently underway or being considered, including:

A $1-billion 209-km long expressway between the port city of Sihanoukville and the capital Phnom Penh.

The expressway would be constructed by a private sector partner on a build-operate-transfer agreement. In the shorter term, upgrades to National Road 4 are taking place to improve access between Sihanoukville and Phnom Penh.

Improvements to the 75-km road between Siem Reap and Battambang, as well as enhancements to the nearby border crossing to Thailand at Pailin.

The Ministry of Public Works and Transport is also understood to be considering proposals for a major ring road around Phnom Penh so as to improve access to the city and ease congestion.
Cambodia currently has two railway lines—a 256-km ‘Southern Line’ between Phnom Penh and Sihanoukville, and a ‘Northern Line’ covering the 337 km from Phnom Penh to Poipet, at the border with Thailand. Both lines were neglected during Cambodia’s troubled years and as recently as 2007 were in a state of severe disrepair.

Realising the economic potential offered by a functioning railway system, the government with support from the ADB and the Australian government has embarked upon a comprehensive railway rehabilitation programme in recent years. The Southern Line to Sihanoukville has been in operation since December 2012 (cargo trains only, although there are apparently plans to introduce passenger services). Rehabilitation of the Northern Line remains incomplete, owing to land disputes with locals living near the tracks and the withdrawal of funding by international donors. Cambodia has expressed a commitment to completing the project and is exploring options to find the estimated $75 to $125 million required.

Longer-term, the government has produced a comprehensive railway development scheme looking forward to 2040, with technical assistance from the Korean International Cooperation Agency. The plan includes establishing a railway station at Tonlebet, Kampong Cham province (where road and waterway transport networks coincide), a line from Preah Vihear in the north to Sihanoukville to facilitate the export of iron ore, and developing international rail links as part of a Greater Mekong Region network connecting the country to China, Laos, Myanmar, Thailand and Vietnam. However, these plans perhaps need to be viewed with a healthy skepticism given the delays encountered on the existing railway upgrade projects.
Much of the development plans for roads and railways are orientated toward enhancing access to the port city of Sihanoukville, which already has a functional deep seawater port able to accommodate up to 10,000 DWT cargo ships and 20,000 DWT class container ships, according to the Ministry of Public Works and Transport. The port provides Cambodia with access to international shipping routes and handles about 70% of the country’s total cargo traffic. It plays an important role in facilitating Cambodian exports and importing raw textiles and construction materials. In 2014, it handled 3.4 million tons of cargo and comparative figures for the first half of 2015 were up by 19%.

To minimise transport costs, a Special Economic Zone has been established next to the port terminal. The port is managed by state-owned enterprise Sihanoukville Autonomous Port (SAP), which is understood to be working on a public offering. Plans for future development of the port are focused around preparing it for Cambodia’s nascent offshore oil drilling industry. Other smaller sea ports are located at Koh Kong, near the border with Thailand, and the city of Kampot.

“Sihanoukville Port is by far the most important one in Cambodia”
Phnom Penh Autonomous Port (PPAP) serves as the main inland port. Vessels from the South China Sea can reach Phnom Penh via southern Vietnam through branches of the Mekong Delta. Due to the physical limitations of the two terminals in Phnom Penh, a third terminal was constructed 30 km away in Kandal province, which has significantly enhanced capacity and accessibility.

The port is more limited than the deepwater port at Sihanoukville: it can handle ships and barges transporting fuel and oil to Phnom Penh up to a maximum 5,000 DWT, but heavier equipment must reach the capital by road or rail via Sihanoukville. The winding nature of the river also prevents vessels over 110 metres long from reaching the port.

Export-orientated manufacturers around Phnom Penh, particularly in the garment sector, rely upon PPAP to export their products to international markets. Goods from PPAP are shipped to the Vietnamese deepwater port of Cai Mep before being transported onto a larger vessel for its onward journey. Additionally, PPAP serves as the hub for in-country water transport via the Mekong and Tonle Sap rivers. There are smaller ports at Neak Leung (Prey Veng province), Tonle Bet (Kampong Cham), Kratie, and Stung Treng along the Mekong, while Phsar Krom (Kampong Chhnang) and Chong Khneas (Siem Reap) can be reached via the Tonle Sap.

INLAND WATERWAYS
AVIATION

Cambodia has three major airports, all of which offer international flights: Phnom Penh International Airport, Siem Reap International Airport, and Sihanoukville Airport. Eight smaller air bases across the country are not currently in operation. All three international airports are managed and operated by Cambodia Airports, a joint venture between France’s Vinci Group and Muhibbah Masteron Cambodia (itself a Malaysian-Cambodian joint venture). This public-private partnership has seen significant investment in Cambodia’s airports over the past two decades (new terminals, runway enhancements, improved airfield lighting), which combined with Cambodia’s more stable political situation has seen passenger traffic at Phnom Penh grow from 200,000 in 1995 to more than 2.5 million in 2014.

Cambodia Angkor Air Ltd was established on 27 July 2009 as a joint venture between Vietnam Airlines (49%) and the Royal Government. It serves as the national flag-carrier – the first Cambodia has had since 2001. Cambodia Angkor Air is the largest provider of domestic routes (Phnom Penh to Siem Reap, and Siem Reap to Sihanoukville), but there are an increasing number of competitors entering the domestic market, including low-cost carriers such as Bassaka Air and Cambodia Bayon Airlines. More domestic routes and increased price competition can be expected to aid the development of the Cambodian tourism industry.

Source: www.cambodia-airports.aero/our-business/traffic-data
Due to the major tourist appeal of the Angkor World Heritage Site, Siem Reap has more international connections than Phnom Penh and, in recent years, has attracted more passenger traffic. Both airports mostly serve routes to other Asian countries, with European or American visitors generally having to transfer at one of the region’s major hubs, such as Bangkok or Kuala Lumpur. Air France briefly experimented with a Phnom Penh – Paris direct flight that has now been discontinued. Qatar Airways has begun to offer direct services to Cambodia, linking Phnom Penh with the global aviation hub of Doha.

Cambodia Airports has obtained the concession to continue managing Cambodia’s airports until 2040 and has announced plans for significant further investment in order to meet the fast-growing demand for passenger and air cargo flights. Given the company’s proven track record and strong government support, of all infrastructure projects planned in Cambodia the continued enhancement of its aviation infrastructure seems most likely to proceed.

PHNOM PENH CARGO TRAFFIC
(1,000 TONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cargo Traffic</th>
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<td>2011</td>
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<td>29</td>
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<td>2013</td>
<td>31</td>
</tr>
<tr>
<td>2014</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: www.cambodia-airports.aero/our-business/traffic-data
ENERGY

Businesses operating in Phnom Penh benefit from a relatively reliable electricity supply, but outside the capital power supplies tend to be less dependable and more costly, though the government has identified this as one of the most significant obstacles to doing business in the country and is taking measures to ensure that companies within the SEZs in particular can access the energy they need. Due to the high cost of imported fuels and fragmented distribution systems, energy prices in Cambodia are among the highest in the region, ranging from $0.15 per kilowatt hour (kWh) in Phnom Penh to more than $1 per kWh in some rural areas. Companies operating within the government’s allocated SEZs generally benefit from cheaper electricity rates as the SEZs have their own power generation infrastructure or, for those near national borders, import cheaply from abroad, but nonetheless suffer from regular power failures that impact upon business operations.

The Ministry of Mines and Energy is responsible for overseeing the Cambodian energy sector, while the Electricity Authority of Cambodia (EAC) serves as an autonomous government agency and independent regulator. State-owned enterprise Electricité du Cambodge (EDC) procures electricity from a number of independent power providers and distributes within the main urban areas. EDC is tasked with developing the transmission grid and facilitating the import and export of electricity to and from neighbouring countries. In rural areas, power is much harder to come by. The Royal Government has committed to having electricity available in all villages by 2020, though this is generally seen by analysts as an ambitious milestone.

Prior to 2010, domestic production was unable to keep up with increasing levels of energy demand which resulted in Cambodia becoming increasingly reliant on energy imports from Vietnam, Thailand
and Laos. With assistance from international partners, the country has been investing heavily in energy generation so as to become more self-reliant. The recent development of a number of large Chinese-funded hydropower dams and a coal power plant in Sihanoukville has seen the proportion of imported energy decline and the gradual closing down of oil-powered generators.

Those without connection to the national grid rely mainly on organic fuels, including wood and charcoal, for basic tasks such as cooking, supplemented by costly energy supplies derived from car batteries and diesel generators.

The scale and size of Cambodia’s recent hydropower and coal investments would rule out all but the very largest companies from participating in their development and operation. For European SMEs, there are greater opportunities to be found in renewable energy projects.
Cambodia’s telecommunications infrastructure has developed rapidly over the past few years. Landline phones are available, but Cambodia’s rebuilding of its infrastructure from the Khmer Rouge period means that it largely skipped straight to mobile services – it was the first country in the world to have more mobile phones than fixed-line phones. Major cell phone service providers include Mobitel (http://www.mobitel.com.kh), SMART (http://www.smart.com.kh), and Metfone (http://www.metfone.com.kh). Obtaining a local SIM card is recommended, as international roaming services can be costly in Cambodia.

Internet usage is expanding rapidly. The aforementioned lack of fixed-line infrastructure initially stunted pick-up of internet services but the advent of wireless digital broadband and the availability of relatively cheap smartphones has encouraged huge year-on-year increases in market penetration levels. As of late 2015, 32% of Cambodians had regular internet access compared to 25% in January 2014. Social media is a major driver of this growth – in the year from January 2014, the number of social media users in Cambodia increased from 16% to 22% of the national population.

Although Cambodia remains less connected than most other Asian countries, it is more advanced than competing emerging markets such as Laos and Myanmar and connectivity is increasing at a faster rate. Indeed, Cambodia has the highest levels of year-on-year internet penetration growth rates in the entire APAC region and can be expected to catch up with the likes of Vietnam soon.
As is common across the world’s most promising emerging markets, the wealth of opportunity to be found in Cambodia comes hand-in-hand with the challenges of operating in a country with less developed institutions and less consistent implementation of laws and regulations. Companies choosing to invest in such frontier markets benefit from greater chances to grow and develop their business, but are also exposed to higher levels of operational and reputational risk that need to be diligently managed in order to secure the success of an investment.
Those considering investing in Cambodia need to reflect upon how to ensure that principles of corporate responsibility are integrated into their business plans. Having effective strategies in place to address the challenges of operating in a less-developed market is essential not only from an ethical standpoint but also as a fundamental element of a sustainable long-term business. Consumers within Cambodia’s core export markets, Europe and the US, are increasingly taking an interest in supply chain integrity, which is growing in importance as a factor in their purchasing decisions. Likewise, a lack of compliance with international standards and norms can have a negative impact on access to investment capital. Accordingly, proactively managing your employee relations, environmental sustainability, stakeholder engagement, and governance and transparency policies, creates a ‘win-win’ scenario – businesses benefit from a more sustainable form of growth while creating shared value for employees and local communities.

Specific areas to watch out for include:

» Ensuring compliance with the Kingdom’s Labour Law and guaranteeing fair working conditions to employees.

» Conducting business operations in an environmentally sustainable way.

» Considering the ways in which your practices impact upon local communities and developing skills amongst your workforce.

» Undertaking appropriate due diligence when dealing with new suppliers or business partners.

» Being mindful of the negative impact that non-transparent practices can have on a national economy and taking all possible steps to avoid enabling such practices.

To assist in the realisation of these responsible business principles, you may wish to consider the following methods:

Developing a robust set of internal policies and ensuring that staff have sufficient awareness of their content and importance. You may wish to consider applying for an internationally recognised certification standard such as SA8000, which will help you to structure your internal regulations and procedures and build confidence in your company among investors and consumers.

Hiring external auditors to independently monitor compliance levels and highlight any areas that could represent a risk to your business. EuroCham would be pleased to provide a list of qualified companies that can offer professional inspection services.

Incorporating clear and unambiguous ethical practices standards into contracts with suppliers.

Participating in community engagement activities so as to better understand the perceptions of the local community, potentially supported by cooperation with NGOs or privately funded initiatives.

Building an education programme to enhance the skills and knowledge of your employees, which will help to increase productivity levels while also assisting in the retention of staff, which is a common problem in Cambodia.
Specific initiatives that investors may consider exploring:

Better Factories Cambodia is a monitoring programme conducted by the International Labour Organisation within the Kingdom’s crucial garment sector. The programme has been in place since 2001 following a US-Cambodia Textile and Apparel Trade Agreement. It monitors garment factory compliance across a range of issues including compensation, working hours, occupational health and safety, child and forced labour and freedom of association. Conforming with these monitoring procedures has been made obligatory in order for garment manufacturers to hold an export license issued by the Ministry of Commerce. Despite some continued bad practices, which can result in negative media coverage, Cambodian garment factories have a relatively good reputation in terms of working conditions and labour law compliance when compared to other low-cost sourcing destinations.

As part of the government’s ongoing efforts to provide a fairer and more predictable investment environment in Cambodia, an Anti-Corruption Unit was established in 2010. A number of private companies (17 as of February 2015) have signed a memorandum of understanding (MoU) with the ACU, stipulating that they will operate in a manner free from corruption and report any cases of officials attempting to engage in non-transparent practices to the ACU. EuroCham Cambodia was the first business association to sign an MoU with the ACU, in July 2015. A number of cases have already been investigated by the ACU, which represents an important avenue through which the private sector can engage with the Royal Government on such issues.

Meanwhile, EuroCham’s Green Business Committee has an active sub-commission on matters relating to Corporate Social Responsibility in which members and non-members alike can exchange ideas and best practices on conducting responsible business in the Kingdom.
If you’re getting serious about taking advantage of the myriad opportunities that this country has to offer and bringing your business to Cambodia, there are a number of practical points that you’ll need to consider. While more detailed information can be obtained in EuroCham’s ‘Welcome Pack’, the following pages are intended to provide a concise introduction to getting your business up and running in compliance with local laws and regulations.
1. REGISTERING YOUR COMPANY

All foreign direct investment in Cambodia must be registered with the Ministry of Commerce, the General Tax Department and (if hiring employees) the Ministry of Labour and Vocational Training (MLVT). Depending on the specific business activities, companies may need to obtain operational licenses from other ministries.

A limited-liability company (LLC) is the most common form of business entity for foreign investors. Registering an LLC does often come with some delays and complications, but it protect investors from personally bearing the financial liabilities of the company. A foreign parent company may consider the less-complicated ‘Representative Office’ if seeking simply to source from Cambodia or conduct market research activities.

The World Bank Group’s *Ease of Doing Business* report for 2014 estimates that the total financial cost of complying with these procedures is $1,325 for an average-sized company. In terms of the time required to go through these procedures, the report predicts an average of 101 days from start to finish, though this may be reduced by securing the assistance of a local agent. In practice, we have seen that business registration takes significantly less than 101 days, and it is expected that Cambodia’s ease of doing business ranking will improve over the coming years after an online business registration platform is implemented in December 2015.
The Royal Government takes a proactive approach to encouraging foreign direct investment by offering various incentives to foreign investors via the Qualified Investment Project (QIP) scheme administered through the Council for the Development of Cambodia (CDC). Companies who successfully navigate the QIP application process gain some considerable benefits, including the choice between a profit-tax holiday and special depreciation allowances aimed at businesses that need to import significant volumes of equipment and materials for construction or manufacturing purposes. QIPs are also eligible for import-export exemptions.

Another initiative of the government to incentivise FDI is the creation of a number of ‘Special Economic Zones’ around the country, which have been designed to geographically concentrate investment projects and dedicate administrative resources so as to make registration processes and troubleshooting much easier for foreign investors. Each SEZ has been designed to ensure that investors have sufficient physical infrastructure (roads, electricity, telecommunications) to successfully conduct their business operations. Foreign investors within SEZs usually hope to qualify for QIP status, and can apply directly to the office of an SEZ for registration.
3. TAXATION

Cambodia has one of the most competitive tax regimes in Southeast Asia, with a comparatively low rate of tax on profits and minimal social security contribution requirements. Several countries, Cambodia included, offer exceptional tax rates to foreign companies during the initial years of an investment. Furthermore, in some countries, such as Myanmar, the tax rate varies based on shareholder nationality. The figures below represent the ‘regular’ corporate income tax rates throughout ASEAN.

The standard rate for activities not specifically detailed as VAT-exempt is 10%. Goods exported from Cambodia are not subject to VAT, while a select number of business activities are considered exempt.

There is no direct personal income tax in Cambodia but employers are required to hold back a percentage of their employee’s salaries and remit directly to the Department of Taxation. For taxation purposes, individuals are classified as ‘resident’ in Cambodia if their residence or principal place of abode is within Cambodia or the individual is present within Cambodia for more than 182 days in any 12-month period that ends within the applicable tax year. Personal income tax rates vary between 0% and 20% dependent upon the level of personal income.

Note that this is not a bracketing system but a cumulative progressive scale – a person earning $1,500 per month would not pay 10% of $1,500 but would pay 0% on the first $200, 5% on the next $112.5, and then 10% on the remaining $1187.5.

### ASEAN COUNTRIES - INDICATIVE CORPORATE TAX RATES [AS OF DEC 2014]

<table>
<thead>
<tr>
<th>Taxable Income for the Month - KHR</th>
<th>Equivalent Monthly Income USD</th>
<th>Personal Income Tax Rate(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 800,000</td>
<td>&lt; 200.00</td>
<td>0</td>
</tr>
<tr>
<td>800,001 – 1,250,000</td>
<td>200.00 - 312.50</td>
<td>5</td>
</tr>
<tr>
<td>1,250,001 – 8,500,000</td>
<td>312.50 - 2,125.00</td>
<td>10</td>
</tr>
<tr>
<td>8,500,001 – 12,500,000</td>
<td>2,125.00 - 3,125.00</td>
<td>15</td>
</tr>
<tr>
<td>&gt;12,500,000</td>
<td>3,125.00 +</td>
<td>20</td>
</tr>
</tbody>
</table>

4. FINANCING

The banking system is considered to be relatively undeveloped compared to regional competitors, and domestic financing is fairly difficult to obtain and carries a high interest rate (generally exceeding 10%). However, businesses in Cambodia do benefit from a lack of foreign currency controls and easy repatriation of profits.

5. INTELLECTUAL PROPERTY RIGHTS (IPR)

Cambodia is in a process of developing its intellectual property protection laws and processes and has not yet reached full World Trade Organisation compliance. However, the Royal Government has enacted a number of IPR laws based upon international norms, including copyright protection and exclusive rights on trademarks, patents and geographical indicators for which foreign investors may consider applying.

The body of IPR laws has been developed with World Trade Organisation assistance and is broadly in line with international standards, but enforceability can be problematic and in some industries, IPR infringement is rife.

6. DISPUTE RESOLUTION

Cambodia’s dispute resolution infrastructure is in the early stages of development. Understanding the importance of this area in increasing investor confidence, the government is taking a proactive approach to overcoming the challenges that have seen Cambodia historically ranked poorly in international rankings comparing the enforceability of contracts and reliability of dispute resolution mechanisms. This includes the inauguration of a new National Arbitration Centre in Phnom Penh that was developed in collaboration with private sector associations.

7. EMPLOYMENT AND HR

The Cambodian workforce has, on the one hand, a major competitive advantage due to favourable demographics and comparatively low labour costs. However, the availability of skilled workers who have completed higher education is limited. Cambodia’s Labour Law confers upon employees a number of inalienable rights that apply equally to Khmer and foreign staff, applicable to all work undertaken in Cambodia regardless of where the contract is signed.

“The low cost of labour is one of the main competitive advantages of Cambodia”

Cambodian regulations require preference to be given to Cambodian nationals during the recruitment process, enforced through a quota system that limits the number of non-Cambodian nationals to 10% of employees hired by a company. However, the Law on Investment does allow investors to hire a greater proportion of non-Cambodian staff where the required qualifications or expertise are not available amongst the domestic workforce. In practice, businesses not reliant upon low-skilled workers are able to hire managers, technicians and other skilled and highly-educated employees with less difficulty than in other regional markets such as Vietnam and Singapore.

Wages in Cambodia are among the lowest in the region, offering a competitive advantage and attracting businesses operating low-skilled and labour-intensive operations. Cambodia has no minimum wage at the national level but does stipulate a minimum wage in the booming garment industry.
Support for exporters

The EU is committed to further opening its market, especially to developing countries. A number of resources exist to assist Cambodian exporters to do business with the EU.

The Commission’s Export Help Desk is a free and user-friendly online service providing information on how to access the EU market: EU import requirements, tariffs (and preferences), customs documentation, rules of origin, and much more.

In addition to EuroCham, some European countries have trade offices (or other support services) in Phnom Penh or regionally, which would serve as a good starting point for companies from these countries.

1. Key Cambodian Government Agencies

COUNCIL FOR THE DEVELOPMENT OF CAMBODIA (CDC)

Government Palace, Sisowath Quay, Sangkat Wat Phnom, Phnom Penh, Cambodia
Tel: (855) 23 427 597; (855) 23 428 954
Fax: (855) 23 360 636
info@cambodiainvestment.gov.kh
www.cambodiainvestment.gov.kh
www.cdc-crdb.gov.kh

THE NATIONAL BANK OF CAMBODIA

Address: No. 22-24, Preah Norodom Blvd., Phnom Penh, Cambodia
Tel: (855) 23 722-221, (855) 23 722 563
Fax: (855) 23 426 117
info@nb.org.kh
www.nb.org.kh

MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES

Address: No. 200, Preah Norodom Blvd., Sangkat Tonle Bassac, Khan Chamkamon, Phnom Penh, Cambodia
Tel: (855) 23 726 129, (855) 23 211 352
Fax: (855) 23 217 320
www.maff.gov.kh

MINISTRY OF COMMERCE

Address: Lot 19-61, MOC Road (113B Road), Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh, Cambodia
Tel: (855) 23 866 088; (855) 23 866 478
Fax: (855) 23 866 188; (855) 23 866 425
moc.gov.kh@gmail.com
www.moc.gov.kh

MINISTRY OF ECONOMY AND FINANCE

Address: No. 60, Street 92, Sangkat Wat Phnom, Phnom Penh, Cambodia
Tel: (855) 23 724 664
Fax: (855) 23 427 798
admin@mef.gov.kh
www.mef.gov.kh

MINISTRY OF INDUSTRY AND HANDICRAFT

Address: No. 45, Norodom Blvd, Phnom Penh, Cambodia
Tel: (855) 23 211 141
www.mih.gov.kh

MINISTRY OF MINES AND ENERGY

Address: No. 79-89, Pasteur road (51), Sangkat Psaa Thmey 3, Khan Daun Penh, Phnom Penh
Tel: (855) 23 219 574
Fax: (855) 23 219 584
info@mme.gov.kh
www.mme.gov.kh

MINISTRY OF POSTS AND TELECOMMUNICATIONS

Address: Corner Street 13 and 102, Sangkat Wat Phnom, Phnom Penh, Cambodia
Tel: (855) 23 724 809; (855) 23 428 246
Fax: (855) 23 426 011
info@mptc.gov.kh
www.mptc.gov.kh

MINISTRY OF PUBLIC WORKS AND TRANSPORT

Address: 106 Preah Norodom Blvd., Phnom Penh, Cambodia
Tel: (855) 23 427 845
info@mpwt.gov.kh
www.mpwt.gov.kh

MINISTRY OF TOURISM

Address: Lot 3A, St. 169, Veal Vong Commune, Prampi Makara District, Phnom Penh, Cambodia
Tel: (855) 23 884 974 (Department of Administration & General Affairs)
(855) 23 885 039 (Department of Marketing & Promotion)
info@tourismcambodia.org
www.tourismcambodia.org/

GENERAL DEPARTMENT OF CUSTOMS AND EXCISE

Address: No. 6-8, Preah Norodom Blvd., Sangkat Phsar Thmei III, Khan Daun Penh, Phnom Penh
Tel: (855) 23 214 065
Fax: (855) 23 214 065
info-pru@customs.gov.kh
www.customs.gov.kh

GENERAL DEPARTMENT OF TAXATION

Address: No. 522-524, Corner Russian Federation & Mao Tsetong Blvd, Sangkat Toek Laak I, Khan Tuol Kork, Phnom Penh
Tel: (855) 23 886 708
gdt@tax.gov.kh
www.tax.gov.kh
2. European Union contacts in Cambodia

DELEGATION OF THE EUROPEAN UNION TO CAMBODIA
Address: No. 100 A, Preah Norodom Boulevard, Khan Daun Penh, 12207 Phnom Penh
Tel: +855 (0) 23 216996 / 211102 / 220611 / 220612
Fax: +855 (0) 23 216997
DELEGATION-CAMBODIA@eeas.europa.eu
www.eeas.europa.eu/delegations/cambodia/

BELGIAN CONSULATE IN CAMBODIA
Address: Phnom Penh Center Sihanouk Bldg., 7th floor , Corner Sotheros Street Block Entrance F, Phnom Penh, Cambodia
Phone: (+855) (23) 214 024
Fax: (+855) (23) 214 024
belco@online.com.kh

3. Cambodian Government Contacts in the European Union

ROYAL EMBASSY OF CAMBODIA TO BELGIUM (ALSO COVERING AUSTRIA, THE NETHERLANDS, LUXEMBOURG AND RELATIONS WITH THE EUROPEAN UNION)
Address: 264A, Avenue de Tervuren 1150, Bruxelles, (Belgium)
Tel: (32) 277 20 372
Fax: (32) 277 08 999
camemb.bel@mfa.gov.kh
www.adb.org/carm

3. Multilateral Contacts:

INTERNATIONAL LABOUR ORGANIZATION – CAMBODIA LIASON
Mr Sophorn Tun, National Coordinator in Cambodia
Phnom Penh Center, Building F, 2nd Floor, Corner Sihanouk (274) and Sothearas (3) Boulevard, Chamcamorn, Phnom Penh, Cambodia
Tel.: +855 23 220 817
Fax: +855 23 221 536;
phnompenh@ilo.org

INTERNATIONAL FINANCE CORP. – CAMBODIA OFFICE
Address: 5th Floor, Phnom Penh Tower, No. 445, Monivong Blvd, Phnom Penh, Cambodia
Tel: (855) 23 863 200
Fax: (855) 23 863 239/240
shor@ifc.org
www.ifc.org

ASIAN DEVELOPMENT BANK – CAMBODIA RESIDENT MISSION
Address: No. 29, Suramarit Boulevard, Sangkat Chaktomuk, Khan Daun Penh, Phnom Penh
Tel: (855) 23 215 805 / 215 806 / 216 417
Fax: (855) 23 215 807
www.adb.org/carm
5. Local Business Associations

BRITISH CHAMBER OF COMMERCE IN CAMBODIA (BRITCHAM)
Address: c/o British Embassy Phnom Penh. 27-29 Street 75, Sangkat Srah Chak, Khan Daun Penh, Phnom Penh
Tel: +855 (0) 12 323 121
executivedirector@britchamcambodia.org
www.britchamcambodia.org

FRENCH CHAMBER OF COMMERCE AND INDUSTRY IN CAMBODIA (CCIFC)
Address: 33 E2 Blvd Sothearas, Khan Daun Penh, Phnom Penh, Royaume du Cambodge
Tél.: +855 (0) 81 666 112
+855 (0) 23 221 453
ccfc@ccfcambodge.org

GERMAN BUSINESS GROUP IN CAMBODIA (ADW)
Address: No. 6A Street 294 Phnom Penh Cambodia
Tel: +855 (0) 23 223 747
info@adw-cambodia.org

CAMBODIA CHAMBER OF COMMERCE
Address: Building No.7D, Russian Blvd, Sangkat Tek Laok 1, Khan Touk Kok, Phnom Penh, Cambodia.
Tel: +(855) 23 880 795
Fax: +(855) 23 881 757
info@ccc.org.kh

CAMBODIA CONSTRUCTORS’ ASSOCIATION
Address: Canadia Tower (12th floor), No. 315, Ang Duong St (Corner of Monivong Blvd), Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia
Tel: (855) 23 868 222 (connect to 81 202)
Fax: (855) 23 988 828
secretariatcca@yahoo.com
www.cca.org.kh

CAMBODIA FEDERATION OF EMPLOYERS AND BUSINESS ASSOCIATIONS (CAMFEBA)
Address: No. 44A, Street 320, Sangkat Boeung Keng Kang III, Khan Chamkar Morrn, Phnom Penh, Cambodia
Contact: Van Sou Ieng, President
Tel: (855) 23 868 222
www.camfeba.com

CAMBODIA HOTEL ASSOCIATION
Address: No.35-37, Street 214 (Samdech Pen), CBM Office Building, Phnom Penh
Contact: Ms. Carrol Sahaidak-Beaver
director@cambodiahotelassociation.com.kh
Tel: (855) 77 966 520

CAMBODIA TOURISM FEDERATION
Address: House 53D, Street 242, Sangkat Boeung Prolit, Khan 7 Makara, Phnom Penh
ctf@cambodiahotelassociation.com.kh
Tel: (855) 92 332 905

FEDERATION OF CAMBODIAN RICE EXPORTERS
Address: Cambodian Chamber of Commerce building, No. 7D, Russian Federation Blvd, Sangkat Boeung Kak II, Khan Touk Kork, Phnom Penh, Cambodia
Tel: (855) 89 222 013
Email: info@fedocrex.com
www.fedocrex.com

GARMENT MANUFACTURERS ASSOCIATION IN CAMBODIA (GMAC)
Address: No. 175, Street 215, Sangkat Phsar Dem Kor, Khan Touk Kok, Phnom Penh, Cambodia
Contacts: Mr. Van Sou Ieng, Chairman; Dr. Ken Loo, Secretary General
Tel: (855) 12 563 082; (855) 23 301 181
Fax: (855) 23 882 860
info@gmac-cambodia.org
www.gmac-cambodia.org

PACIFIC ASIA TRAVEL ASSOCIATION (PATA) CAMBODIA CHAPTER OFFICE
Pacific Asia Travel Association (PATA) Cambodia Chapter Office
Address: #147, 1st Floor, St.51 (Pasteur), Phnom Penh
Tel: +85523 555 2134
info@patacambodia.org
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<tr>
<th>ADB</th>
<th>Asian Development Bank</th>
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<td>AEC</td>
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<tr>
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<td>Association of Southeast Asian Nations</td>
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<td>CAA</td>
<td>Cambodia Angkor Air</td>
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<td>CDC</td>
<td>The Council for the Development of Cambodia</td>
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<td>CEPT</td>
<td>Common Effective Preferential Tariff</td>
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<tr>
<td>CIA</td>
<td>Central Intelligence Agency (United States)</td>
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<td>CNRP</td>
<td>Cambodia National Rescue Party</td>
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<td>CoO</td>
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<td>CPP</td>
<td>Cambodian People’s Party</td>
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<td>Everything But Arms</td>
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<td>Electricité du Cambodge</td>
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<tr>
<td>FDI</td>
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<td>FUNCINPEC</td>
<td>National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia</td>
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<td>GDP</td>
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