

# *Investment Environment and Opportunities in Cambodia*

presented by

**Sok Chenda Sophea**

*Minister attached to the Prime Minister*

*Secretary General*

*Council for the Development of Cambodia*

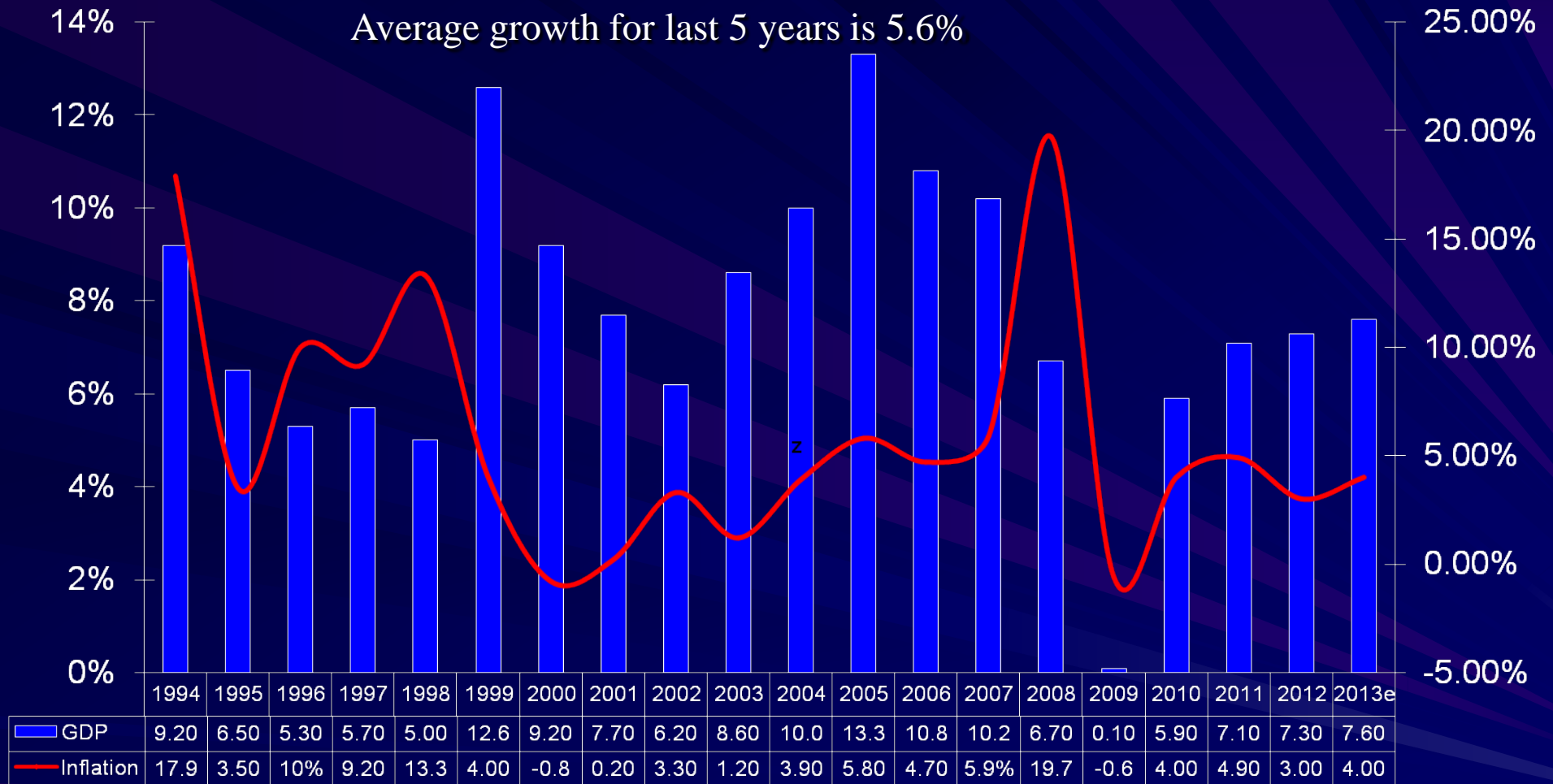
# Key Indicators



- ✓ Land area : 181,035 sq.km.
- ✓ Population: 15 Million
- ✓ Labor force (young) : 7,053,398  
(Female: 3,608,345)
- ✓ Population growth rate : 1.54%
- ✓ GDP Growth (2012) : 7.3%
- ✓ GDP per capita (2013e) : \$1,080
- ✓ Inflation (2013e) : 4%
- ✓ Exchange rate: USD 1= 4,000 Riels

JPY 1= 44.48 Riels

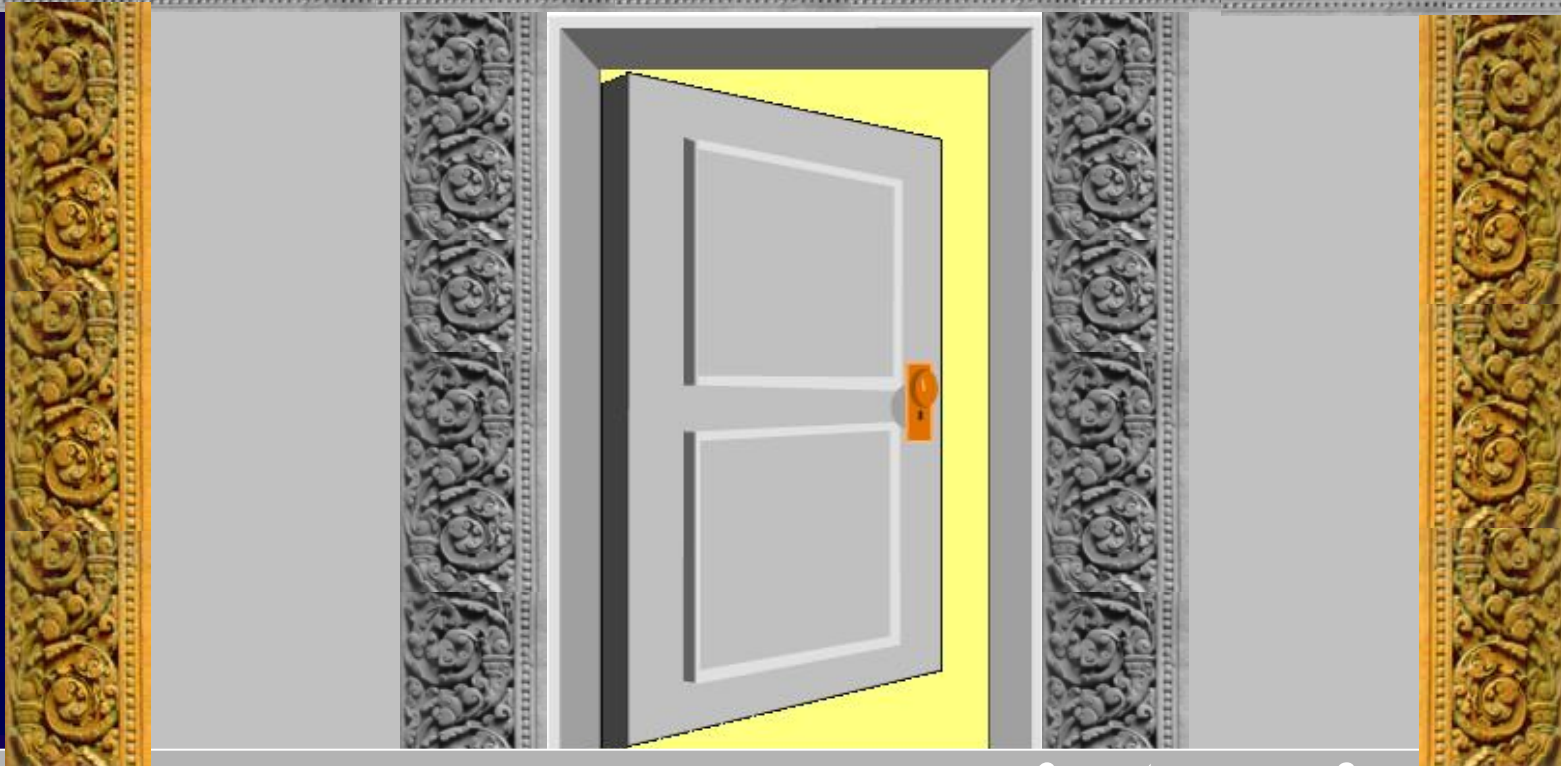
# Economic Performance



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
GDP per capita	402	468	534	623	738	731	830	909	990	1,080



# COUNCIL FOR THE DEVELOPMENT OF CAMBODIA

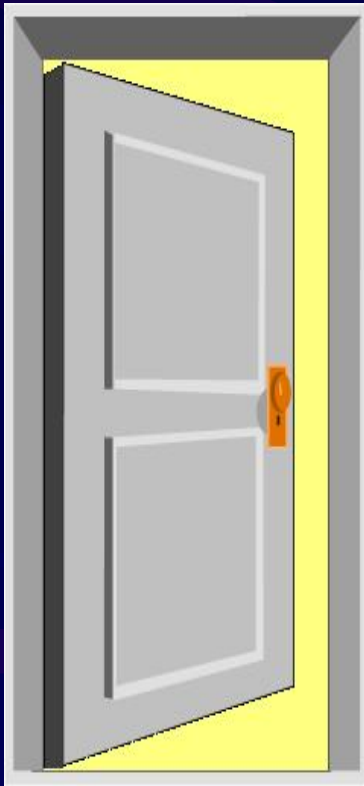


**Open Door Policy**

**Customer Servicing**

**ONE STOP SERVICE**





- ✓ Information & Application
- ✓ Approval
- ✓ Customs Duty & Tax Exemption
- ✓ Visa & Work Permit
- ✓ Company Registration

**A ONE STOP SERVICE**

# Council for the Development of Cambodia (CDC)

**Samdech Akka Moha Sena Padei Techo HUN SEN**  
**Prime Minister of the Kingdom of Cambodia**  
**Chairman**

**H.E. Mr. Keat Chhon,**  
**Permanent Deputy Prime Minister**  
**1<sup>st</sup> Vice Chairman**

**H.E. Mr. Sun Chanthol ,**  
**Senior Minister, Minister of Commerce**  
**Vice Chairman**

**H.E. Mr. Sok Chenda Sophea**  
**Minister attached to the Prime Minister**  
**Secretary General**

**Trouble  
Shooting  
Committee**

**H.E. Mr. Sok Chenda Sophea**  
**Minister attached to the Prime Minister**  
**Secretary General CSEZB**

**H.E. Mr. Chea Vuthy**  
**Deputy Secretary General**

**SEZ**

**H.E. Mr. Sok Chenda Sophea**  
**Minister attached to the Prime Minister**  
**Secretary General CIB**

**H.E. Mr. Heng Soknang**  
**Deputy Secretary General**

**FDI**

**H.E. Mr. Chea Vuthy**  
**Deputy Secretary General**

**H.E. Mr. Chhieng Yanara**  
**Minister attached to the Prime Minister**  
**Secretary General CRDB**

**H.E. Mr. Rith Vuthy**  
**Deputy Secretary General**

**ODA**

**LCT. Heng Sokun**  
**Deputy Secretary General**

# Licensing Authorities

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- ✓ Council of Ministers : CDC but needs approval from CoM for project with investment capital exceeding \$ 50 million, BOT, BOOT, BOO or BLT, long-term strategy, sensitive projects: negative impact on the environment and natural resource exploitation
- ✓ CDC : less than \$ 50 million
- ✓ Provincial Authorities : less than \$ 2 million

# Investment Approval





# Investment Incentives

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- ✓ 20% Corporate Tax
- ✓ Tax holidays: Trigger period +3years+n;  $6y < TH < 9y$
- ✓ Full Import Duty Exemption
- ✓ Special Depreciation (Reinvestment of Earning)

# Investment Protection

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The Investment Law and Sub-decree contains a number of important guarantees for the investors:

- ✓ Equal treatment of all investors (foreigners = nationals )
- ✓ No requirement of local equity participation
- ✓ No price controls on products or services
- ✓ No restriction on forex convertibility
- ✓ Free remittance of foreign currencies abroad

## Bilateral agreement on the promotion and protection of investments between the Kingdom of Cambodia and other countries

- |                                 |                 |
|---------------------------------|-----------------|
| 1. Australia                    | 13. Malaysia    |
| 2. Austria                      | 14. Netherlands |
| 3. China                        | 15. N. Korea    |
| 4. Croatia                      | 16. OPEC        |
| 5. Cuba                         | 17. Pakistan    |
| 6. Czech                        | 18. Philippine  |
| 7. France                       | 19. ROK         |
| 8. Germany                      | 20. Singapore   |
| 9. Indonesia                    | 21. Switzerland |
| 10. <b>Japan (14 June 2007)</b> | 22. Thailand    |
| 11. Kuwait                      | 23. USA (OPIC)  |
| 12. Lao PDR                     | 24. Vietnam     |

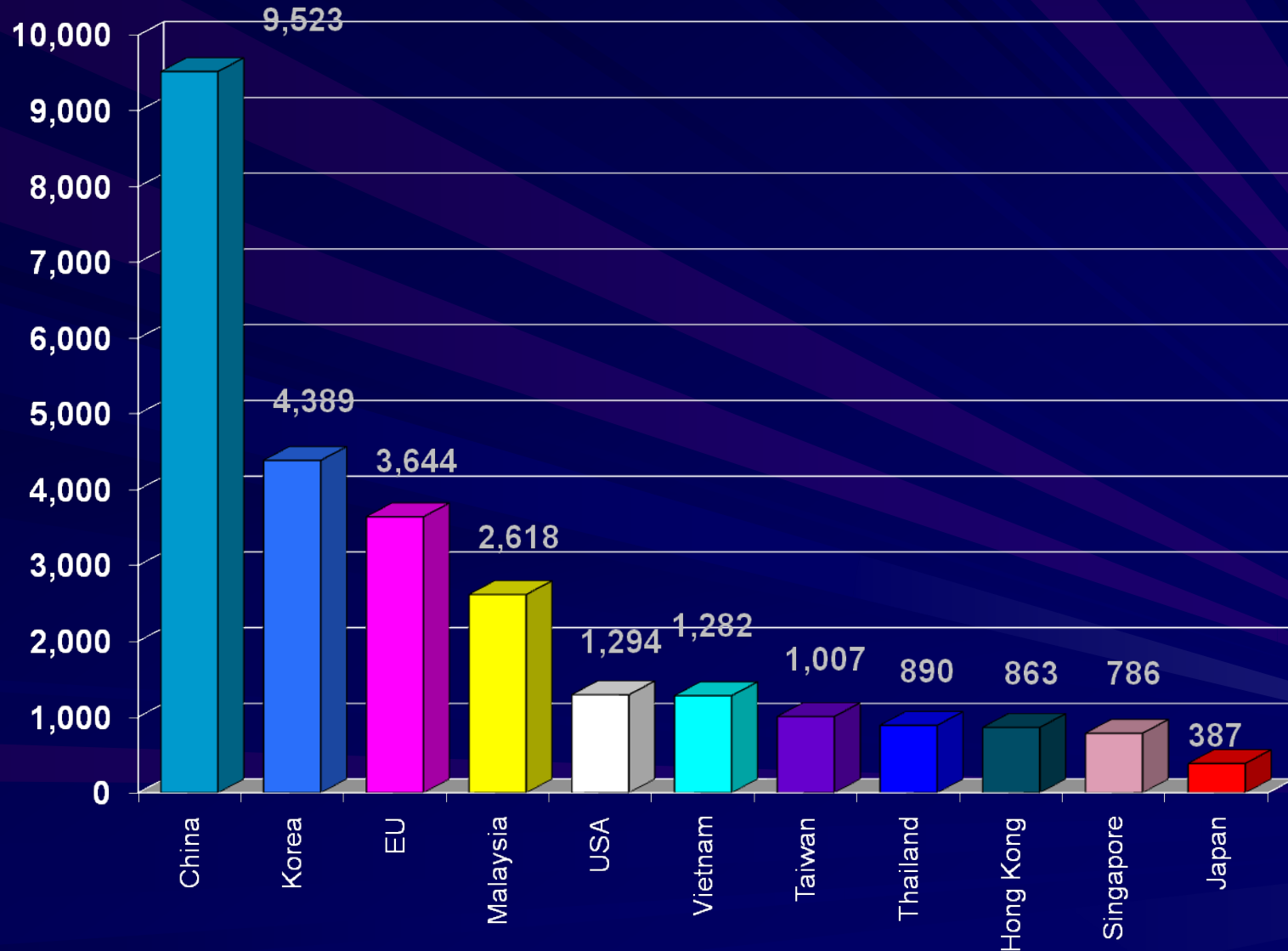
# Encouraged Investment Activities

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- ✓ Agriculture and agro-industry
- ✓ Transport and telecommunications
- ✓ Energy and electricity
- ✓ Labor-intensive industries, processing and manufacturing;
- ✓ Tourism
- ✓ Human resource development
- ✓ Oil & Gas, Mining

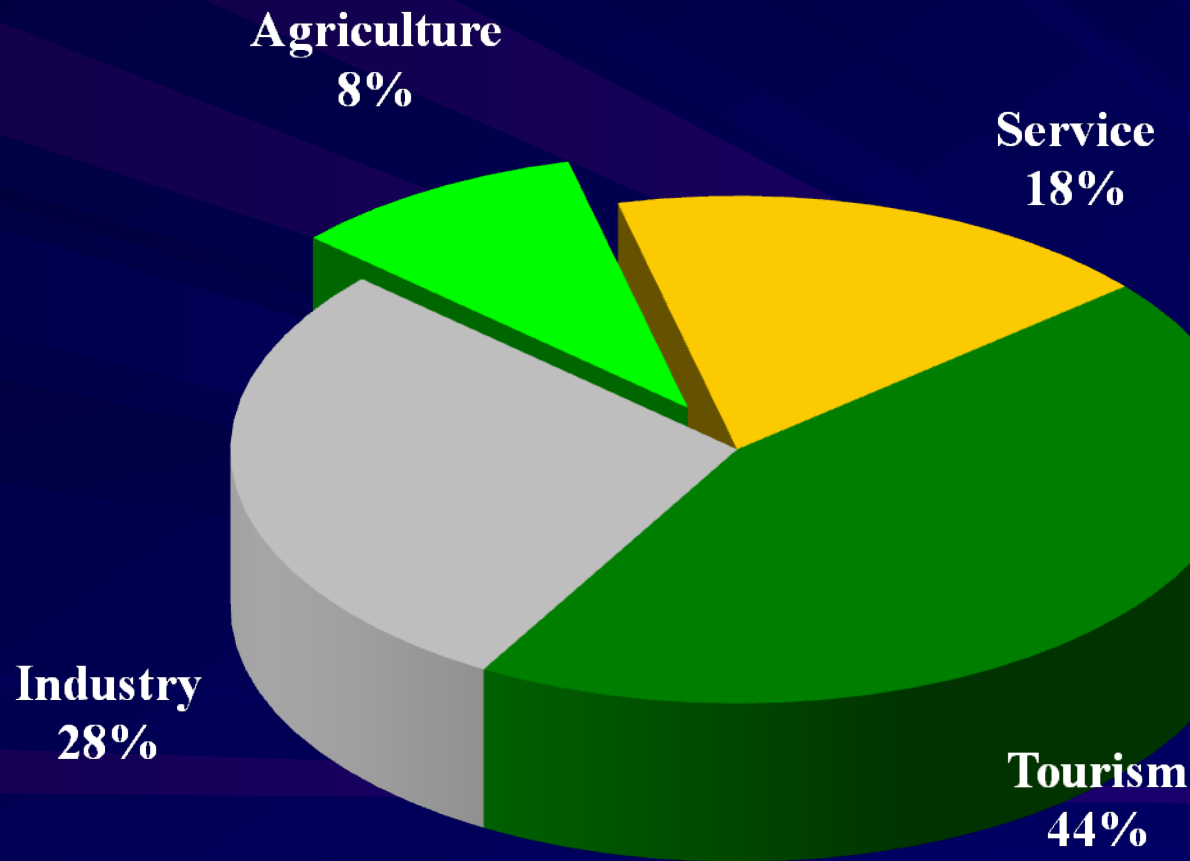
# Approved Investments by Country/Region (Outside SEZs 1994- October 2013)

US\$ Million

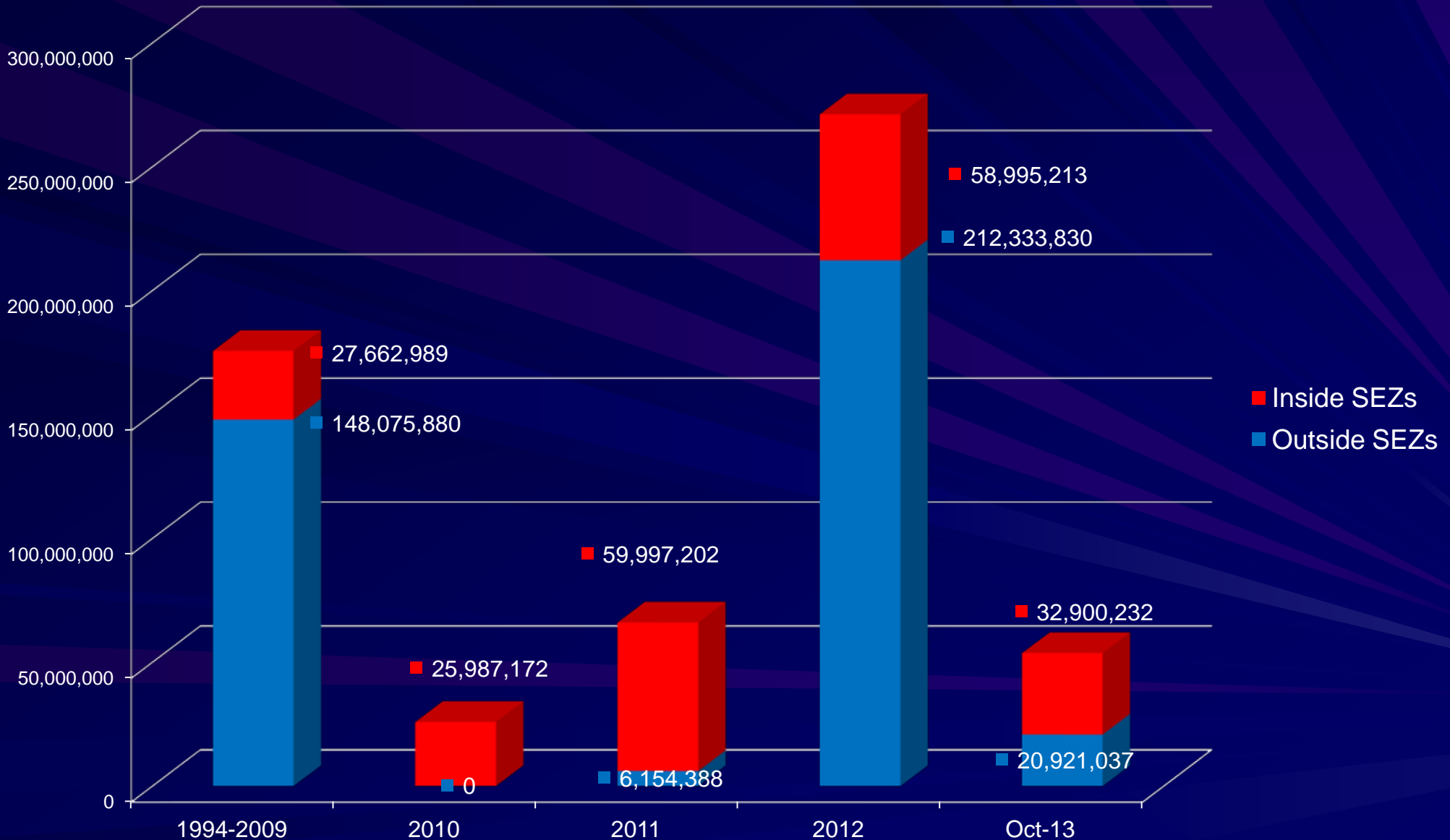




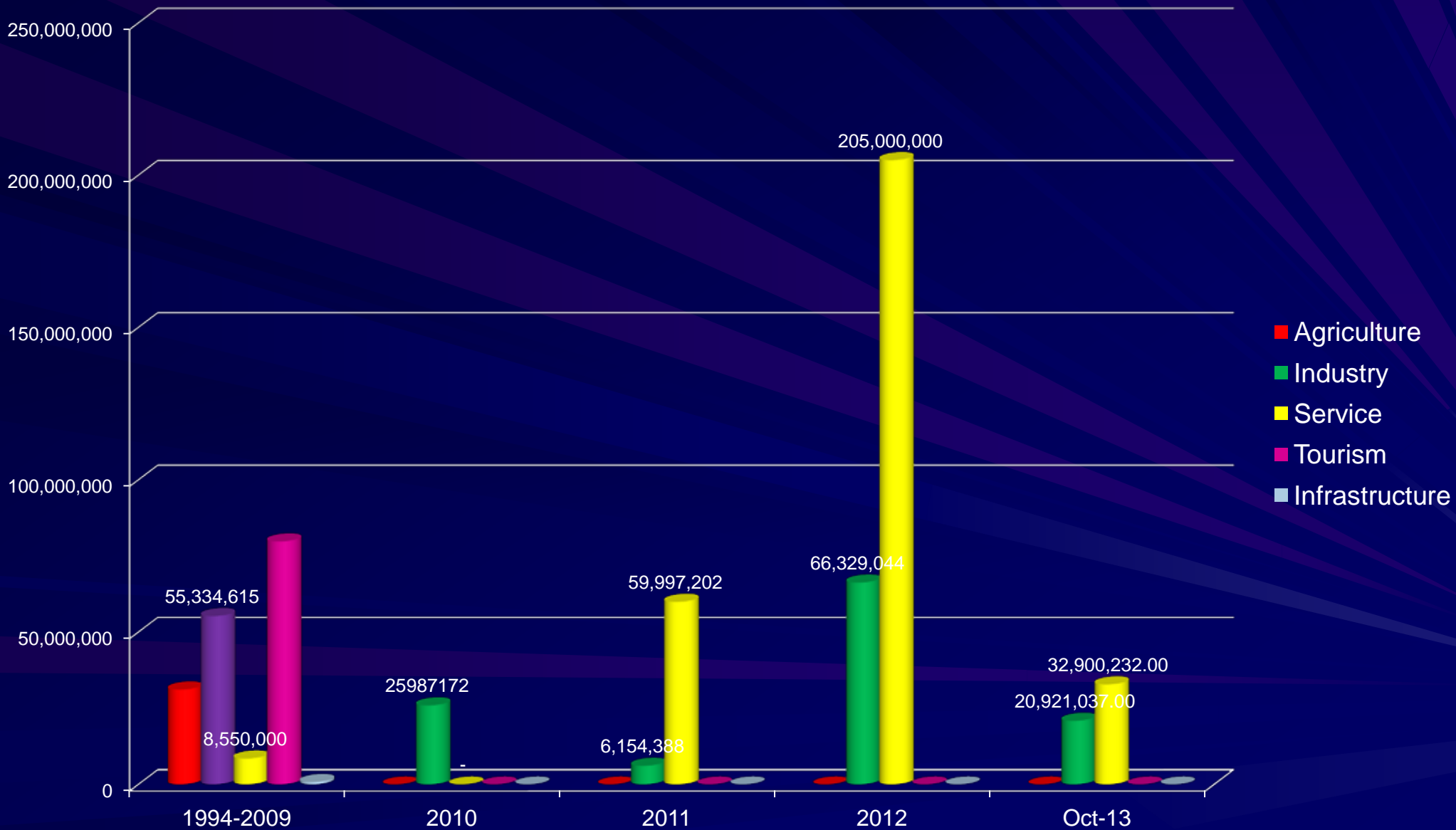
# Approved Investments by Sector 1994 – October 2013



# Japanese Investments in Cambodia (1994 – October 2013)



# Japanese Investments by Sectors (1994 - October 2013)



# Investments in Cambodia 2008-June 2013

Rank	2008		2009		2010		2011		2012		Jun-2013	
	\$11,420,127,183		\$6,309,435,594		\$3,029,497,634		\$7,984,908,645		\$2,965,537,652		\$2,340,937,594	
	Country	%	Country	%	Country	%	Country	%	Country	%	Country	%
1	China	39.45	Cambodia	60.81	Korea	35.10	U.K	30.93	Cambodia	42.08	Cambodia	81.55
2	Cambodia	36.73	China	14.93	China	28.73	Cambodia	29.76	China	20.69	China	5.38
3	Korea	10.89	Vietnam	5.58	Cambodia	14.91	China	22.05	Korea	9.89	U.K	3.53
4	USA	5.59	Singapore	4.81	Malaysia	8.53	Vietnam	8.65	<b>Japan</b>	9.15	Korea	2.45
5	Israel	2.63	Russia	3.84	Vietnam	5.23	Malaysia	3.03	Malaysia	6.04	Singapore	2.31
6	Russia	0.92	Thailand	3.53	Portugal	1.66	Korea	2.10	Thailand	4.53	Hong Kong	1.59
7	U.K	0.59	Korea	2.89	Australia	1.65	U.S.A	1.78	Vietnam	2.89	<b>Japan</b>	0.86
8	Austria	0.54	India	1.90	Singapore	1.02	<b>Japan</b>	0.83	Singapore	2.59	Taiwan	0.73
9	Vietnam	0.51	Malaysia	1.19	Denmark	0.97	Australia	0.31	U.K	0.51	Samoa	0.56
10	France	0.50	<b>Japan</b>	0.20	<b>Japan</b>	0.86	Singapore	0.20	U.S.A	0.42	Thailand	0.47
11	Others	1.28	Others	0.32	Others	1.35	Others	0.35	Others	1.21	Others	0.57

# Infrastructure: A definite prospect

- ✓ Priority for infrastructure
- ✓ Infrastructure rehabilitation
- ✓ Multilateral aid availability
- ✓ Decentralization
- ✓ Regional opportunities
- ✓ ASEAN & GMS integration
- ✓ Private Participation in Infrastructure (PPI): BOT, BOO, etc...





# Investment in Development & Maintenance of Physical Infrastructure (for vibrant, safe and efficient logistics system)

- ✓ Transport and Urban Infrastructure  
(roads, ports, railways, airport services, etc.):  
for domestic integration and regional connectivity
- ✓ Irrigation System
- ✓ Electrical Power
- ✓ Information and Communication Technology



# Agro-business

## 1) Production, Processing and Commercialization of:

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



## 2) Livestock Farming and Aquaculture

- ✓ Animal breeding
- ✓ Animal feed production
- ✓ Freshwater and marine-based natural fisheries
- ✓ Freshwater and marine aquaculture
- ✓ Processing and trading



# Tourism

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

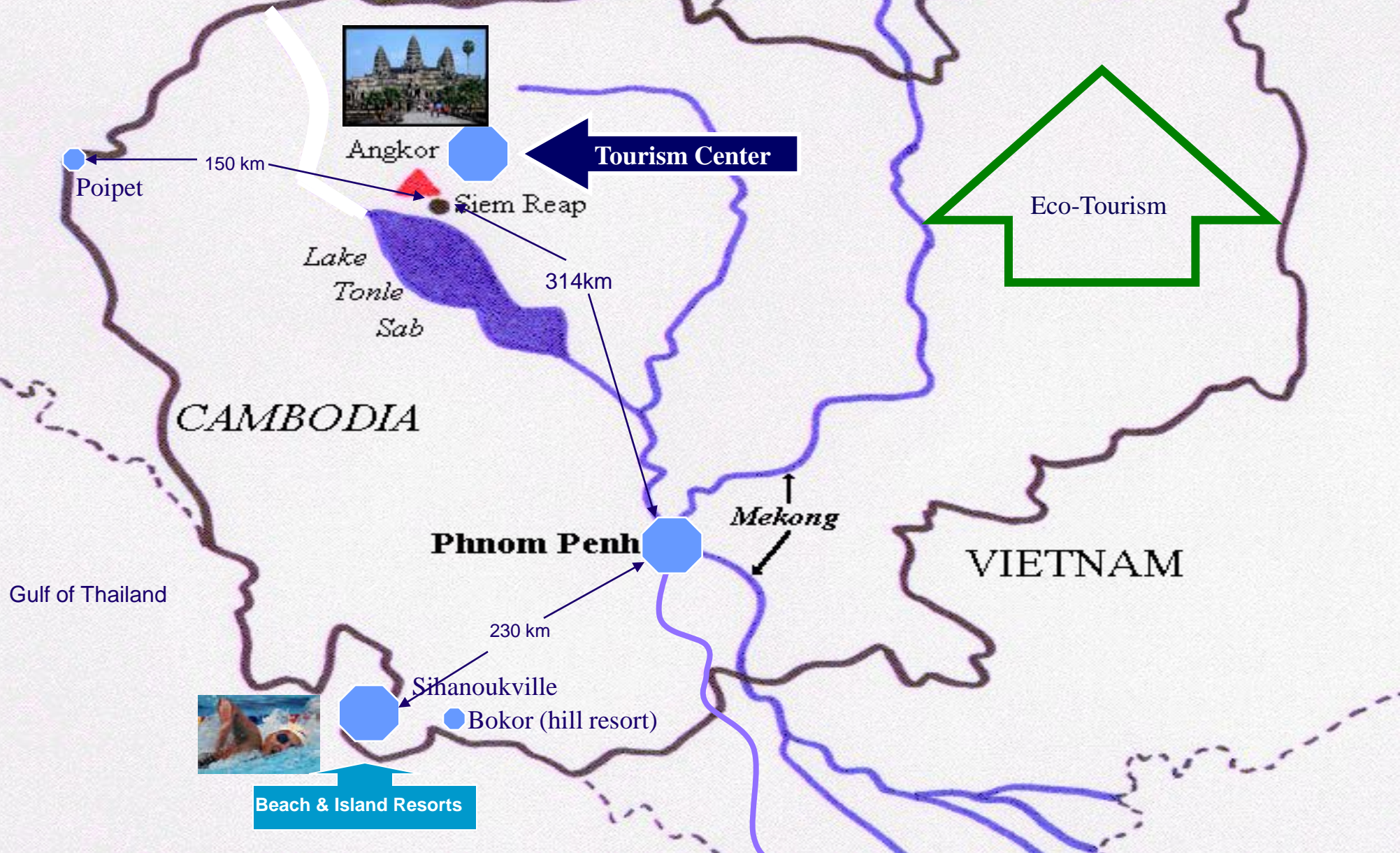


Dolphins in Mekong River-Cambodia



THAILAND

LAOS



CAMBODIA

Phnom Penh

Mekong

VIETNAM

Gulf of Thailand

Beach & Island Resorts

Tourism Center

Eco-Tourism

Angkor

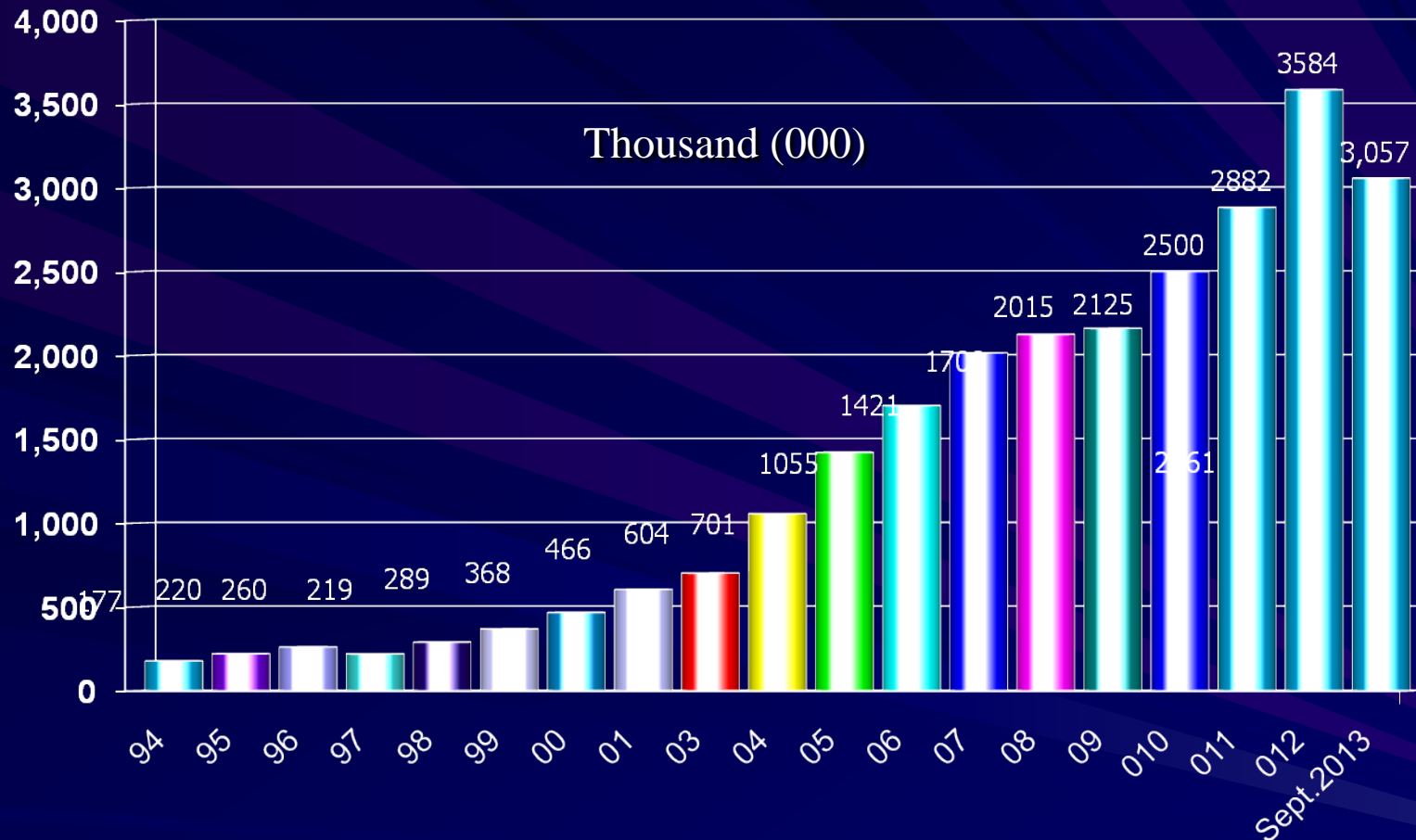
Siem Reap

Lake  
Tonle  
Sab

Sihanoukville

Bokor (hill resort)

# Visitors to Cambodia



Vision 2020: Visitor arrival from 2010 – 2020

YEAR	2010	2012	2015	2020
Visitor Arrivals	2,508,289	3,584,307	5,100,000	7,000,000



# Top ten markets in 2012

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✓ Vietnam

✓ Japan

✓ Korea

✓ U.S.A

✓ China

✓ France

✓ Lao PDR

✓ Australia

✓ Thailand

✓ Malaysia

# Japanese arrivals

Year	Number of Japanese Visitors	Total Visitors	Share (%)	Rank
2007	161,973	2,015,128	8.04	2 <sup>nd</sup>
2008	163,806	2,125,465	7.71	3 <sup>rd</sup>
2009	146,286	2,161,577	6.77	4 <sup>th</sup>
2010	151,795	2,508,289	6.05	4 <sup>th</sup>
2011	161,804	2,881,862	5.60	4 <sup>th</sup>
2012	159,745	3,584,307	5.00	6 <sup>th</sup>
September 2013	150,810	3,057,211	4.9	5 <sup>th</sup>

# Investment Opportunities

## ✓ Phnom Penh

- International Convention Center
- High-end hotel (Four Seasons, Hyatt, etc...) at the moment there are only Intercontinental Hotel, Sofitel and Raffles with approximately 500 rooms.

## ✓ Siemreap

- International Convention Center
- High-end hotel (Four Seasons, Sheraton, and Marriott, etc...) at the moment there are only Raffles, Hyatt, Le Meridien, Sofitel, Aman resorts and Orient Express, with approximately 800 rooms.
- Amusement park / recreational activities
- Golf course (there are three existing golf courses)

## ✓ Sihanoukville

- High-end hotel (Four Seasons, Hyatt, etc...)
- Golf Course

# Manufacturing & Export

- ✓ Competitive labor cost
- ✓ Tax incentives



- ✓ Market access
- ✓ Asean Economic Community 2015

# MFN/GSP Market Access

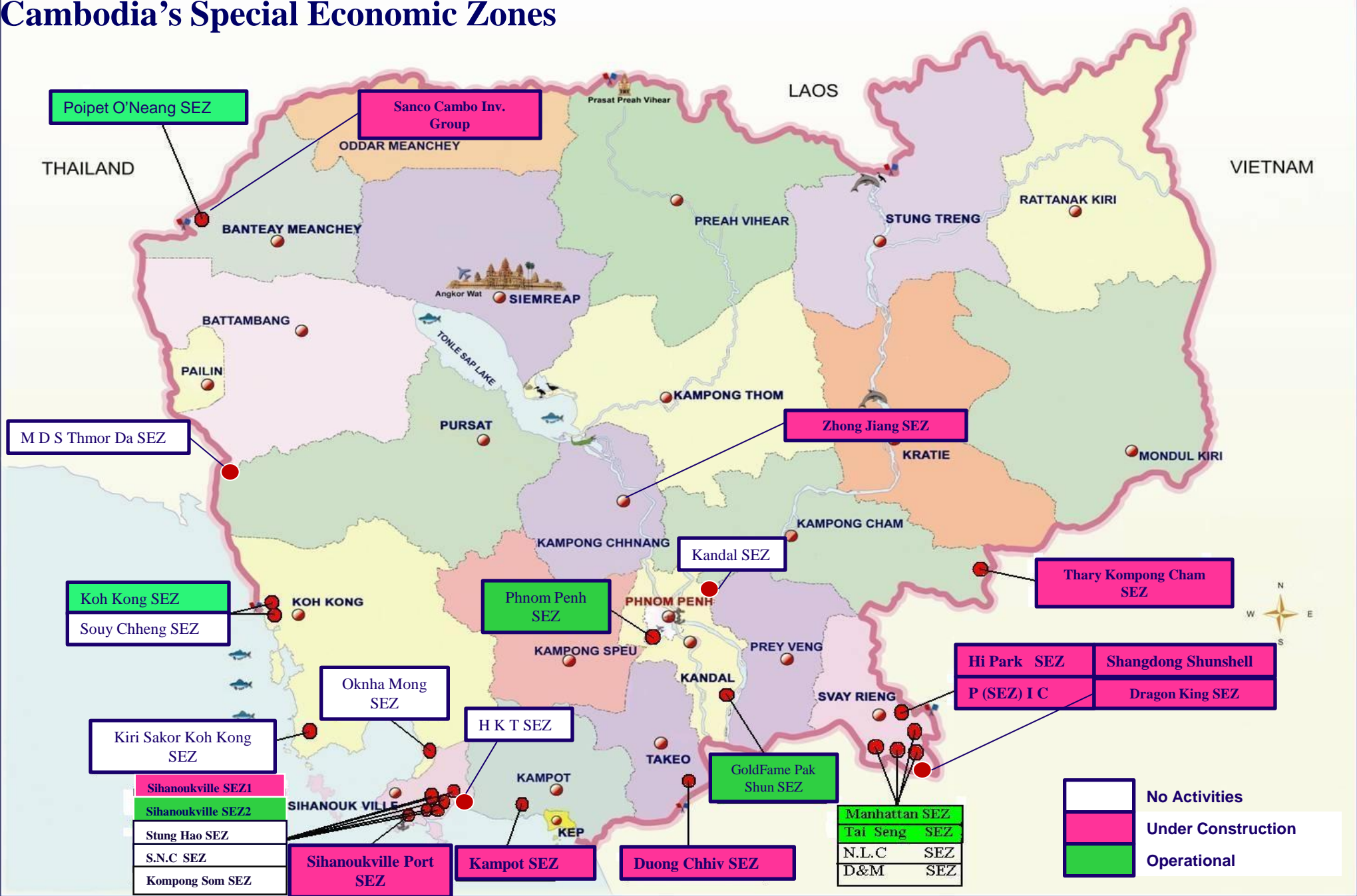
- ✓ Australia
- ✓ Austria
- ✓ Belarus
- ✓ Belgium
- ✓ Bulgaria
- ✓ Canada
- ✓ China
- ✓ Czech Republic
- ✓ Denmark
- ✓ Finland
- ✓ France
- ✓ Germany
- ✓ Hungary
- ✓ Ireland
- ✓ Italy
- ✓ N-Korea
- ✓ Luxemburg
- ✓ **Japan**
- ✓ Netherlands
- ✓ New Zealand
- ✓ Norway
- ✓ Poland
- ✓ Portugal
- ✓ ROK
- ✓ Russian Federation
- ✓ Slovakia
- ✓ Spain
- ✓ Sweden
- ✓ Switzerland
- ✓ UK
- ✓ USA

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

- ✓ EBA (everything but arms initiative for LDCs)



# Cambodia's Special Economic Zones



THAILAND

# Locations of Japanese Investments

Oddar Meanchey

**YAZAKI**



**DENSO** Japan



Pursat

Kampong Chhnang

Kampong C

Phnom Penh

Kampong Speu

Prey Veng

Koh Kong

Kandal

Svay Rieng

Takeo

Kampot

Ke

**CASIO**



# One Stop Service

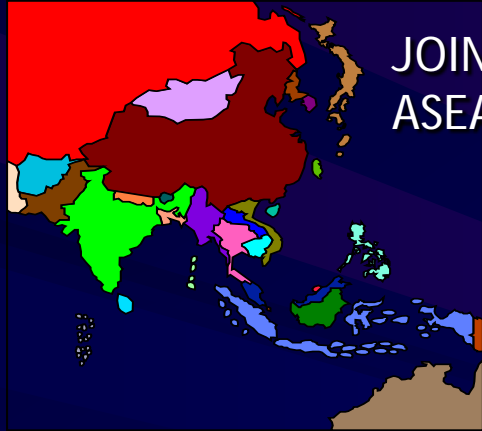
## Special Economic Zone Administration

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- ✓ Company registration and investment license
- ✓ Export/import permit
- ✓ Work permit and Labor books (both workers and expatriate)
- ✓ SEZA will provide on site immediate legal and administrative assistance



Cambodia has embraced the globalization process as part of its outward looking economic development strategy....



JOINING  
ASEAN

1999

JOINING  
WTO

2004



Everything But  
Arms (EBA)

2001

ASEAN  
Economic  
Community

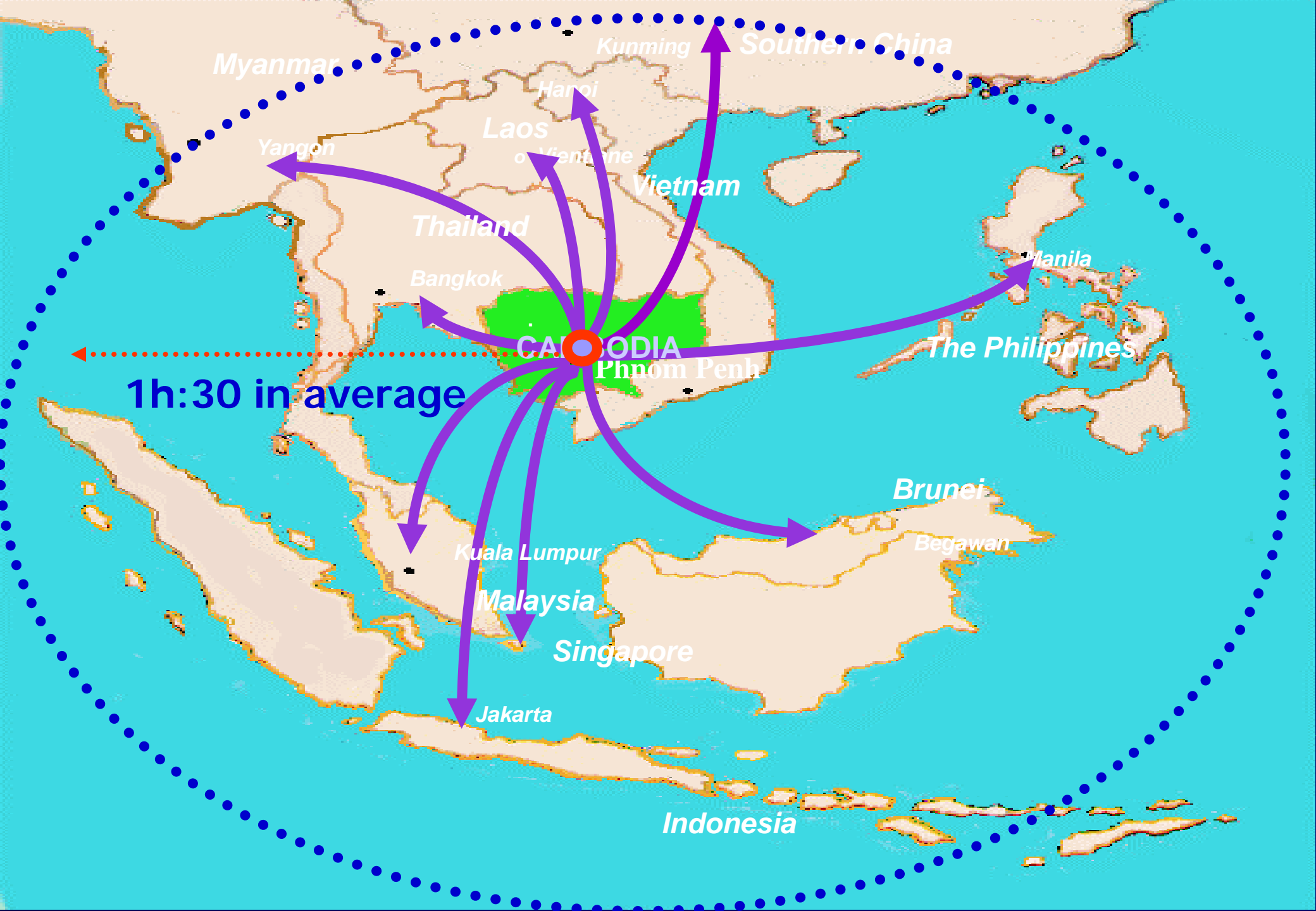
2015

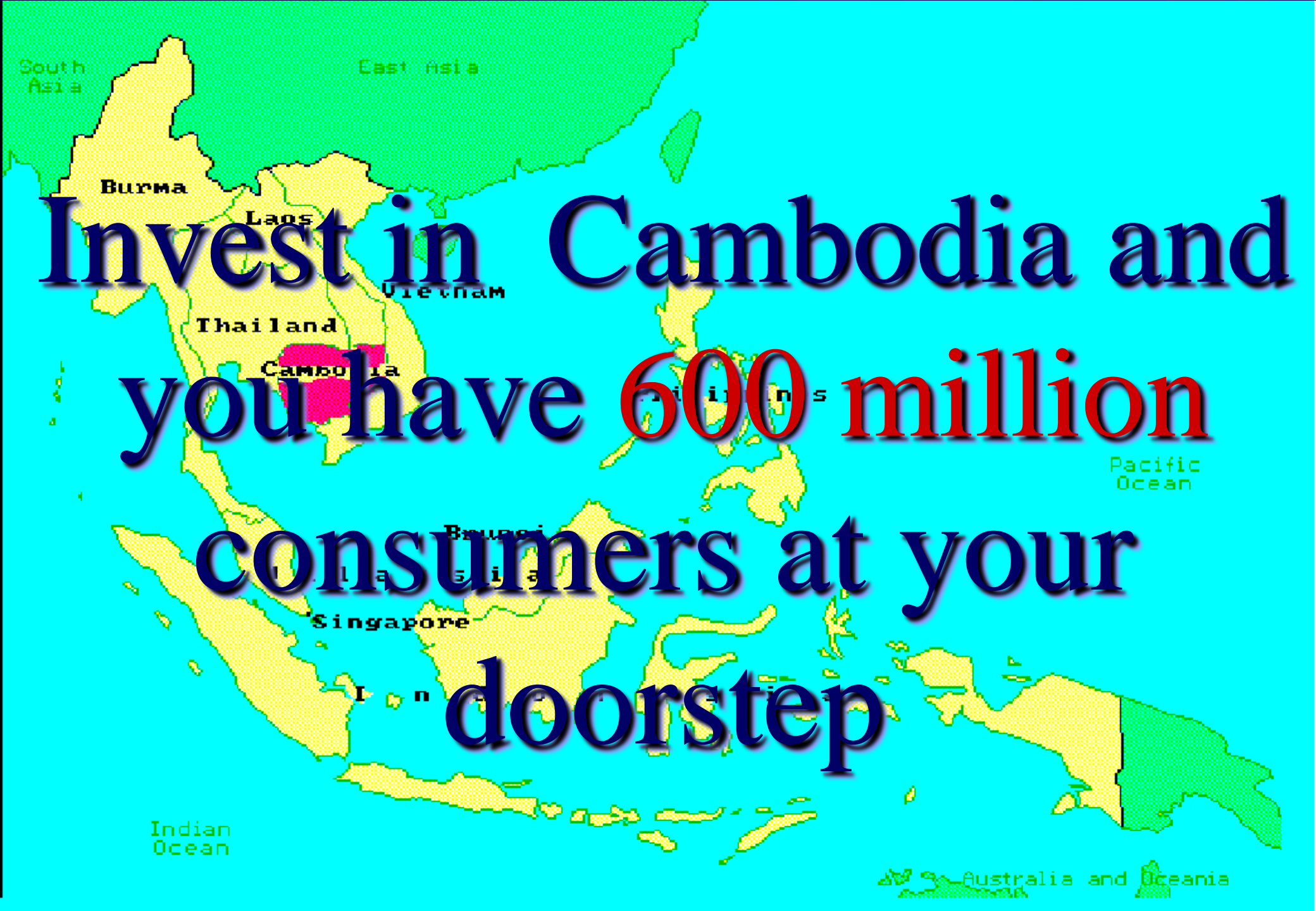


# Reasons to invest in Cambodia

- ✓ Open economy
- ✓ Sound Macroeconomic Environment
- ✓ Competitive Investment Incentives
- ✓ One Stop Service – Fast-Track Investment Approval Process (28 days)
- ✓ Low Labor Cost
- ✓ Strategic Location
- ✓ Preferential Trading Status
- ✓ Access to ASEAN and World Markets







Invest in Cambodia and  
you have 600 million  
consumers at your  
doorstep

# 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.
- ✓ In accordance with article 23, Joint Committee has been established and met 9 times since the agreement enter into force as indicated below:
  - 11 August 2009 : 1<sup>st</sup> Meeting
  - 17 December 2009 : 2<sup>nd</sup> Meeting
  - 27 May 2010 : 3<sup>rd</sup> Meeting
  - 26 January 2011 : 4<sup>th</sup> Meeting
  - 22 August 2011 : 5<sup>th</sup> Meeting
  - 6 March 2012 : 6<sup>th</sup> Meeting
  - 22 October 2012 : 7<sup>th</sup> Meeting
  - 29 April 2013 : 8<sup>th</sup> Meeting
  - 26 November 2013 : 9<sup>th</sup> Meeting

# Japan's Contribution to Enhance Investment Climate in Cambodia

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- ✓ 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)





**Thank you**

[www.cambodiainvestment.gov.kh](http://www.cambodiainvestment.gov.kh)