



Investment Environment and Opportunities in Cambodia

presented by

Suon Sophal

Director

Public Relation and Private Investment Promotion Department

Cambodian Investment Board

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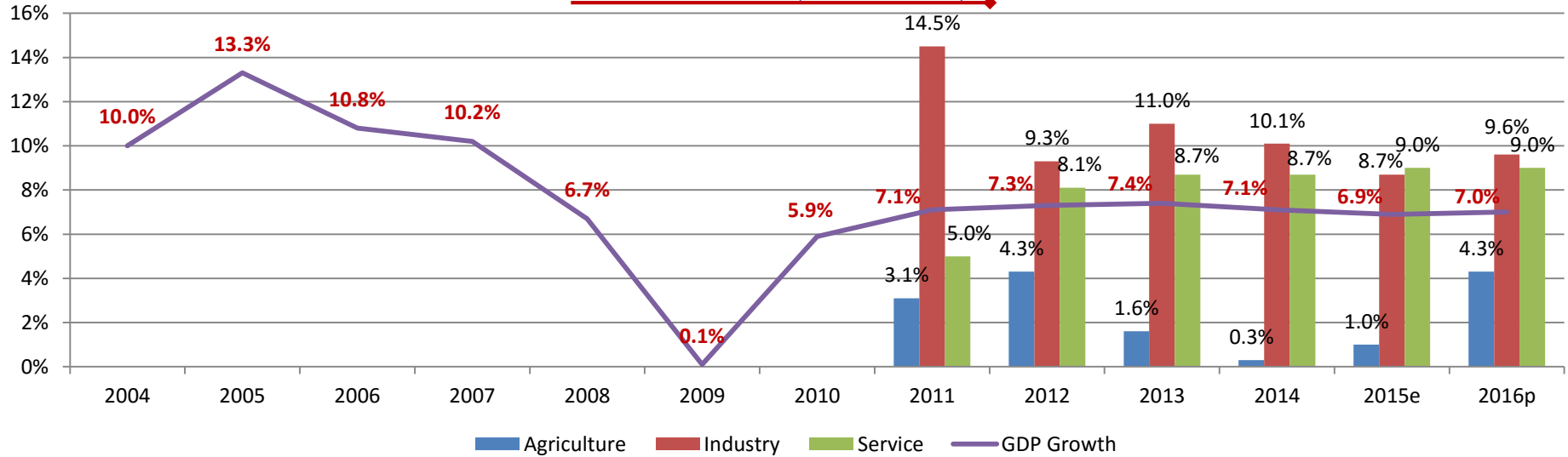
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I. Investment Environment in Cambodia

1. Key Indicators

GDP Growth (2004-2016)

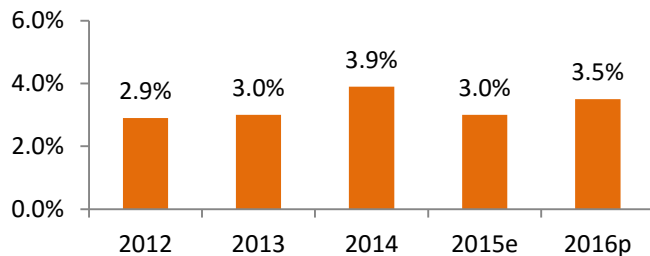


Population & Labor Force

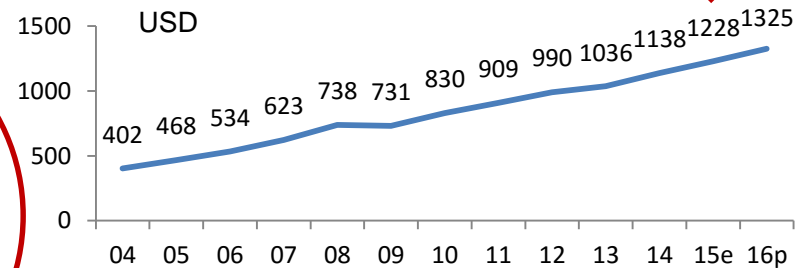
- Population: 15 Million
- Literacy: 92.7% (15-24 years old)
- Young and dynamic labor force: Median age 24 years old
- Population growth rate : 1.54%



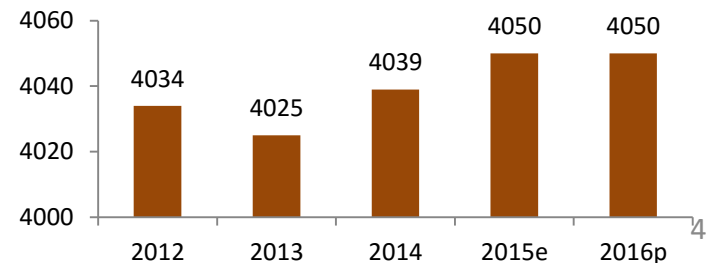
Low & Manageable Inflation



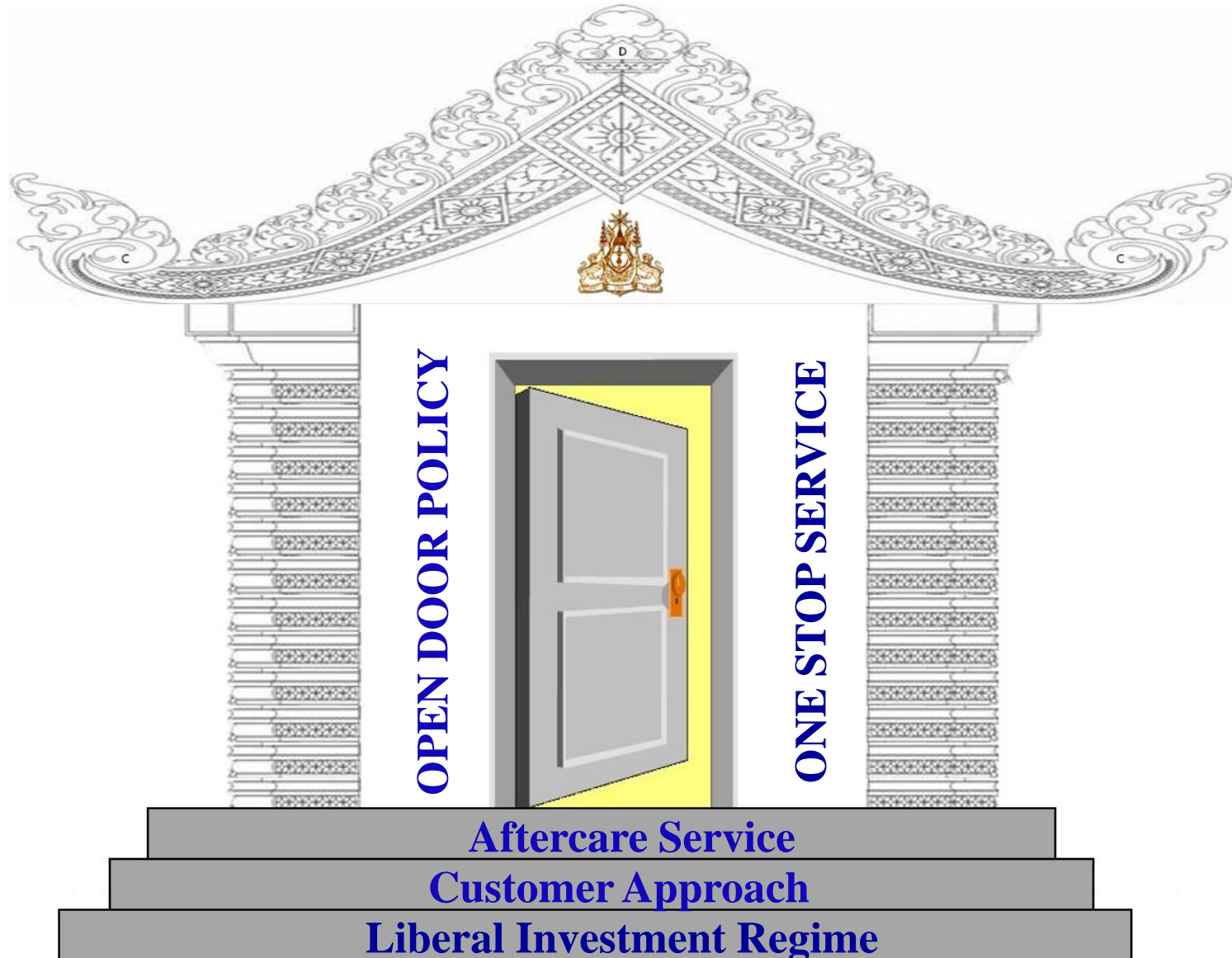
GDP Per Capita (2004-2016)



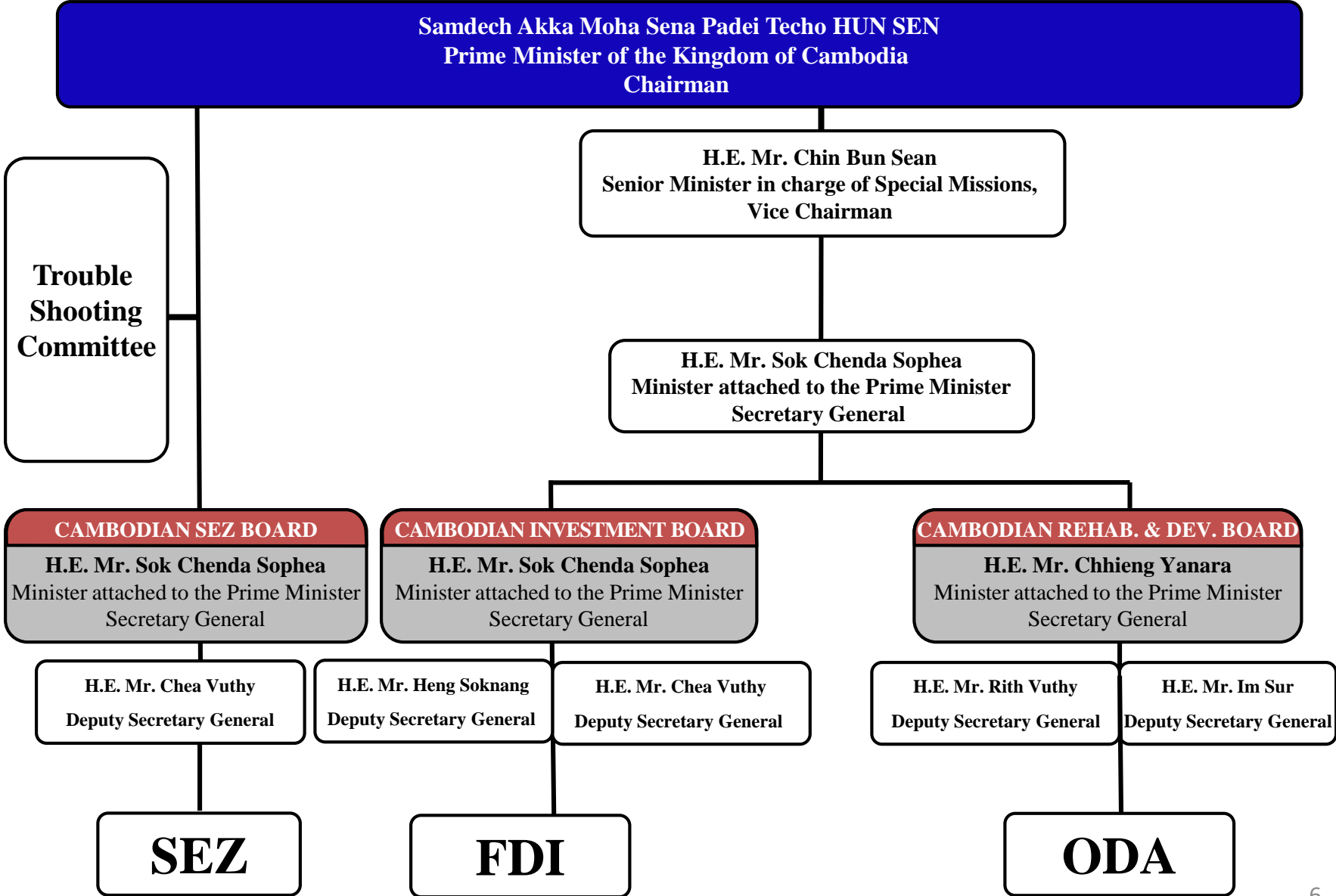
Stable Exchange Rate (USD-Riel)



2. Council for the Development of Cambodia-CDC



3. CDC's Structure



4. Investment Incentives

- Corporate Tax: 20%

- Tax holidays: 6 years ~ 9 years

OR

Special Depreciation (Reinvestment of Earning)

- Full Import Duty Exemption

5. Investment Guarantee (1/2)

Investment Law provides full guarantee

- No discrimination
- No nationalization
- No requirements of local equity participation
- No price controls on products or services
- No restriction on foreign exchanges
- No capital control

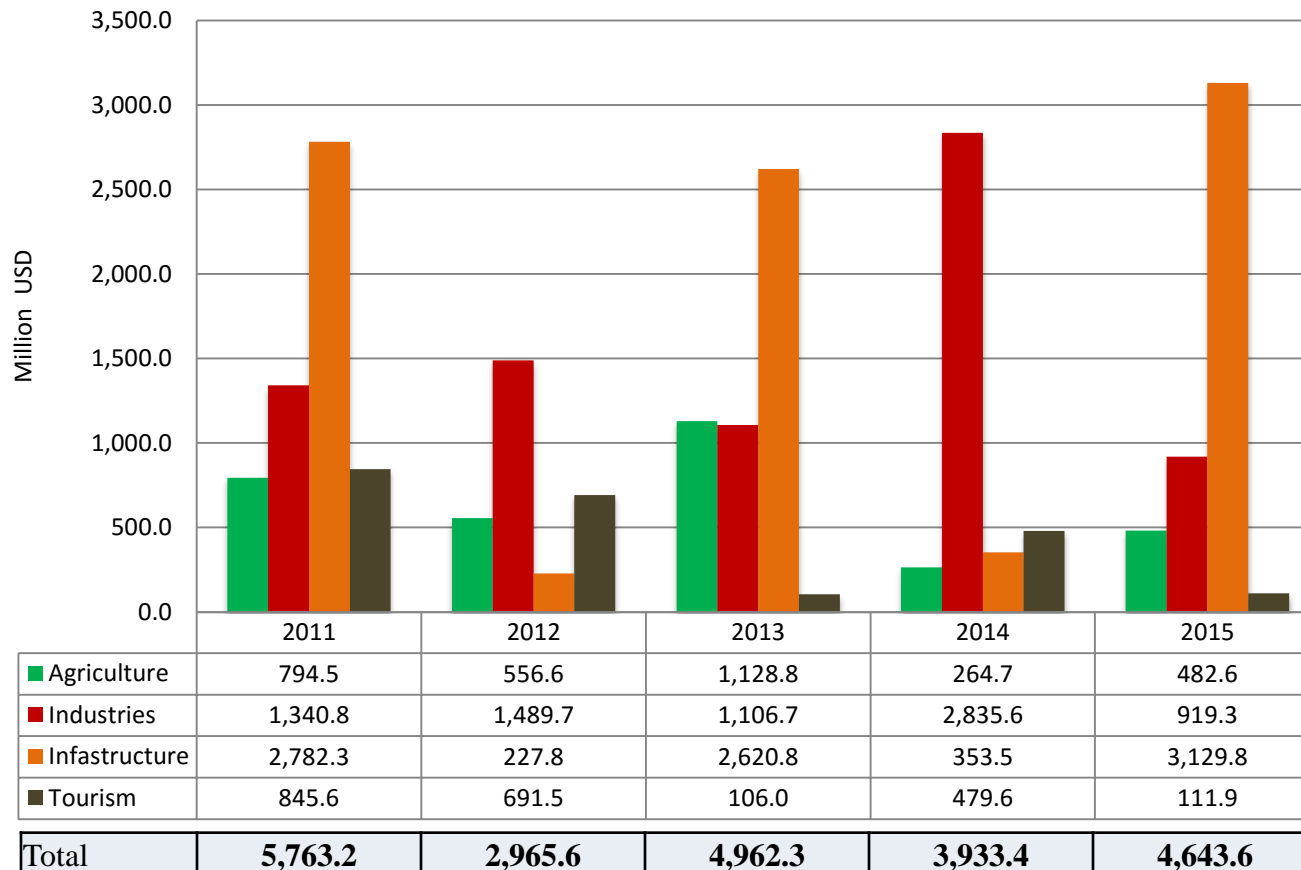
5. Investment Guarantee (2/2)

Bilateral agreement on the promotion and protection of investments between the Kingdom of Cambodia and other countries (24)

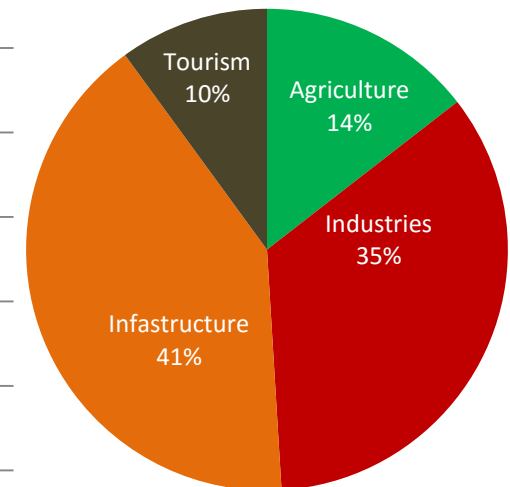


7. Committed Investments (by sector)

Investments by sector (2011-2015)

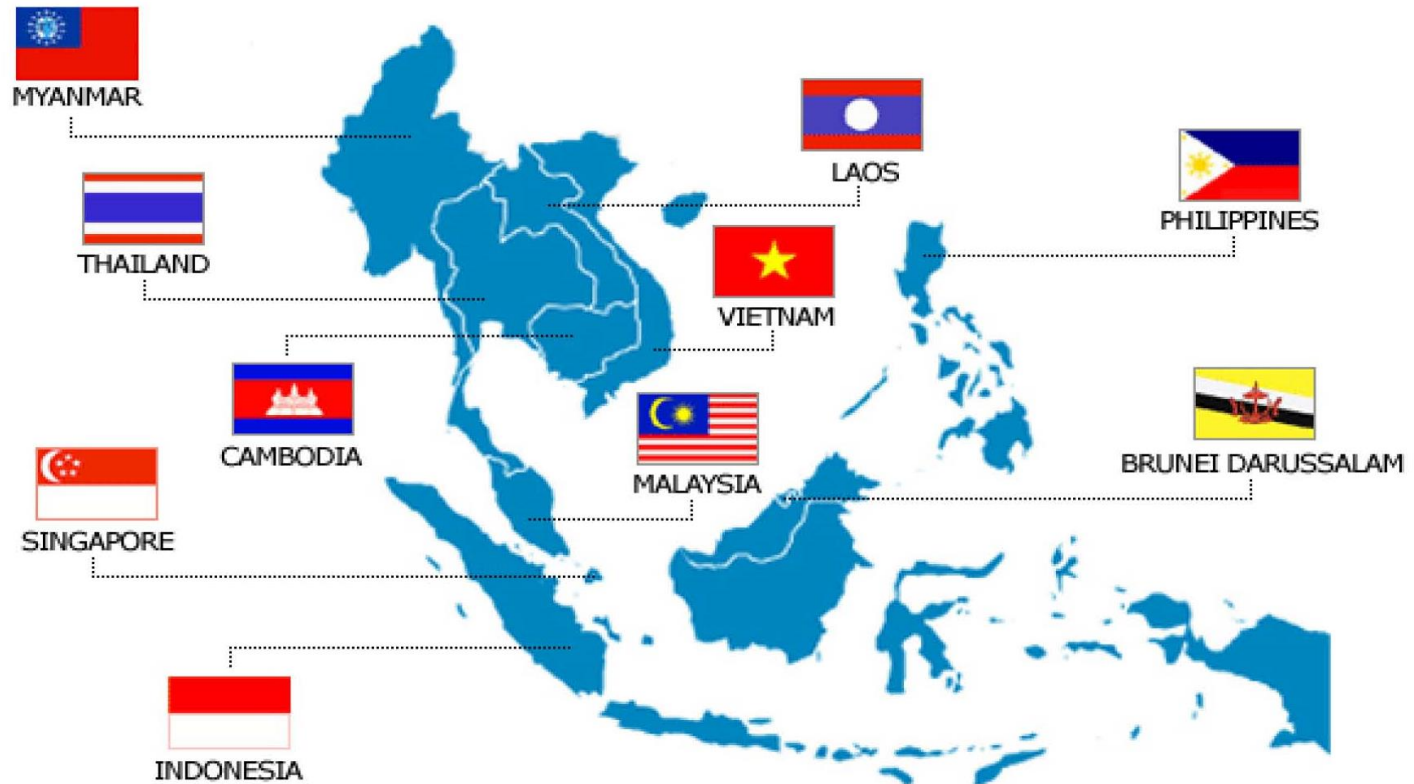


Investment Capital (2011-2015) Total of USD 22.3 billion



8. Committed Investments (by country)

Year	2011		2012		2013		2014		2015		Jan-June 2016	
Total	\$5.7 Billion		\$2.9 Billion		\$4.9 Billion		\$3.9 Billion		\$4.6 Billion		\$2.1 Billion	
Rank	Country	%	Country	%	Country	%	Country	%	Country	%	Country	%
1	Cambodia	41.24	Cambodia	42.08	Cambodia	66.80	Cambodia	64.00	Cambodia	69.28	China	38.07
2	China	30.55	China	20.69	China	15.68	China	24.44	China	18.62	Cambodia	36.86
3	Vietnam	11.99	Korea	9.89	Vietnam	6.10	Malaysia	2.18	UK	3.0	Japan	14.00
4	U.K	4.30	Japan	9.15	Thailand	4.37	Japan	1.72	Singapore	2.18	Thailand	6.16
5	Malaysia	4.20	Malaysia	6.04	Korea	1.76	Korea	1.66	Vietnam	1.92	UK	2.01
6	Korea	2.91	Thailand	4.53	Japan	1.59	Vietnam	1.26	Malaysia	1.61	Korea	0.99
7	U.S.A	2.47	Vietnam	2.89	Malaysia	1.04	UK	1.13	Japan	1.28	U.S.A	0.51
8	Japan	1.15	Singapore	2.59	Singapore	1.03	Singapore	0.89	Thailand	1.18	Brunei	0.45
9	Australia	0.43	U.K	0.51	UK	0.43	Thailand	0.88	Korea	0.21	Samao	0.29
10	Singapore	0.28	U.S.A	0.42	France	0.27	Australia	0.51	Canada	0.19	Seychelles	0.28
11	Others	0.48	Others	1.21	Others	0.94	Others	1.36	Others	0.52	Mongolia	0.24



II. ASEAN Economic Community

1. ASEAN Economic Community

- Free movement of goods and services
- Free flow of capital
- Free flow of skilled labor forces
- Production base
- Single market of 630 million consumers

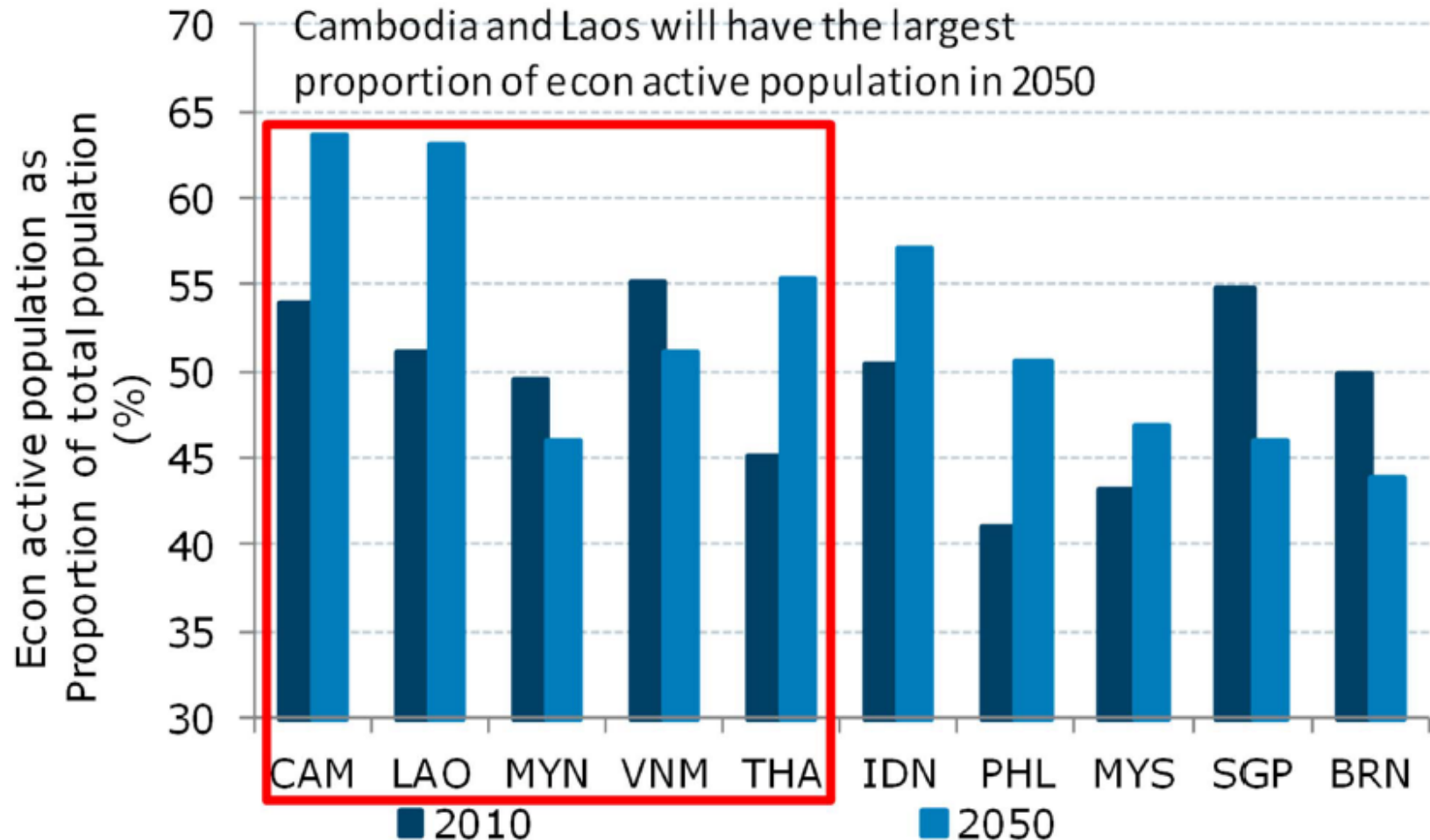
2. Cambodia within Mekong Five and AEC



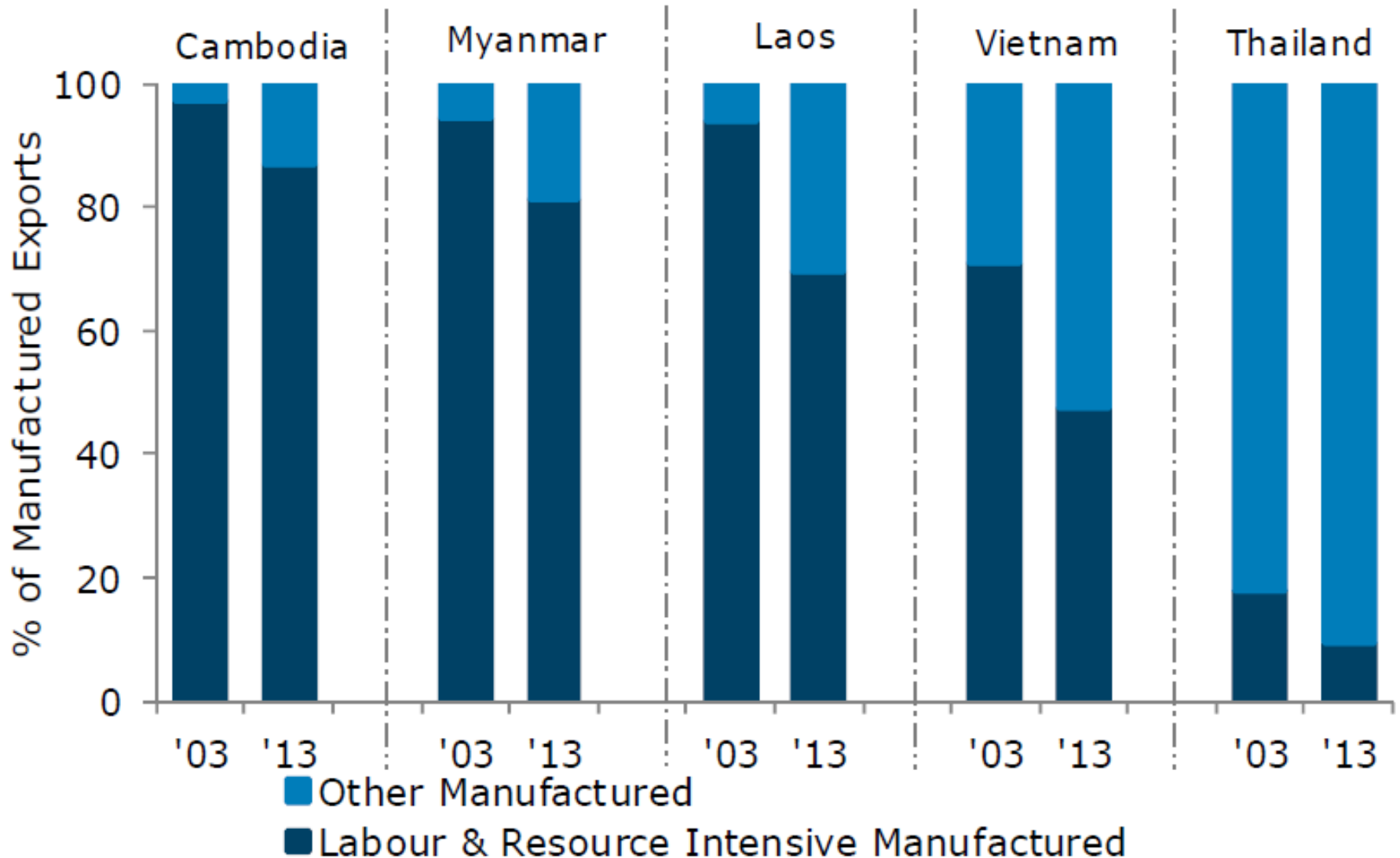
**Cambodia will grow
with ASEAN
with Mekong 5**

3. Emergence of Mekong Five as World Factory

Greater Mekong to have highest proportion of econ active workers by 2050 within ASEAN



4. Flying Geese in Mekong Five



Source: "ASEAN: The Next Horizon – Mekong Implications," ANZ Bank (2015)

5. GMS Infrastructure Connectivity

GMS Infrastructure Connectivity in 2015-2020

- Roads
- Telecommunications
- Power Transmission Line



6. Growth of Mekong-Five Market

Population (m)				Middle income group (% of population)				Middle income population (m)			
Economies	2010	2015	2020	Economies	2010	2015	2020	Economies	2010	2015	2020
Brunei	0.4	0.4	0.5	Brunei	98	99	100	Brunei	0.4	0.4	0.5
Cambodia	14	15	16	Cambodia	9	15	21	Cambodia	1	2	3
Indonesia	240	252	263	Indonesia	21	26	30	Indonesia	50	64	79
Laos	6	7	7	Laos	11	17	23	Laos	1	1	2
Malaysia	28	31	33	Malaysia	40	42	45	Malaysia	11	13	15
Myanmar	52	56	59	Myanmar	9	12	15	Myanmar	5	7	9
Philippines	93	101	110	Philippines	34	37	40	Philippines	32	37	43
Singapore	5	5	6	Singapore	98	99	100	Singapore	5	5	6
Thailand	69	71	72	Thailand	45	47	49	Thailand	31	33	35
Vietnam	88	92	96	Vietnam	21	28	36	Vietnam	18	26	34
ASEAN 10	596	631	661	ASEAN 10	26	30	34	ASEAN 10	154	190	227
Asia	3344	3491	3619	Asia	26	31	37	Asia	850	1082	1325
World	6515	6871	7210	World	28	29	30	World	1844	2010	2177

Source: "ASEAN: The Next Horizon – Mekong Implications," ANZ Bank (2015)

CAMBODIA



III. Industrial Development Policy 2015-2025

1. Industrial Development Policy (IDP) 2015-2025

- To provide policy framework and specific mechanism to develop a competitive industrial sector in Cambodia and to achieve its full integration into regional and global value chain.
- To capture regional trends and changes in regional architecture (AEC, China+1, Thailand+1, and RCEP/TPP).
- To promote a platform for growth focusing on economic diversification, strengthening national competitiveness, and enhancing productivity.

2. IDP – Infrastructure for Industrial Development

The Royal Government of Cambodia has determined 4 key priorities to be achieved by 2018 in order to promote and sustain the momentum of Industrial Development as following:

- Improving electricity supply to key industrial areas/estates: reduce the electricity tariff from 18.8 cents/kwh in 2014 to 12 cents/kwh and ensure the stability of the electricity supply by reducing the black-out to less than 12 times or 24h/year.
- Building multi-modal transport and logistic system to connect to 3 keys industrial corridors namely Phnom Penh- Sihanoukville, Phnom Penh- Bavet, and Phnom Penh- Poi Pet.
- Building modern institutions for vocational and technical training / human resources development needed by industries.
- Develop and transform Sihanoukville Province into a multi-purpose Special Economic Zone.

3. Law on Investment - IDP Guidance (1/2)

- Review and amend the Law on Investment and other relevant regulations to respond to the concrete needs for developing the industrial sector by way of making the business climate conducive to attracting investment, enabling technology transfer, creating jobs and enhance skills training and increasing value-added;
- Review and revise criteria of selected “potential and quality investment projects” that generate value addition and positive externality for the development and attraction of new industries into Cambodia;
- Consider providing additional incentives for investment projects which are contributing to skills training, research and development and innovation;

3. Law on Investment - IDP Guidance (2/2)

- Encourage the preparation of medium-term plan to nurture the growth of SMEs by way of identifying enterprises with good export potentials, developing new products, linking to multinational corporations (MNCs), connecting them to the value chain and regional production networks, and preparing concrete action framework to develop them;
- Consider providing support to SMEs for skill training and investment in machinery or production equipment as well as other incentives taking into consideration the local processing of raw materials; promoting quality of products and modernizing their production chain to link up to multinational companies;
- Further strengthen favorable environment for investment and doing business by improving the regulatory framework, rationalizing the provision of incentives for investment projects, strengthening the good governance and the effectiveness of relevant public institutions, especially the One-Window Service mechanism at the Council for Development of Cambodia (CDC) to become an effective and practical mechanism.

4. Law on Investment: What's New?

- Pioneer status
- SMEs : supporting activities
- Incentives for provision of:
 - Accommodation
 - Transportation
 - Canteen
 - Training

5. Law on SEZ - IDP Guidance (1/2)

- Promote the establishment of large industrial parks and clusters by enacting the Law on Special Economic Zone aimed at supporting in a comprehensive way the development of these zones to meet international standards: including infrastructure management system; adequate supply of electricity and clean water; provisions of raw materials and other inputs; trade and transport facilitation; provisions of incentives and other supporting measures to promote investments in SEZs;
- Continue developing industrial zones in provinces, aimed at promoting hubs for SMEs while enhancing their competitiveness by way of supplying as a matter of priority electricity connection, clean water, transportation and logistics links as well as other incentives and facilitation from the government;

5. Law on SEZ - IDP Guidance (2/2)

- Take measures to promote more active participation from the private sector to develop physical infrastructure in government approved SEZs so as to ensure their attractiveness for investors seeking opportunities to establish their production bases;
- Set a clear standards and guiding principles on environmental protection and production safety for investment projects located in SEZs and other industrial zones;
- Continue strengthening and streamlining the administrative capacity and institutional framework for managing the operations of SEZs by way of increasing the effectiveness of the One-Window Service mechanism in order to promote the development of specialized SEZs.

6. Law on Special Economic Zone: What's New?

- Effective development, revocation if no development
- Timely provision of basic infrastructures
- Streamlining administrative procedures :
 - Customs extra territory status
 - Construction permit
 - Environment requirement (EIA)
 - Factory licensing
 - Worker health control
 - Tax registration (ID)
 - C.O. online
 - Master list online



IV. Investment Opportunities in Cambodia

1. Agro-business



1) Production, Processing and Commercialization of:

- Rice, Corn, Cassava, Sugarcane, Rubber, Cashew nut, Pepper and others



2) Livestock Farming and Aquaculture

- Animal breeding
- Animal feed production
- Freshwater and marine aquaculture
- Processing and trading

Type	Cultivated Area (2013)	Yield (2013)	Cult. Area (2018)	Yield (2018)
Rubber	328,771 ha (P. estate 17%, ECL 41%, smallholder 42%) (Mature: 78,493ha)	85,244 tons	>420,000 ha	400,000 tons
Paddy	3,052,420 ha	9,389,961 tons	3,34 million ha	10,85 million tons
Cassava	377,239 ha	7,933,381 tons	N/A	N/A
Corn	180,327 ha	848,450 tons	N/A	N/A

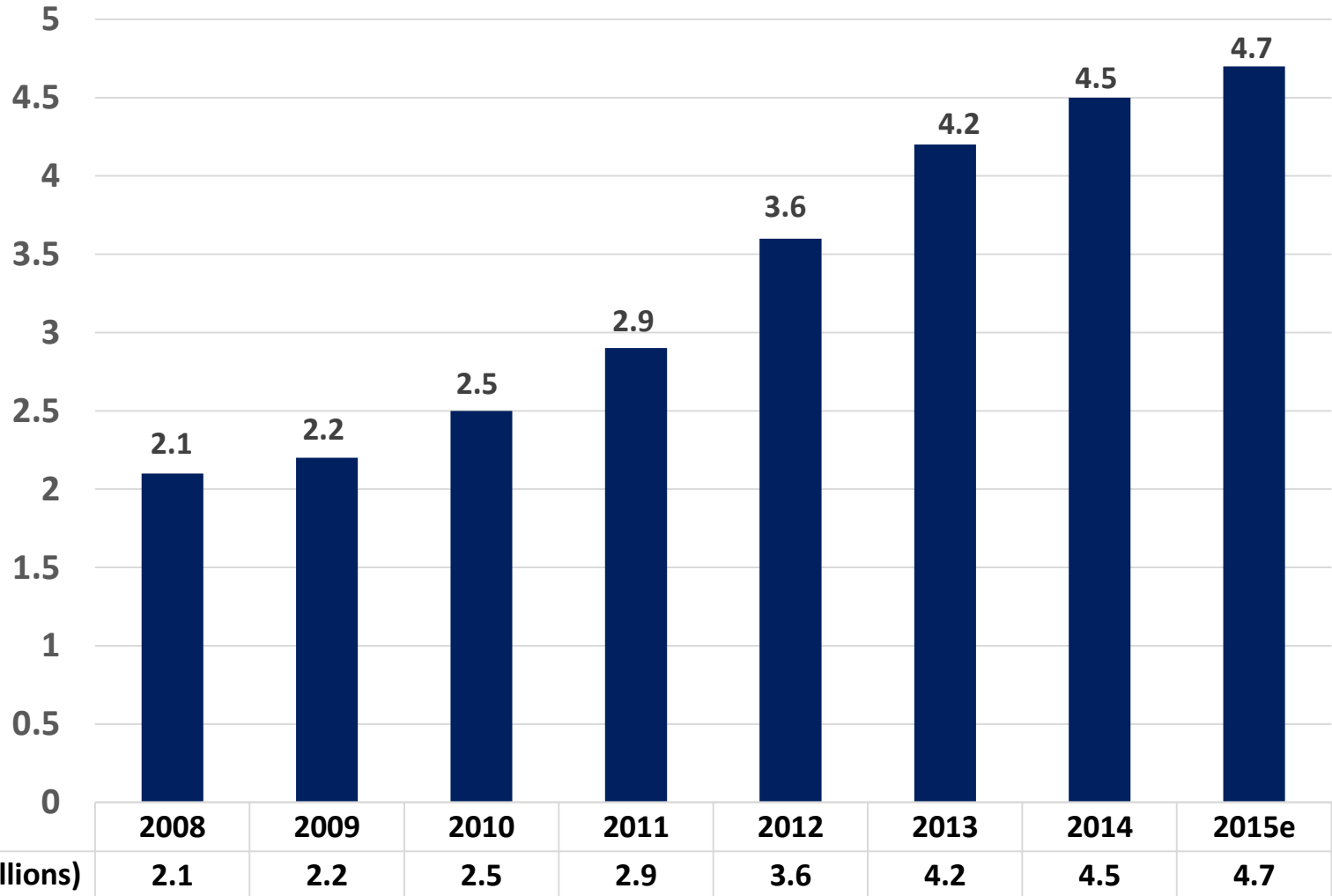
2. Tourism (1/4)

- World Heritage Monuments
- Open Sky Policy to Siem Reap
- Natural beauty - Beach - Islands
- Ability to attract “add-on” trips



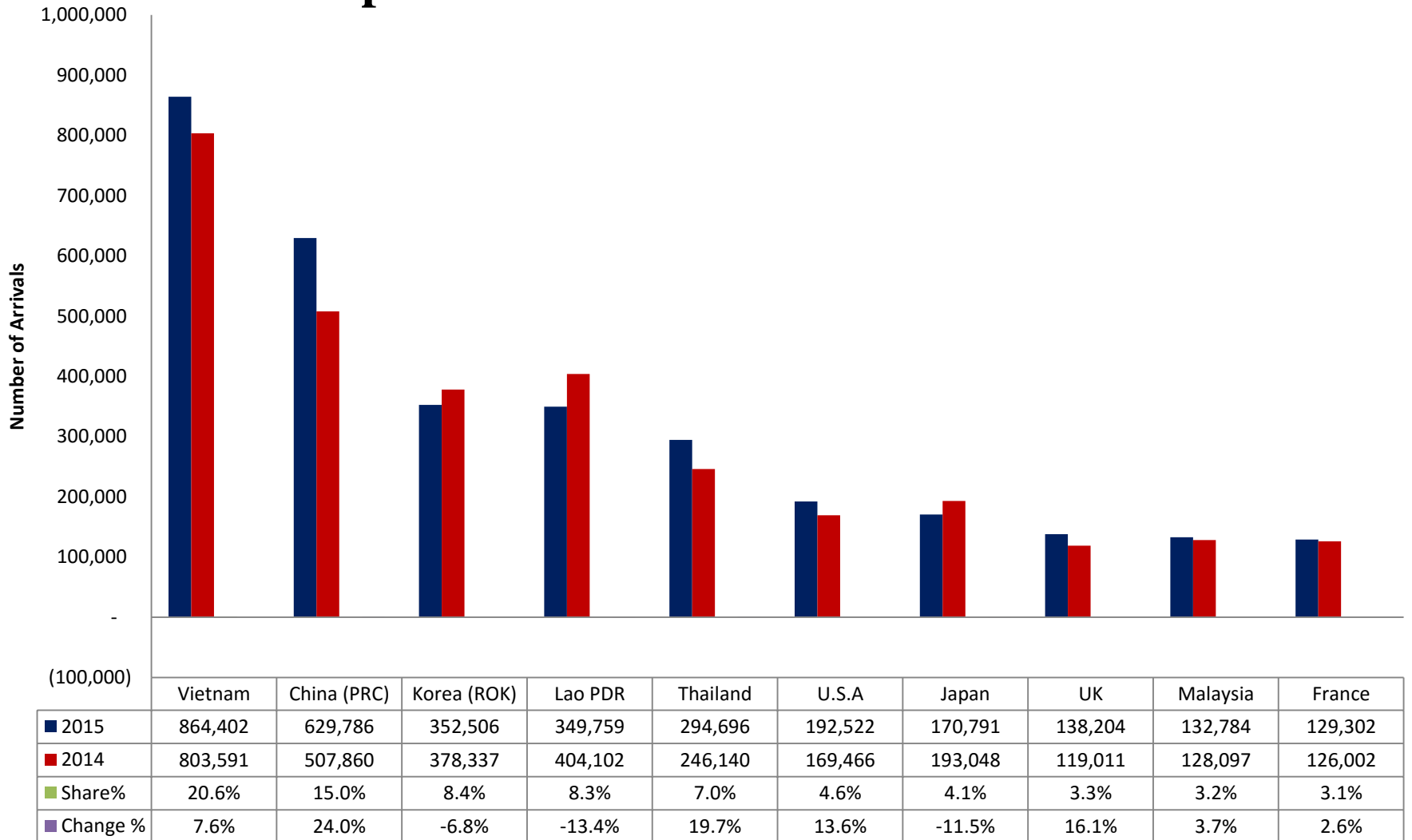
2. Tourism (2/4)

Visitor Arrivals (Millions)



2. Tourism (3/4)

Top ten markets arrivals in 2015



2. Tourism (4/4)

Thai Arrivals

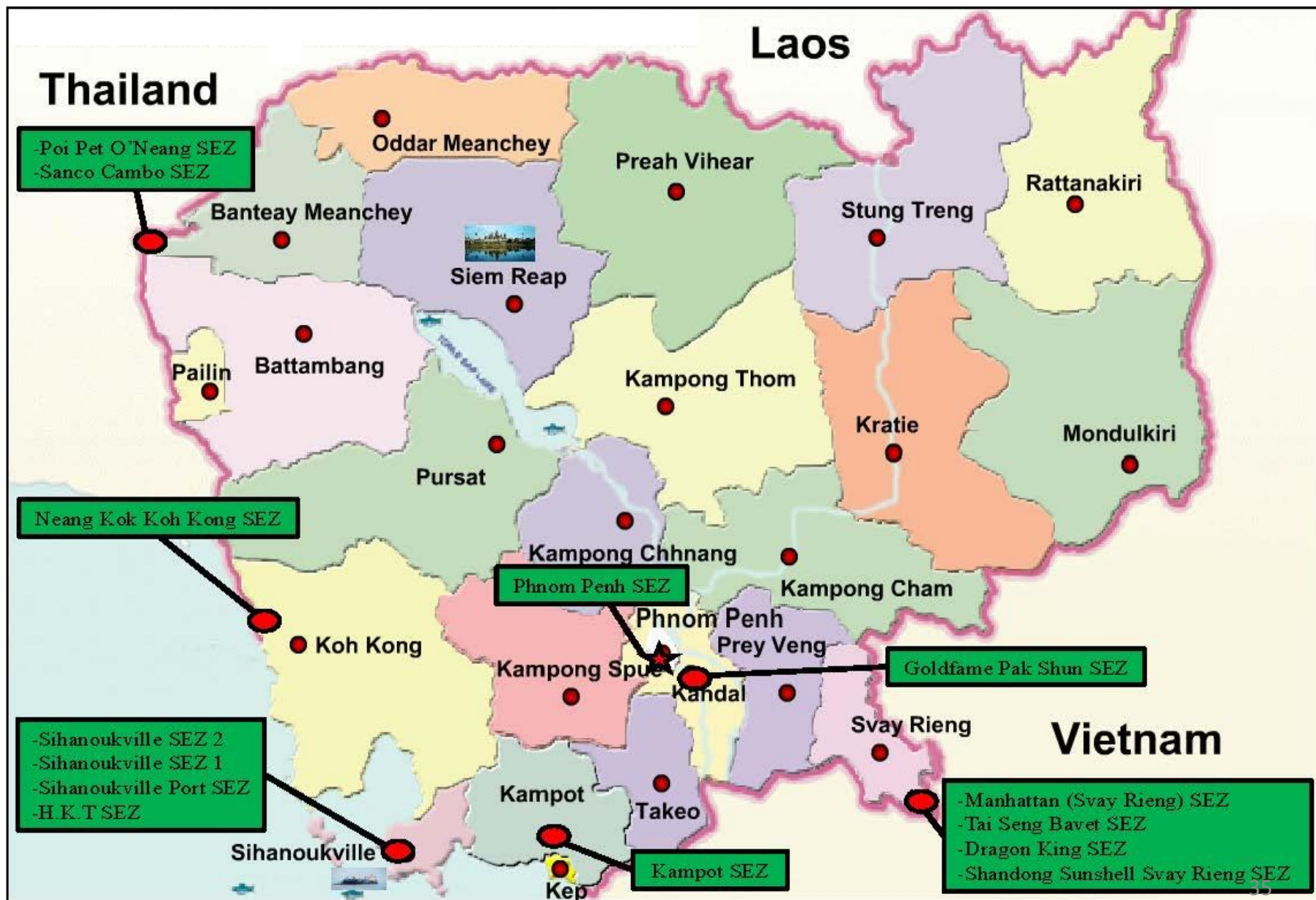
Year	Number of Thai Visitors	Total Visitors	Share (%)	Rank
2007	12,096	2,015,128	1.59	12 th
2008	109,020	2,125,465	5.13	6 th
2009	102,018	2,161,577	4.72	7 th
2010	96,277	2,508,289	3.84	8 th
2011	116,758	2,881,862	4.1	7 th
2012	201,422	3,201,981	5.6	5 th
2013	221,259	4,210,165	5.3	4 th
2014	279,457	4,502,775	6.2	5 th
2015	349,908	4,775,231	7.3	5 th

3. Labor Intensive Industries, processing and manufacturing

- Competitive labor cost
- Tax incentives
- Market access
- ASEAN Economic Community



4. Cambodia Special Economic Zones



5. List of Operational SEZs

No.	SEZ Name	Established	Land Size (h.a)	No. of Projects	Workers
1	Manhattan (Svay Reing) SEZ	29-Nov-06	157	32	23,178
2	Tai Seng Bavet SEZ	04-Apr-07	99	26	8,561
3	Shandong Sunshell Svay Rieng SEZ	01-Jul-13	96	3	2,700
4	Dragon King S.E.Z	25-Oct-12	106.5	2	581
5	Phnom Penh SEZ	19-Apr-06	350	81	13,604
6	Sihanoukville SEZ	17-Mar-08	1,113	74	11,499
7	Sihanoukville Port SEZ	02-Sep-09	70	3	437
8	Sihanoukville SEZ 1	25-Oct-06	178	2	310
9	Neang Kok Koh Kong SEZ	26-Oct-07	335	5	6,569
10	Poi Pet O'Neang SEZ	01-Jun-06	467	5	925
11	Sanco Cambo SEZ	11-Sep-13	66.5	2	N/A

6. Thai Investments

Thai's QIPs	No. of Projects	Capital (\$ Million)
Outside SEZ	101	1,060
Inside SEZ	12	45
Total	112	1,000



V. Reasons to invest in Cambodia

1. Reasons to invest in Cambodia

Open economy

- Equal treatment of all investors
- No requirement of local equity participation
- No price controls on products or services
- No restriction on foreign currencies convertibility

Sound macroeconomic environment

- 6th fastest growing economy in the world during the last two decades (average growth rate: 7.7%)
- Low & manageable inflation rate (under 5%)
- Stable exchange rate (USD 1 = 4000 ± 5%)

Competitive investment incentives

- Tax holiday: 0% up to 9 years
- Low corporate tax: 20%
- Full import duty exemption (production equipment, contraction material, production inputs, machineries)

One stop service

- Information & Application
- Fast-Track Investment Approval Process: all documents will be processed within only 28 working days.
- Customs Duty & Tax Exemption
- Visa & Work Permit

Competitive labor force

- Reasonable wage: (minimum wage in 2016: 140 USD)
- Young and dynamic labor Force (median age 24 years old)

Strategic location

- Center of ASEAN: flight time average only 1:30 hour to other ASEAN countries

Preferential trading status

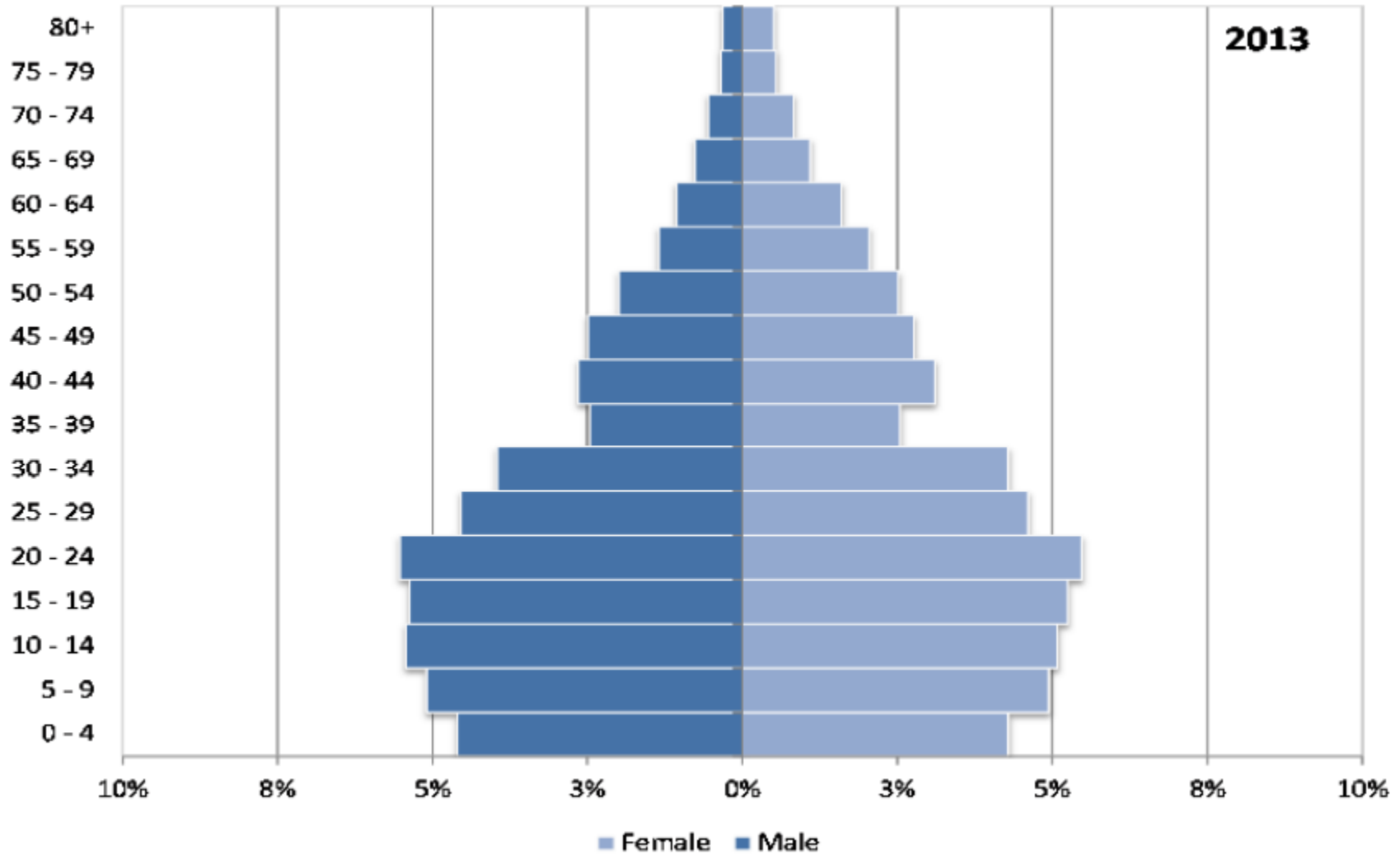
- Cambodia obtains EBA from EU
- Regional Comprehensive Economic Partnership (RCEP): ASEAN + China, Japan, Korea, India, Australia & New Zealand

Market access

- ASEAN Market (AEC): pop. 630 M, GDP \$2.5 Tri.
- ASEAN + China, Japan, Korea, India, Australia & New Zealand (RCEP): pop. 3.3 B, GDP \$17.1 Tri.
- MFN/GSP 32 countries & EU (EBA) Market Access
- The world market (WTO)

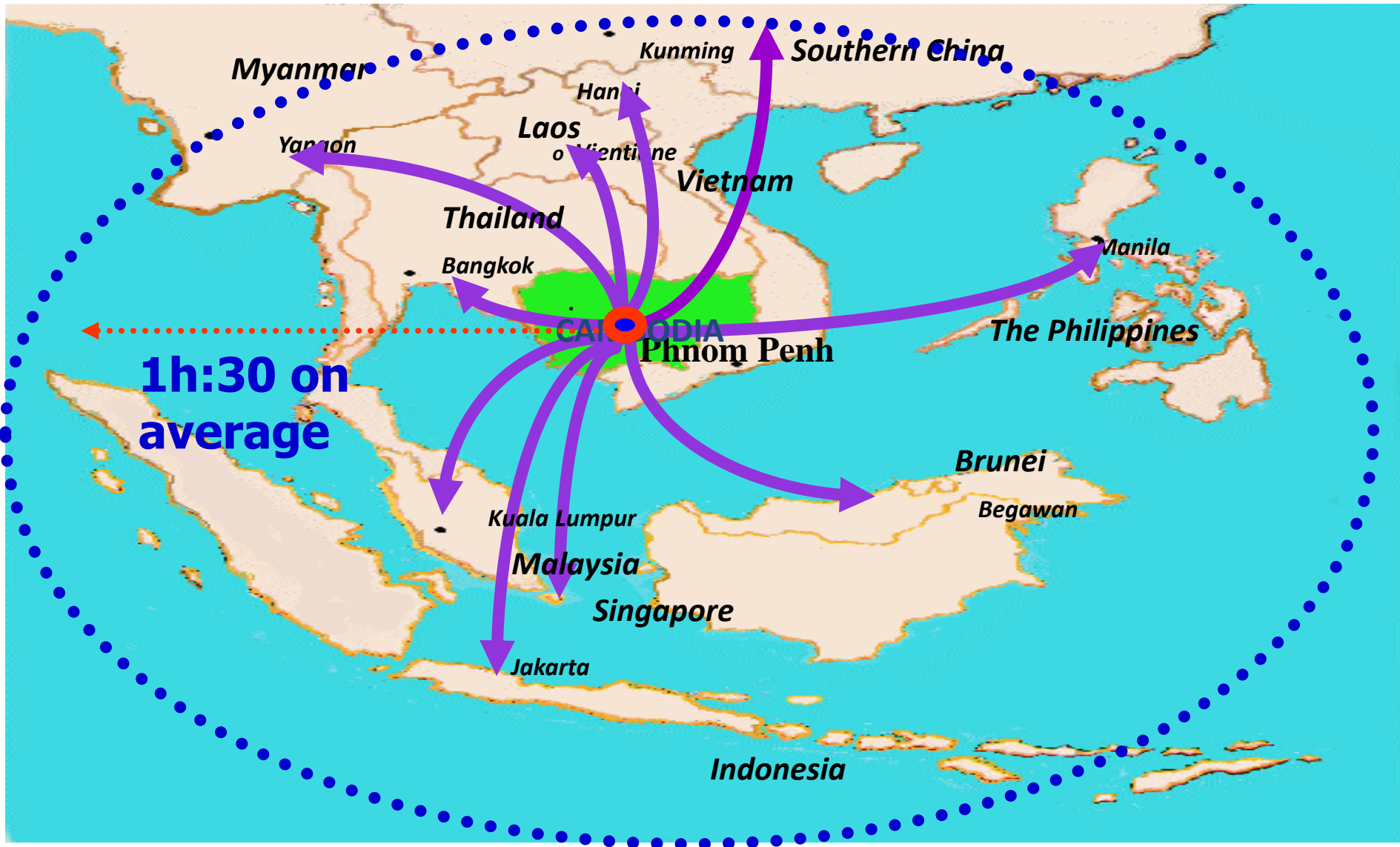


2. Age Pyramid of Cambodian Population



Source: Inter-censal Population Survey 2013

3. Strategic Location





THANKS

H.E. Mr. SOK Chenda Sophea, Secretary General
Email: sokchenda@online.com.kh

H.E. Mr. CHEA Vuthy, Deputy Secretary General
Email: cheavuthysez@gmail.com

H.E. Mr. HENG Soknang, Deputy Secretary General
Email: hsoknang@yahoo.com

Information:
Email: cdc.cib@online.com.kh
Website: www.cambodiainvestment.gov.kh