



Council for the Development of Cambodia

Investment Environment and Opportunities in Cambodia

presented by

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Minister attached to the Prime Minister

Secretary General

Council for the Development of Cambodia



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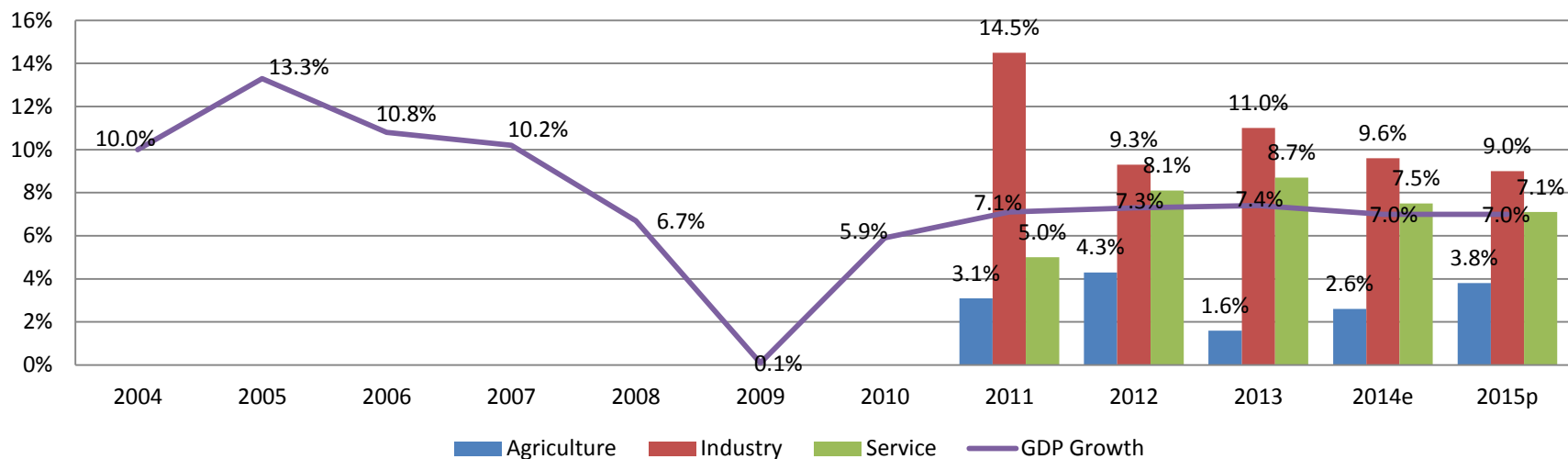


I. Investment Environment in Cambodia



1. Key Indicators

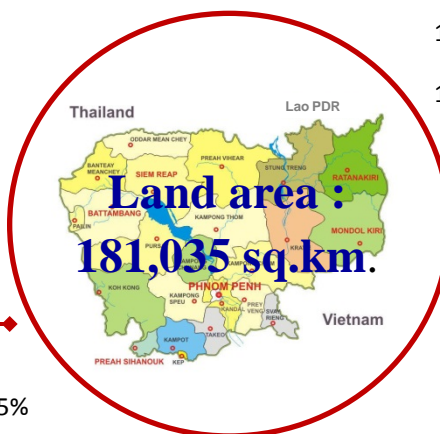
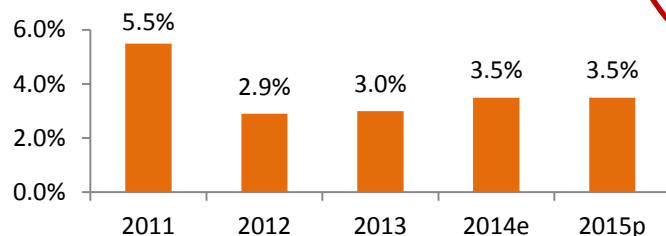
GDP Growth (2004-2015)



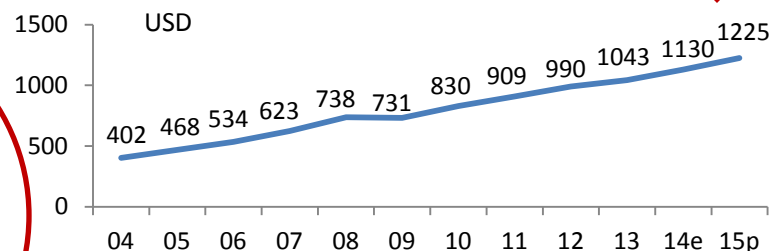
Population & Labor Force

- 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%

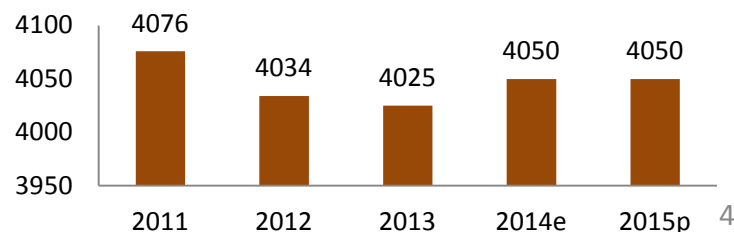
Low & Manageable Inflation



GDP Per Capita (2004-2015)

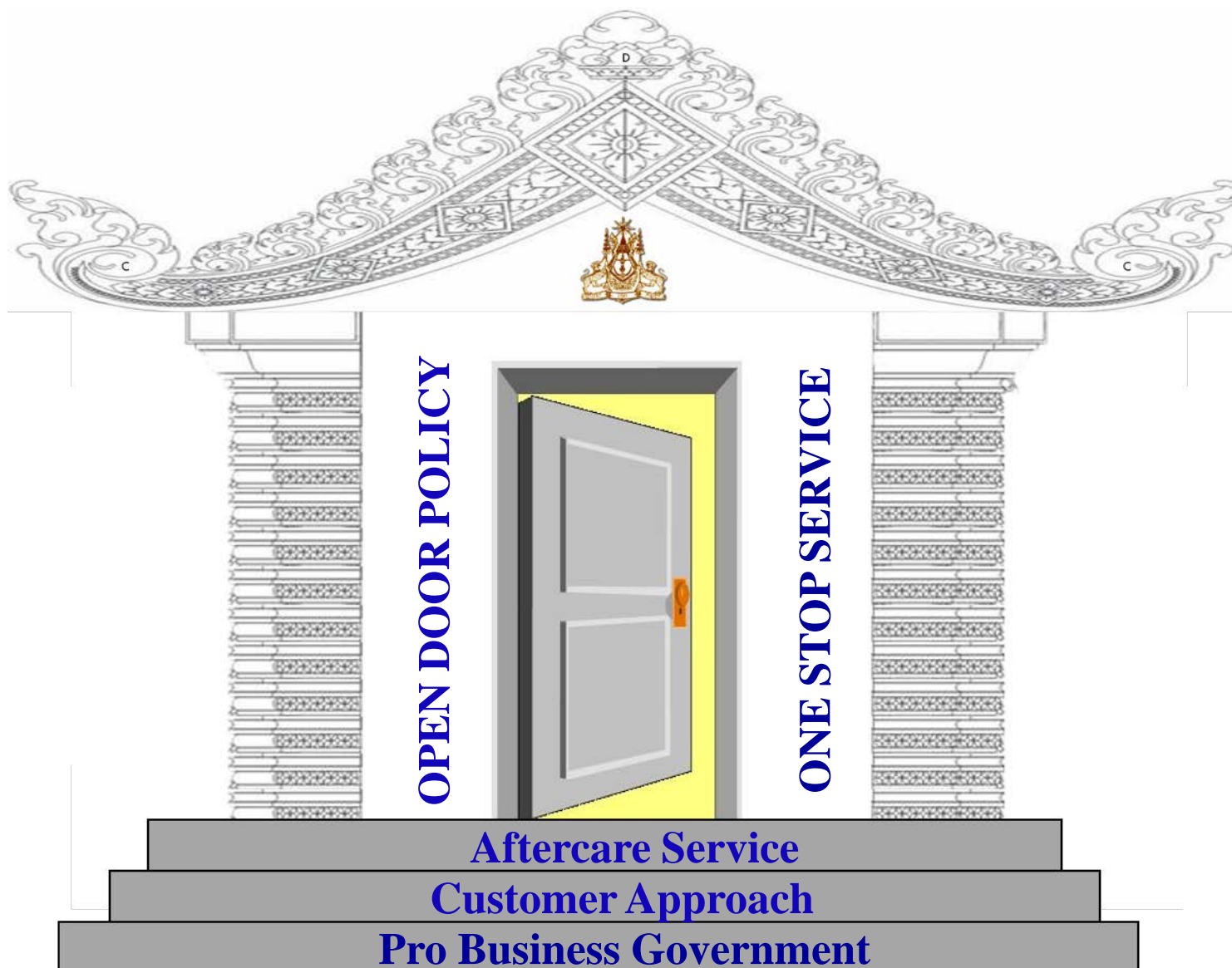


Stable Exchange Rate (USD-Riel)



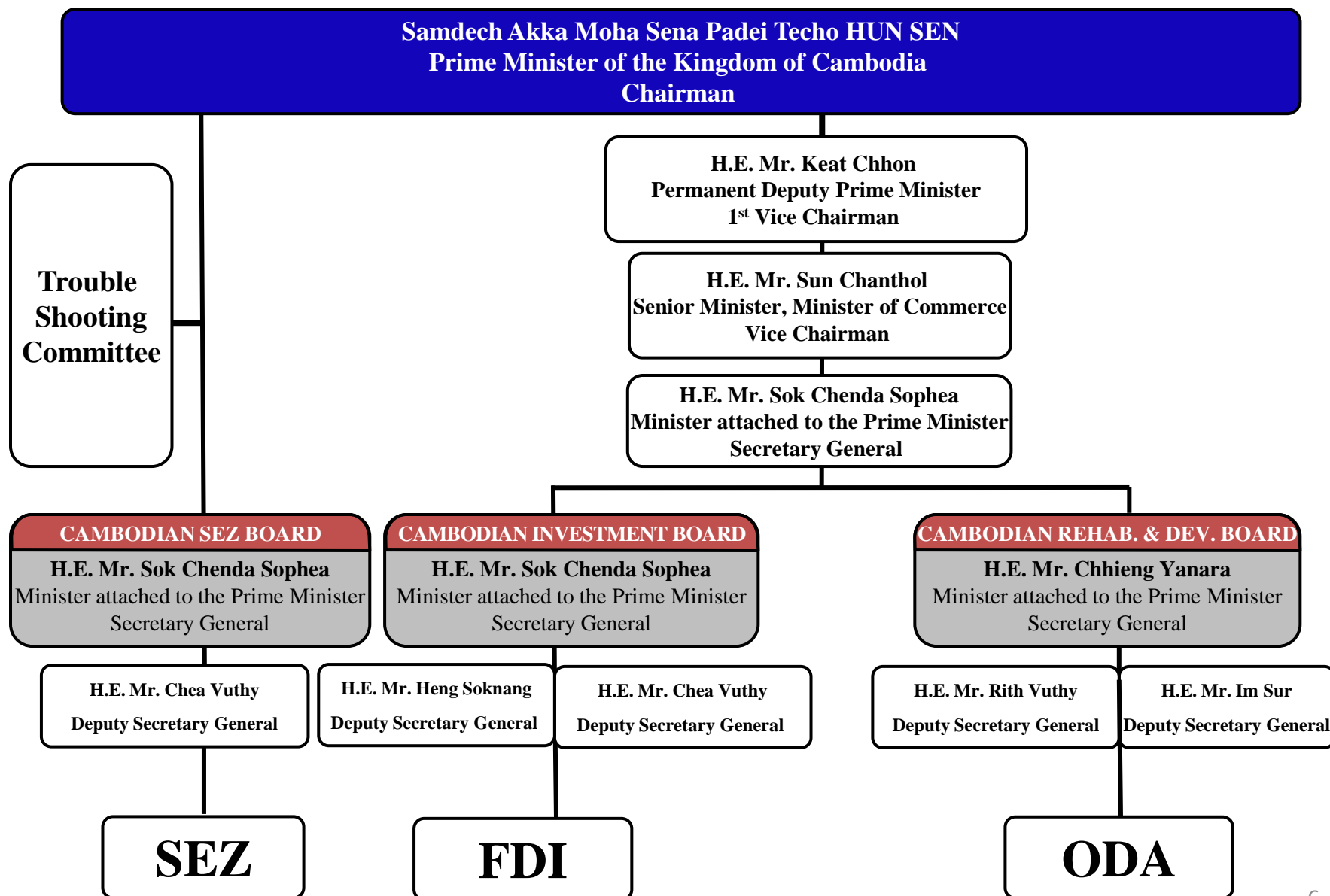


2. Council for the Development of Cambodia-CDC



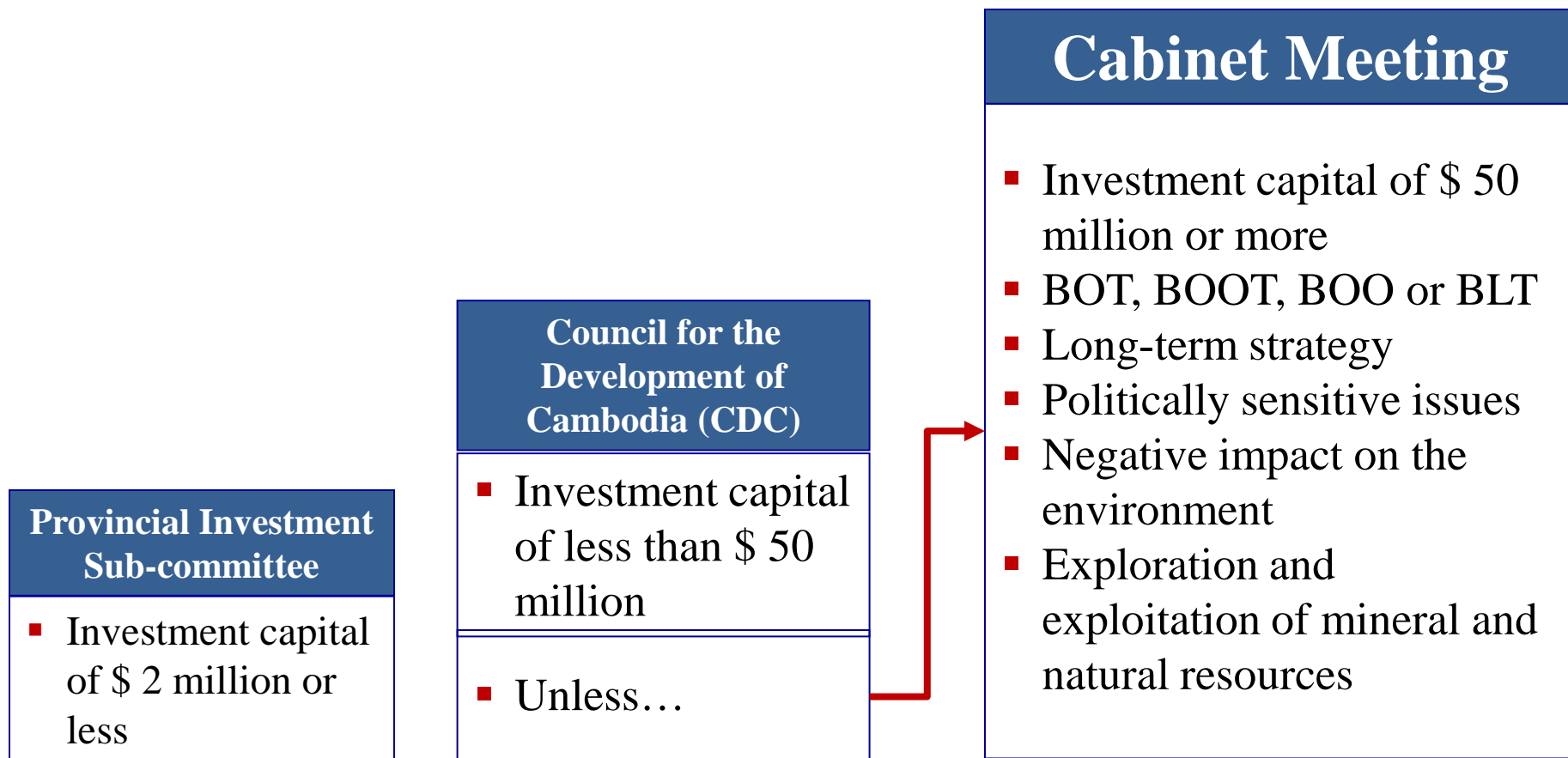


3. CDC's Structure





4. Licensing Authorities





5. Investment Incentives

- Corporate Tax: 20%
- Tax holidays: 6 years ~ 9 years OR
Special Depreciation (Reinvestment of Earning)
- Full Import Duty Exemption



6. Investment Guarantee (1/2)

Investment Law provides full guarantee

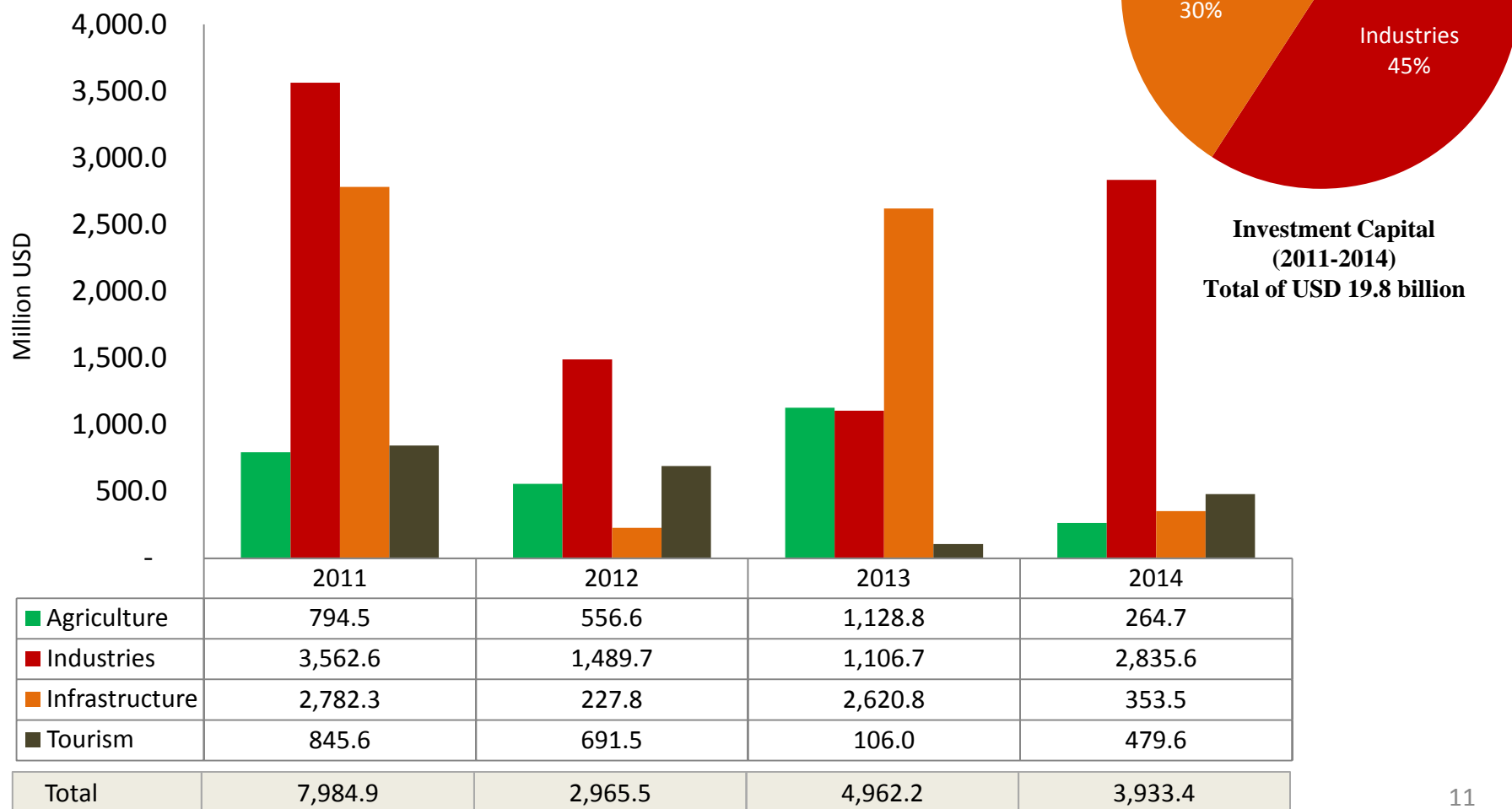
- No discrimination
- No nationalization
- No requirements of local equity participation
- No price controls on products or services
- No restriction on foreign exchanges
- No capital control

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



7. Committed Investments in Cambodia (by sector)

Investments by sector (2011-2014)



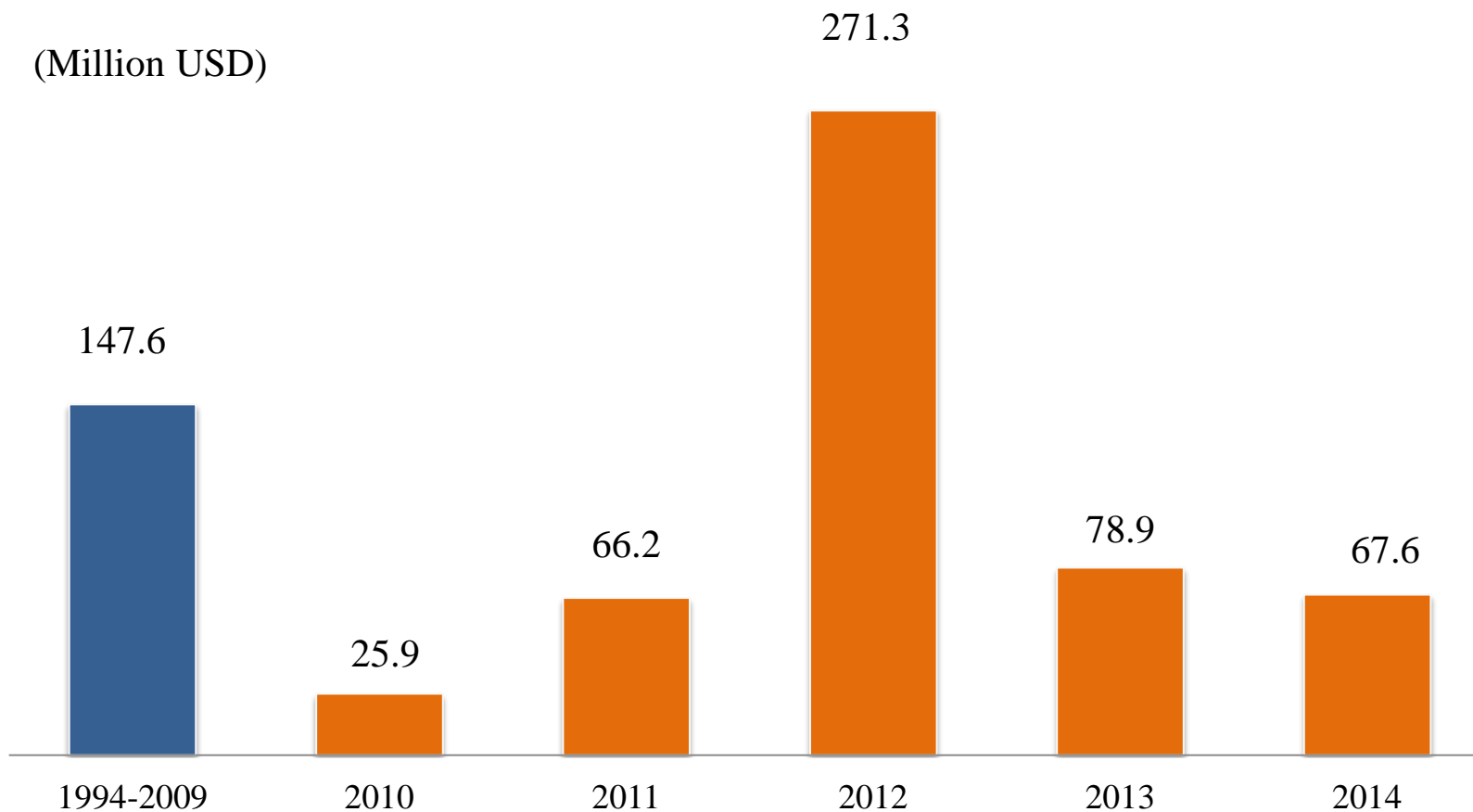


7. Committed Investments in Cambodia (by country)

Rank	2009		2010		2011		2012		2013		2014	
	\$6,3 billion		\$3,0 billion		\$7,9 billion		\$2,9 billion		\$4,9 billion		\$3,9 billion	
	Country	%	Country	%	Country	%	Country	%	Country	%	Country	%
1	Cambodia	60.81	Korea	35.10	U.K	30.93	Cambodia	42.08	Cambodia	66.80	Cambodia	64.00
2	China	14.93	China	28.73	Cambodia	29.76	China	20.69	China	15.68	China	24.44
3	Vietnam	5.58	Cambodia	14.91	China	22.05	Korea	9.89	Vietnam	6.10	Malaysia	2.18
4	Singapore	4.81	Malaysia	8.53	Vietnam	8.65	Japan	9.15	Thailand	4.37	Japan	1.72
5	Russia	3.84	Vietnam	5.23	Malaysia	3.03	Malaysia	6.04	Korea	1.76	Korea	1.66
6	Thailand	3.53	Portugal	1.66	Korea	2.10	Thailand	4.53	Japan	1.59	Vietnam	1.26
7	Korea	2.89	Australia	1.65	U.S.A	1.78	Vietnam	2.89	Malaysia	1.04	UK	1.13
8	India	1.90	Singapore	1.02	Japan	0.83	Singapore	2.59	Singapore	1.03	Singapore	0.89
9	Malaysia	1.19	Denmark	0.97	Australia	0.31	U.K	0.51	UK	0.43	Thailand	0.88
10	Japan	0.20	Japan	0.86	Singapore	0.20	U.S.A	0.42	France	0.27	Australia	0.51
11	Others	0.32	Others	1.35	Others	0.35	Others	1.21	Others	0.94	Other	1.36



8. Japanese Investment to Cambodia





II. 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

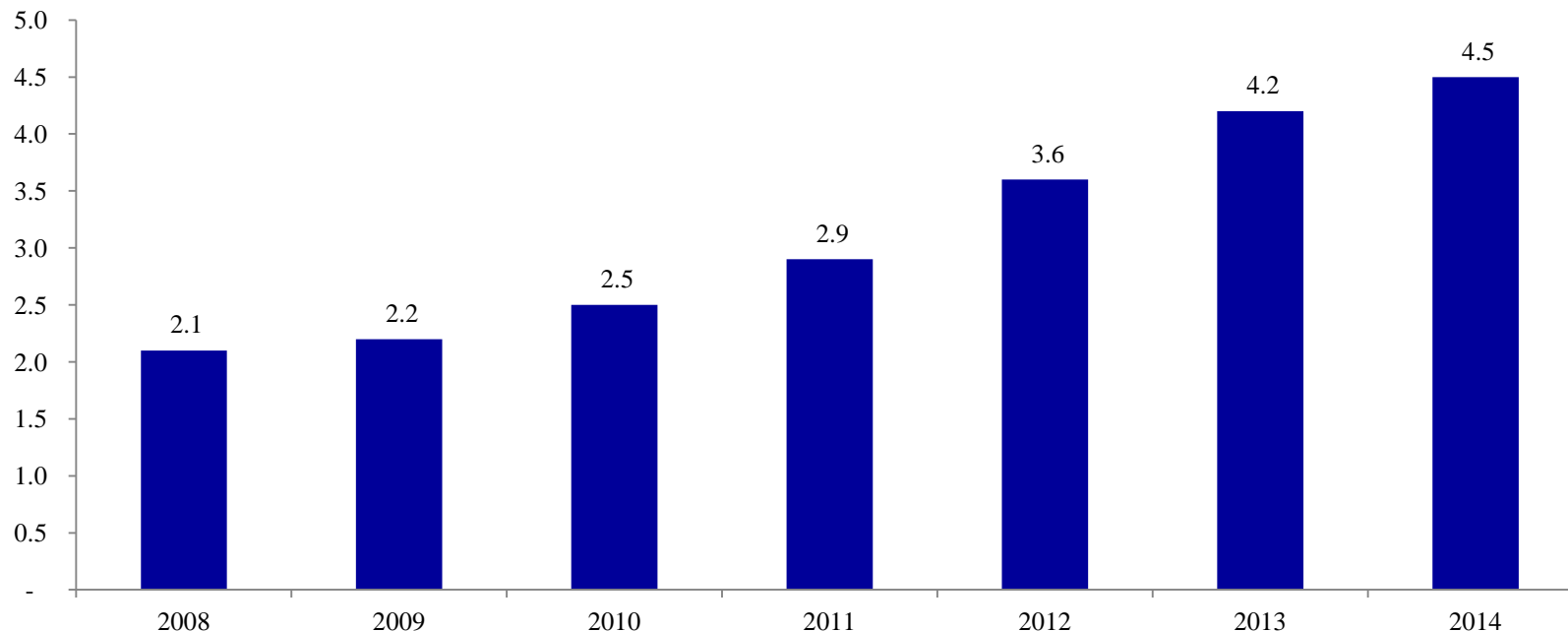




2. Tourism (2/4)

Number of Visitor Arrivals (2008-2014)

Million



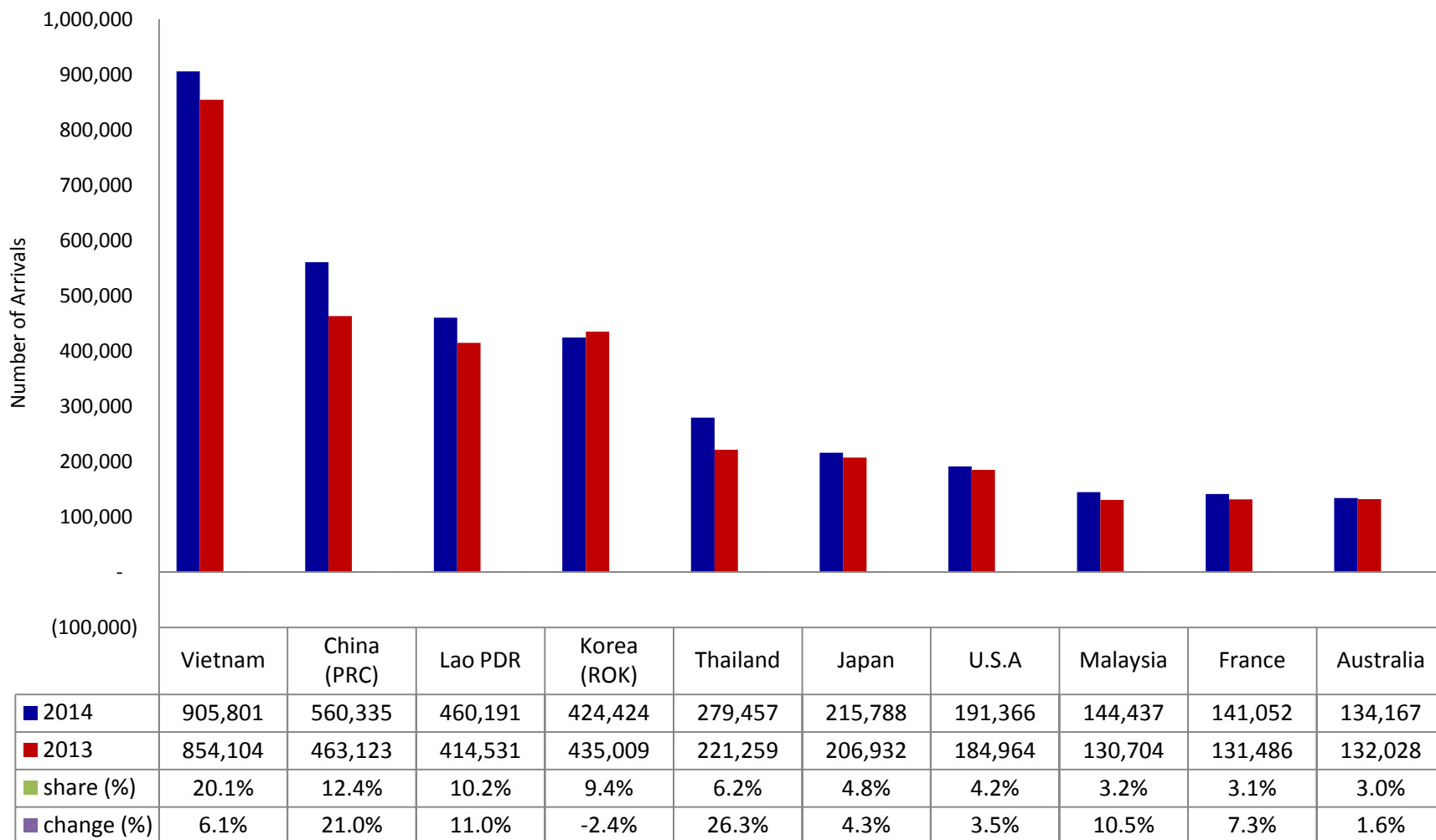
Vision 2020: Visitor arrival from 2013 – 2020

YEAR	2013	2014	2015	2020
Visitor Arrivals (million)	4.2	4.5	5.1	7.0



2. Tourism (3/4)

Top ten markets arrivals in 2014





2. Tourism (4/4)

Japanese Arrivals

Year	Number of Japanese Visitors	Total Visitors	Share (%)	Rank
2007	161,973	2,015,128	8.04	2 nd
2008	163,806	2,125,465	7.71	3 rd
2009	146,286	2,161,577	6.77	4 th
2010	151,795	2,508,289	6.05	4 th
2011	161,804	2,881,862	5.60	4 th
2012	159,745	3,201,981	5.00	6 th
2013	206,932	4,210,165	4.9	6 th
2014	215,788	4,502,775	4.8	6 th



3. Labor Intensive Industries, processing and manufacturing

- Competitive labor cost
- Tax incentives
- Market access
- ASEAN Economic Community 2015





4. MFN/GSP Market Access

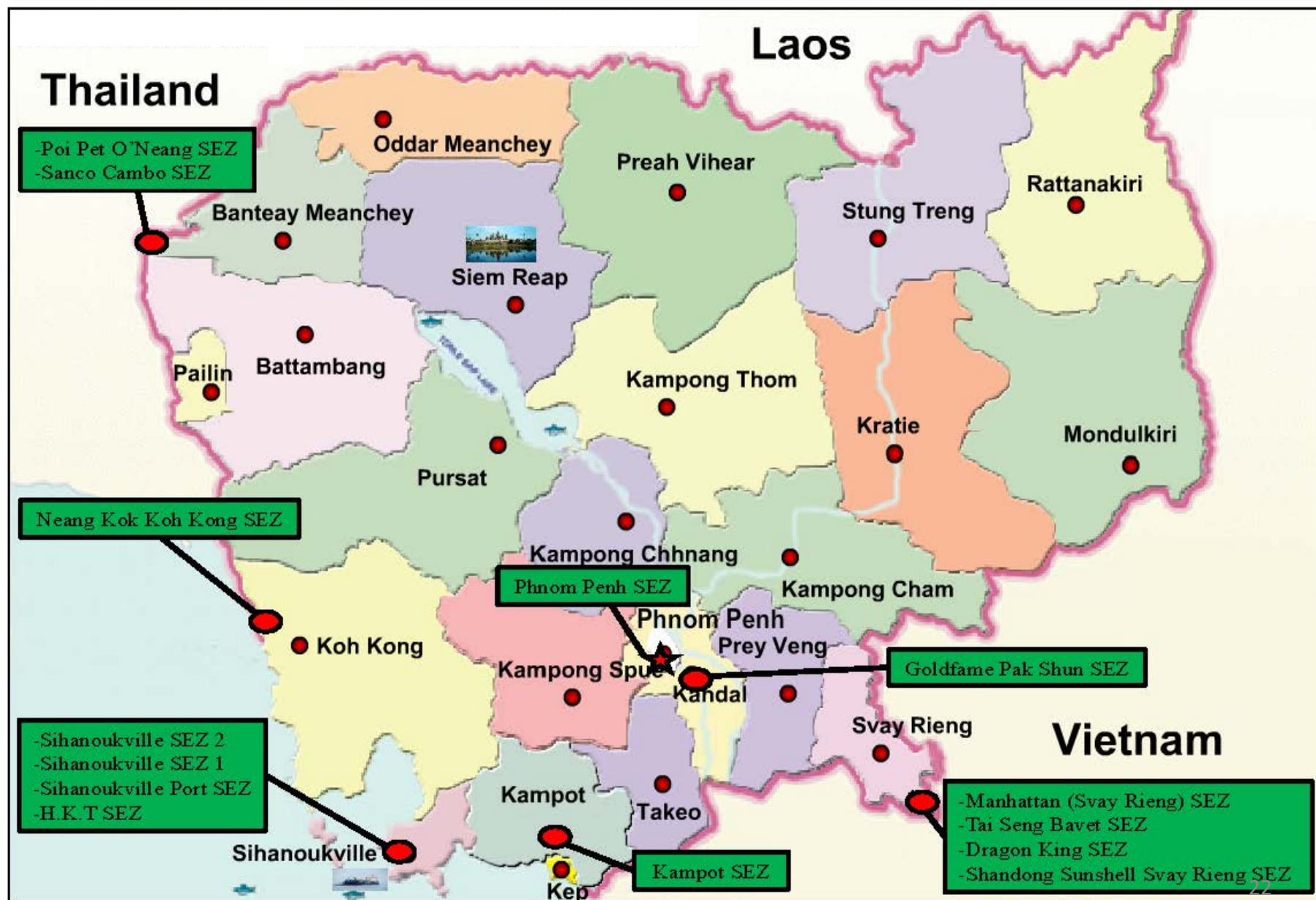
 Australia	 France	 Poland
 Austria	 Germany	 Portugal
 Belarus	 Hungary	 ROK
 Belgium	 Ireland	 Russian Federation
 Bulgaria	 Italy	 Slovakia
 Canada	 N-Korea	 Spain
 China	 Luxemburg	 Sweden
 Czech Republic	 Japan	 Switzerland
 Denmark	 Netherlands	 UK
 Finland	 New Zealand	 USA
	 Norway	 EBA
		(everything but arms initiative for LDCs)

... and the ASEAN integration System
Of Preferences (AISP) from the ASEAN 6





5. Cambodia Special Economic Zones





III. 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 2015: 128 USD)
- Young and dynamic labor Force (median age 24 years old)

Strategic location

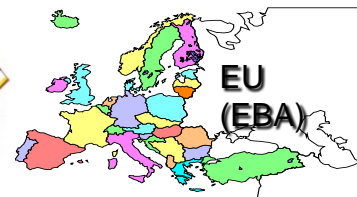
- Center of ASEAN: flight time average only 1:30 hour to other ASEAN countries

Preferential trading status

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

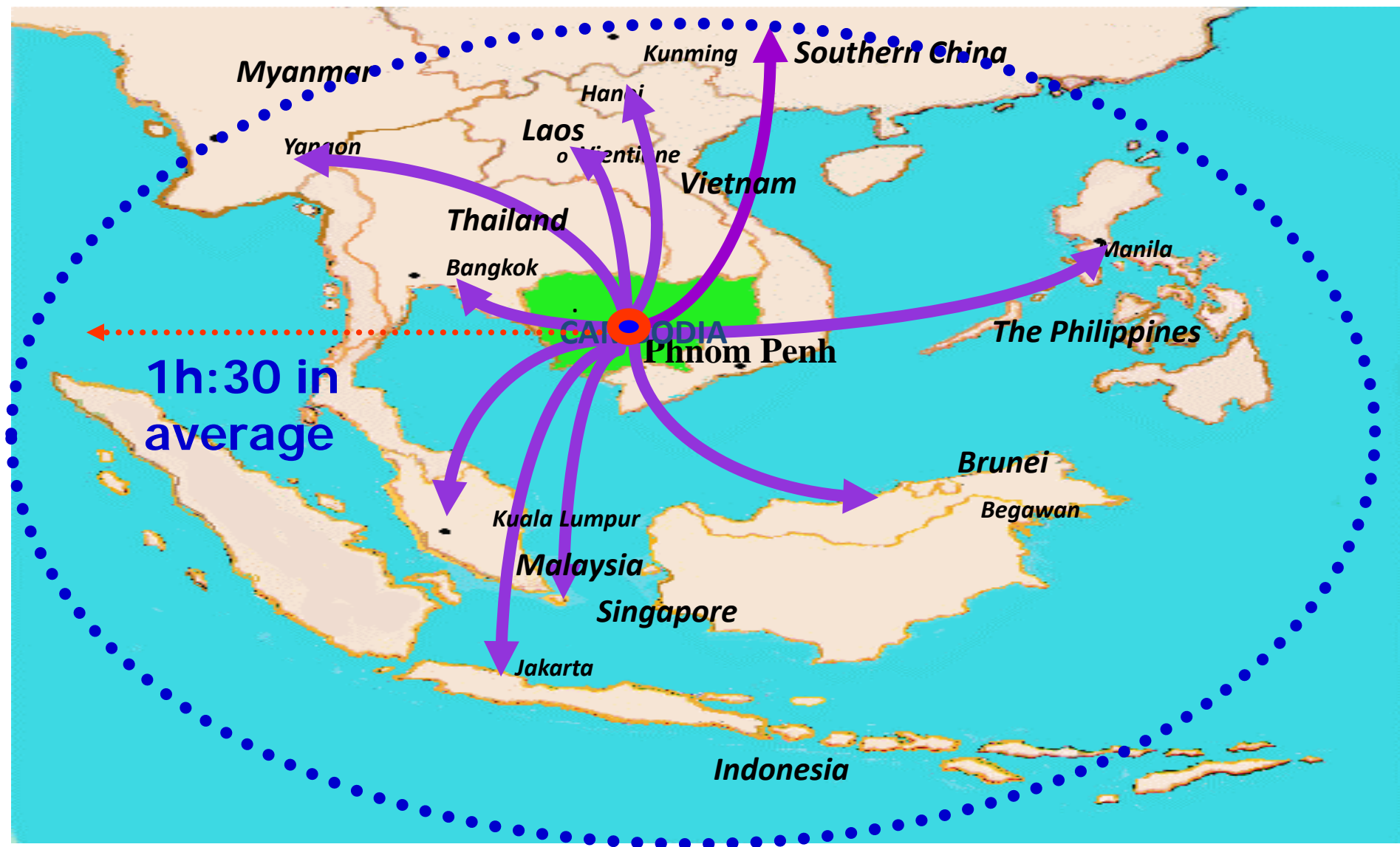
Market access

- ASEAN Market (AEC): pop. 616 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. Strategic Location





3. Aftercare – Gov't-Private Sector Forum (G-PSF)



Government Private Sector Forum (G-PSF)
(Chaired by Prime Minister)

Sectoral Consultative Mechanism

Policy and Strategy Mechanism
Steering Committee for PSD



Technical Working Groups:

1. Agriculture and Agro-Industry
2. Tourism
3. Manufacturing and Distribution
4. Legislation, Taxation and Governance
5. Services, including Banking and Financial Services
6. Energy, Infrastructure & Transport
7. Export Processing & Trade Facilitation
8. Industrial Relations
9. Paddy Rice and Milled Rice
10. Mine and Energy

Sub-Committee
on Trade
Development
and Investment
Related to
Trade

Sub-Committee
on SME
Development

Sub-Committee
on Investment
Climate and
PPI

Sub-Committee
on Corporate
Governance





3. Aftercare – Cambodia-Japan Bilateral Meeting

Japan's Contribution to Enhance Investment Climate in Cambodia

In accordance with article 23 of the Bilateral Investment Agreement between Cambodia and Japan signed in 2007, a Joint Committee has been established and met 11 times.

- | | | | |
|--------------------|---------------------------|--------------------|----------------------------|
| ■ 11 August 2009 | : 1 st Meeting | ■ 22 October 2012 | : 7 th Meeting |
| ■ 17 December 2009 | : 2 nd Meeting | ■ 29 April 2013 | : 8 th Meeting |
| ■ 27 May 2010 | : 3 rd Meeting | ■ 26 November 2013 | : 9 th Meeting |
| ■ 26 January 2011 | : 4 th Meeting | ■ 27 April 2014 | : 10 th Meeting |
| ■ 22 August 2011 | : 5 th Meeting | ■ 17 December 2014 | : 11 th Meeting |
| ■ 06 March 2012 | : 6 th Meeting | | |



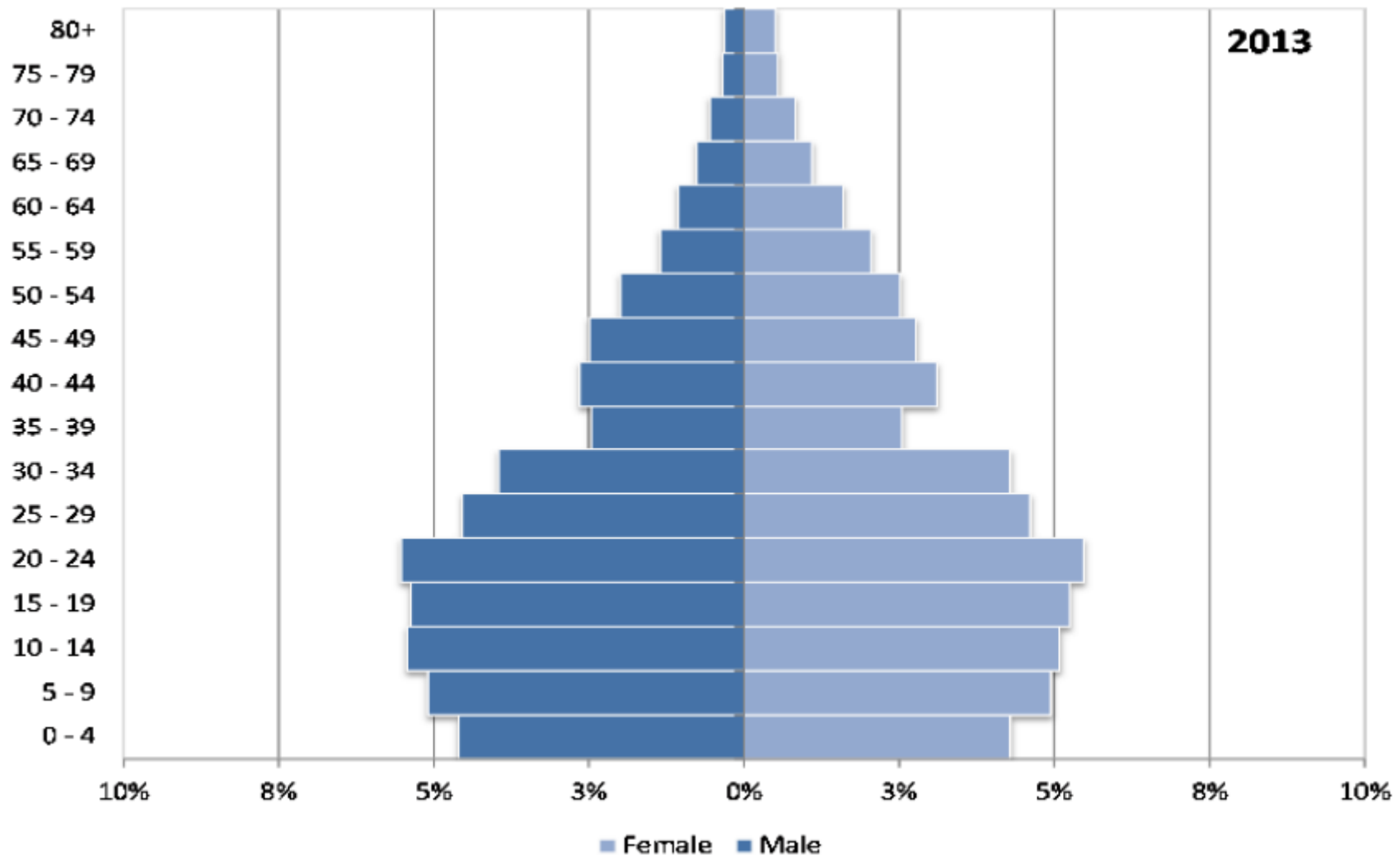
3. Cambodia-Japan Cooperation

Japan's Contribution to Enhance Investment Climate in Cambodia

- 2005 : JBIC-UNCTAD Blue Book (Ten-Point Action Plan)
- 2006-2007 : Development Study on Economic Policy Support in the Kingdom of Cambodia
- 2007 : Strategic Roadmap for the Development of Food industry in Cambodia
- June 2007: In the joint efforts for Investment Promotion in Cambodia, Bilateral Investment Agreement between Cambodia and Japan has been signed.
- 3 Nov 2007: Long-term JICA Expert
- 2009-2010: Development study on the institutional strengthening of investment promotion agency in the Kingdom of Cambodia
- 2011-2013: Technical Cooperation Project
 - Website Development
 - Investment Guidebook, 2011 and continue to update for 2013
 - Library service
 - Upgrading CDC's capacity to manage investment promotion seminar
 - Reception function
 - Country Desk (pilot with Japan Desk)



4. Age Pyramid of Cambodian Population



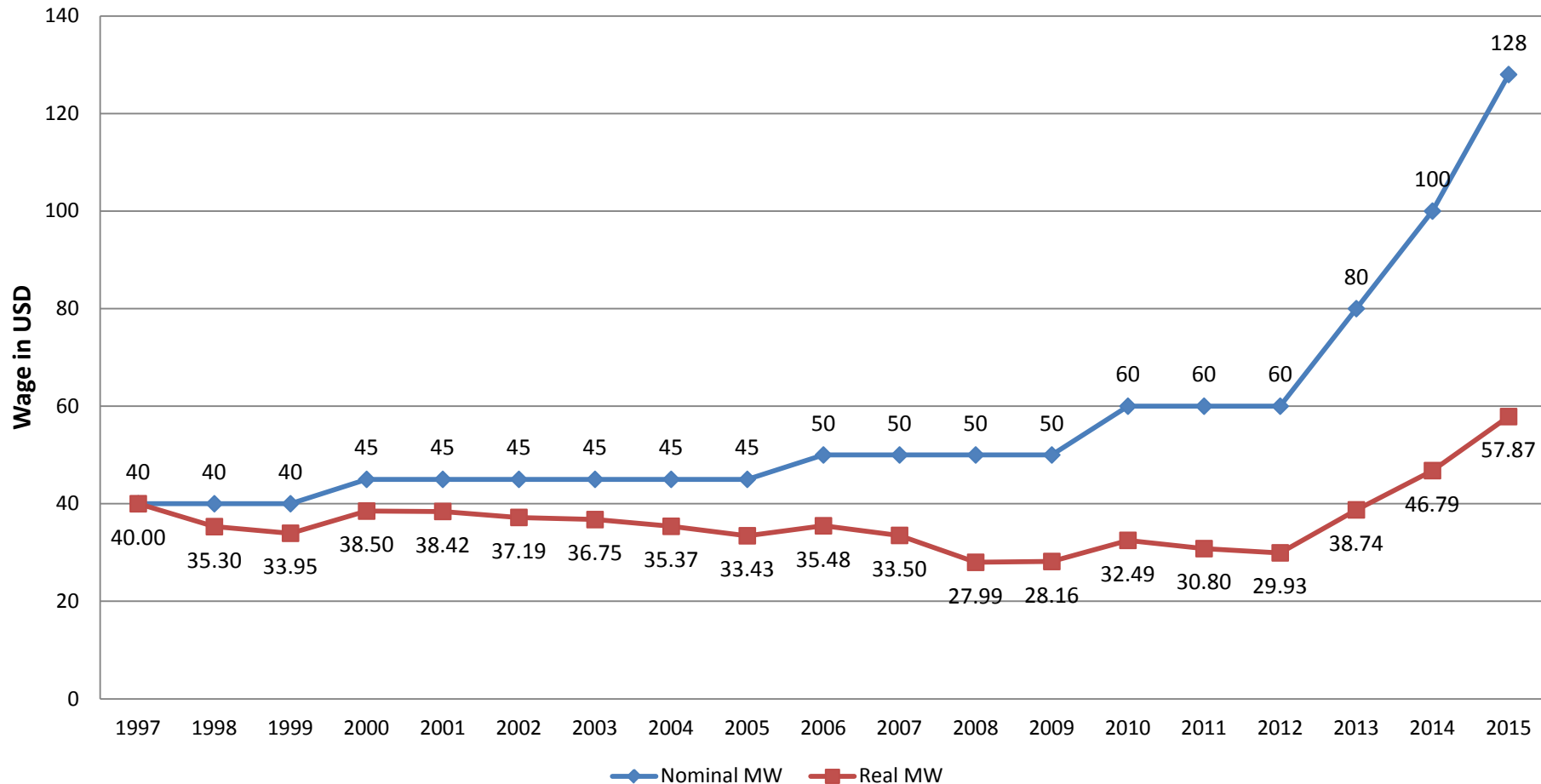
Source: Inter-censal Population Survey 2013



5. Nominal and Real Minimum Wages

Nominal and Real Minimum Wages

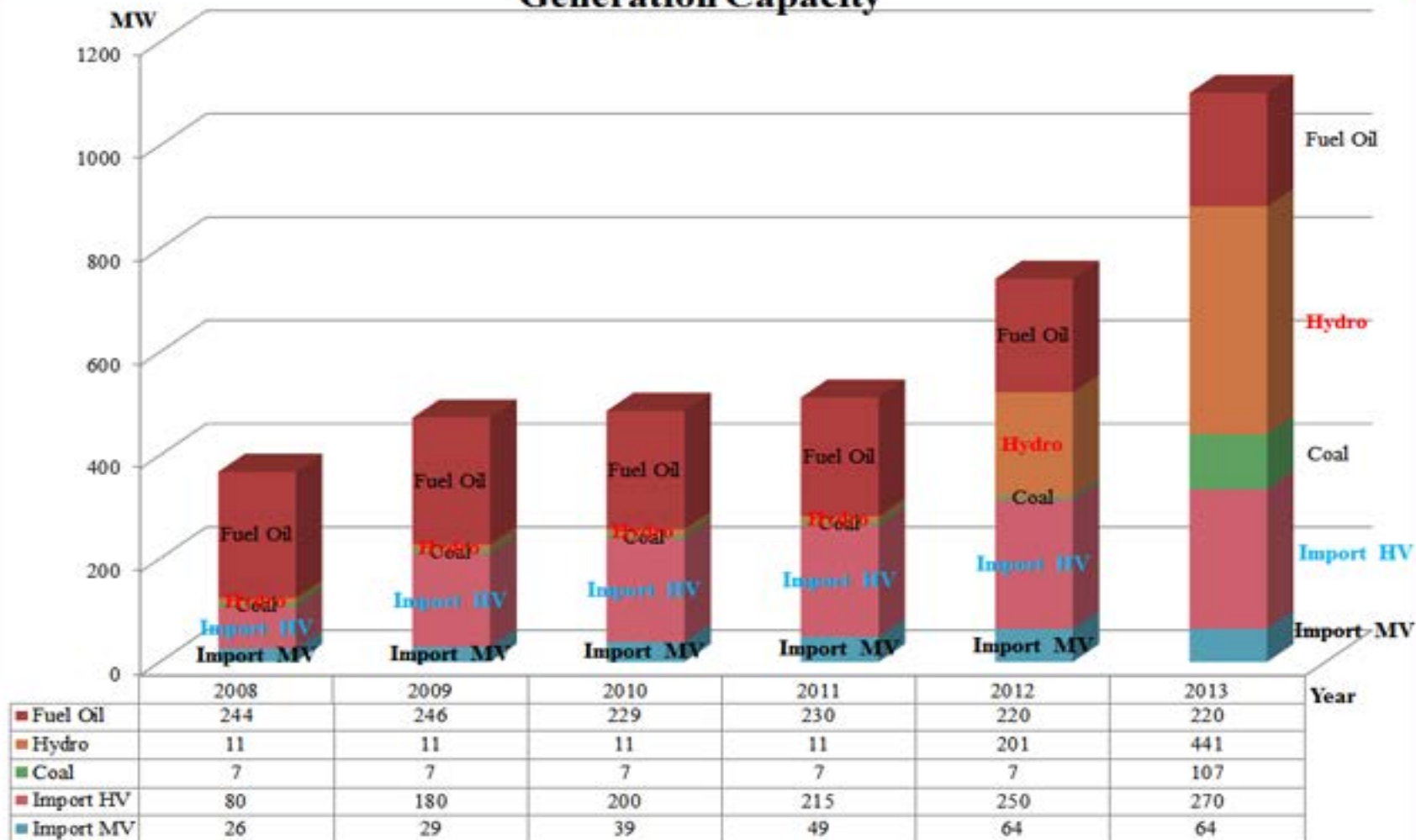
Base Year: 1997, Price Level (CPI) assumed: 1 or 100%





6. Electricity (1/3)

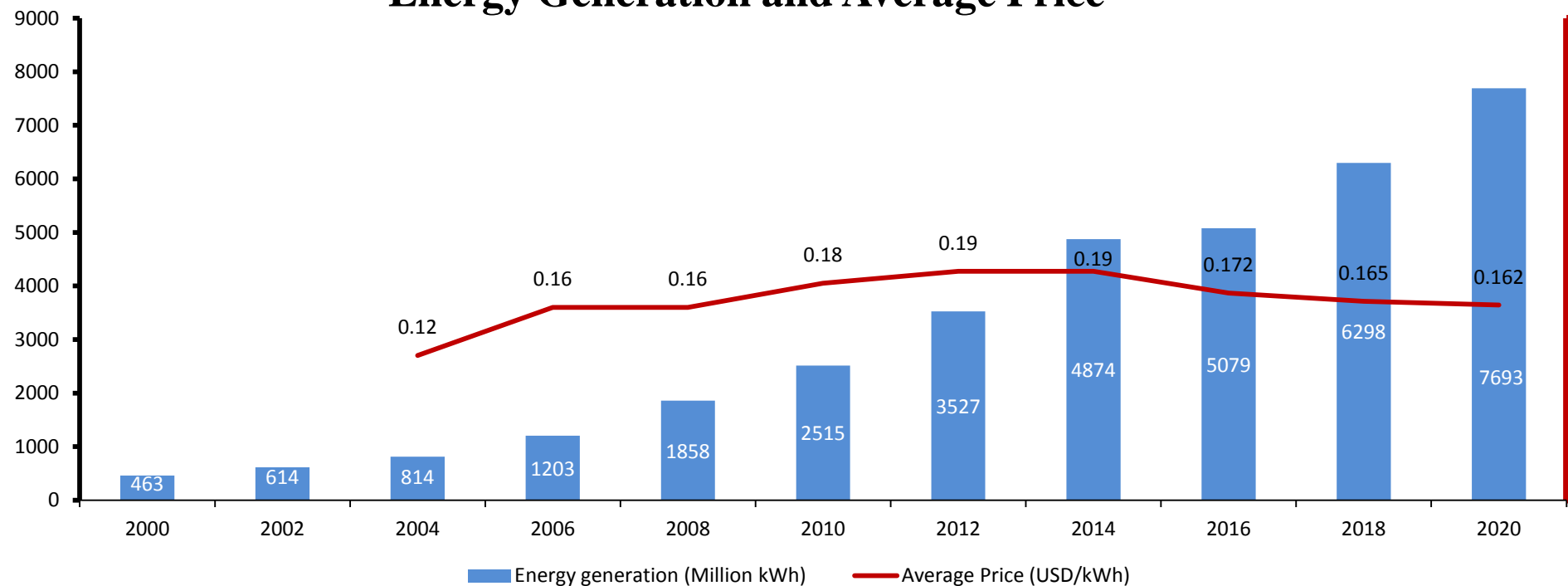
Generation Capacity





6. Electricity (2/3)

Energy Generation and Average Price



Plan for Reduction of Prices and Price Gap for Large Commercial and Industrial Usage

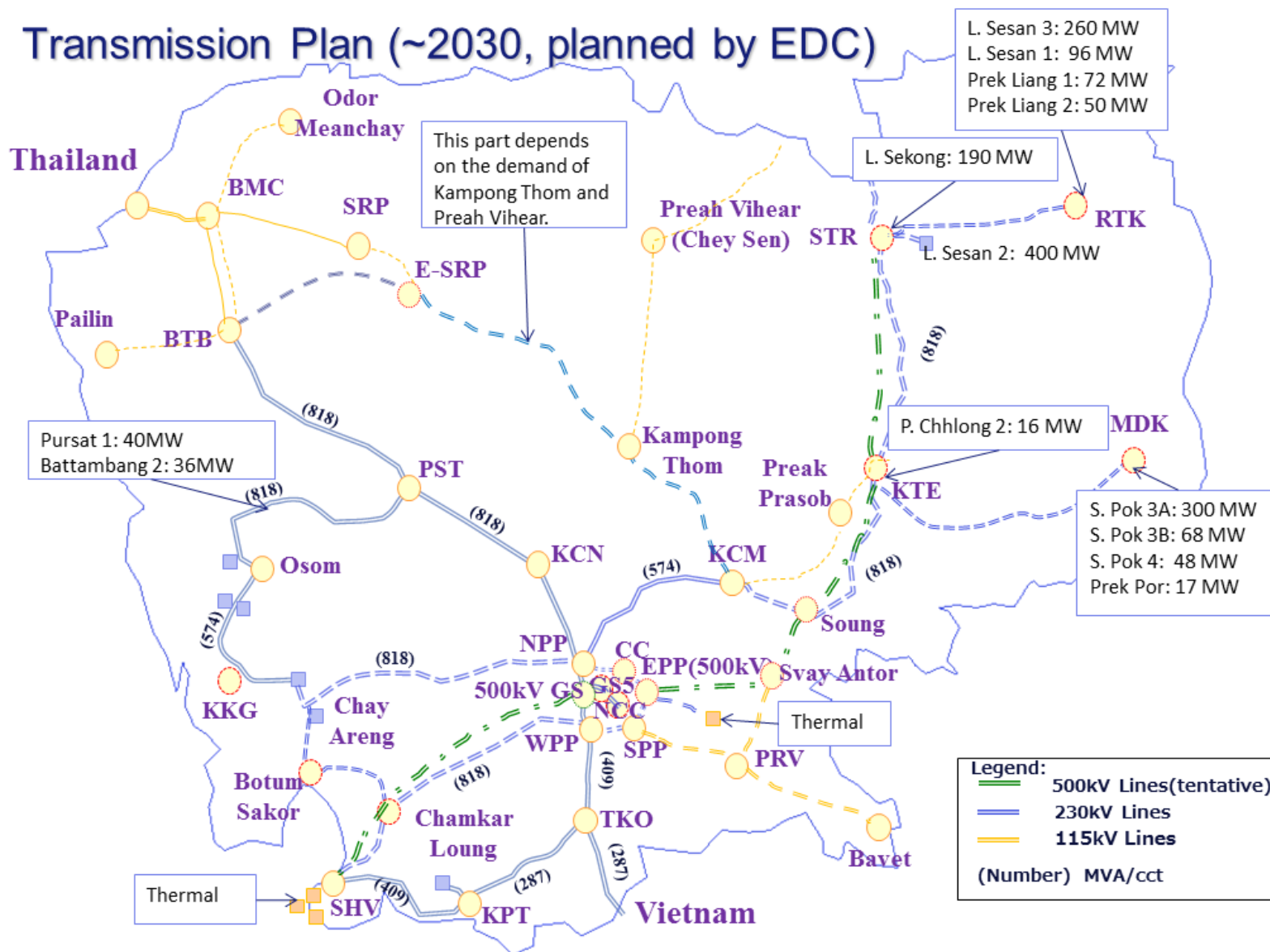
Type of Purchase	2015	2016	2017	2018	2019	2020
From Sub-station	0.129\$/kWh	0.126\$/kWh				
From Phnom Penh main line	0.177\$/kWh	0.172\$/kWh	0.167\$/kWh	0.165\$/kWh	0.163\$/kWh	0.162\$/kWh
From provincial main lines	0.1725\$/kWh	0.1675\$/kWh	0.165\$/kWh	0.164\$/kWh		

Source: Ministry of Mines and Energy



6. Electricity (3/3)

Transmission Plan (~2030, planned by EDC)





7. GMS Connectivity Infrastructure (1/4)

Physical Connectivity in the Region is Increasing

- ✓ Countries are increasingly linked via roads, railways, telecoms, and power lines.
- ✓ Nearly **7,000 kilometers** of roads constructed, upgraded, or improved under the GMS Program.
- ✓ **Nearly 20GWh** of electricity traded within the GMS in 2013





7. GMS Connectivity Infrastructure (2/4)

GMS Connectivity Infrastructure in 1992

- Roads
- Telecommunications
- Power Transmission Line





7. GMS Connectivity Infrastructure (3/4)

GMS Connectivity Infrastructure in 2010

- Roads
- Telecommunications
- Power Transmission Line





7. GMS Connectivity Infrastructure (4/4)

GMS Connectivity Infrastructure in 2015-2020

- Roads
- Telecommunications
- Power Transmission Line





IV. Industrial Development Policy 2015-2025



1. IDP - Aims

- 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, RCEP/TPP, China+1 and Thailand+1).
- 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 3 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.



V. List of Past Investments

Minebea
Passion to Exceed Precision

DENSO

YAZAKI

AJINOMOTO

AEON

MIKASA

SCWS

YAMAHA

HONDA

SUZUKI

**SPORTS
Alpen**

OJI PAPER

SHIMANO

Combi
愛する気持ちを支えたい。

ROHTO



Tsubasa Bridge, Cambodia

Thank You

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