

BUSINESS OPPORTUNITIES IN CAMBODIA

INVESTMENT INFORMATION



2021-22

EUROCHAM
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CAMBODIA



10 YEARS FOR BUSINESS SINCE 2011

EUROPEAN CHAMBER OF COMMERCE IN CAMBODIA

EuroCham Cambodia's main mandate is to facilitate European business and provide the bridge between European investors and key stakeholders in the Kingdom. Our core activities are to promote, support and represent our members and European business interests in dialogue with the Royal Government of Cambodia, with the aim of developing a more efficient and fertile business and investment environment. EuroCham Cambodia also provides market research and facilitation services, as well as networking opportunities, to companies with links to Europe.

This second edition of "Business Opportunities in Cambodia" is an information pack aiming to provide information and raise awareness to prospective investors about the benefits to be found in Cambodia. This unsaturated market, with a strategic location and favourable demographics, has huge potential for future growth.

The country features preferential access to major international markets, a young labour force, relatively low corporate tax rates, and one of the most business-friendly governments within the Association of Southeast Asian Nations (ASEAN). This guide provides an overview of the major industries powering Cambodia's economy, and practical information for prospective investors to consider. It also features practical information on the business registration process, taxes, and recent government measures to mitigate the impact of Covid-19 on Cambodia's economy.

Note:

The research for this publication occurred between December 2020 and February 2021. We invite you to visit our website and social media pages for regular updates, and to seek support from our Business & Investment Services Department.



This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of EuroCham Cambodia and can in no way be taken to reflect the views of the European Union.

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MESSAGE FROM THE CHAIRMAN

Dear Reader,

It is an honour for EuroCham Cambodia to be able to present our “Business Opportunities Guide 2021-2022” to you.

Through this guide, we intend to give entrepreneurs, investors and business leaders a first introduction to the “Kingdom of Wonder”.

For many of us entrepreneurs, Cambodia continues to be a largely untapped market with investment and business opportunities in many areas of its burgeoning economy. 2020, the year in which the world was overtaken by the pandemic, was undoubtedly challenging for Cambodia.

Looking forward however, the country’s GDP is expected to recover quickly. The IMF predicts an astounding 5.9% rate of economic growth in 2021. Even more importantly, we believe the future, driven by a young and dynamic society, looks bright too.

For investors already active in South-East Asia, Cambodia is a promising “+1 market” in the heart of the Greater Mekong Subregion, conveniently located between regional economic giants Thailand and Vietnam. New investors, moreover, will find Cambodia to be a great gateway to Asia. The country is becoming more integrated into the regional and global economy, for example through ASEAN customs initiatives and bilateral free trade agreements (FTA), such as the recent Cambodia-China FTA. New laws such as those on e-commerce, consumer protection and investment, are also



Tassilo Brinzer,
Chairman, EuroCham Cambodia

testimony to the promising steps this country has taken towards the development of an “Economy 4.0”.

Cambodia’s embracing of global climate change and sustainability goals in the future will further boost the Kingdom’s economy and attractiveness to global economic actors.

I hope you will find Cambodia to offer not only unique opportunities for your business, but also a comfortable place to live for you and your family. Eurocham, together with our network and an excellent team, will be at your side. We are your business’ one-stop shop in Cambodia, but we are also a close-knit family of colleagues and friends. You can reach out to us at any time.

Best of luck!

EUROCHAM
CAMBODIA



10 YEARS FOR BUSINESS SINCE 2011



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1

INTRODUCTION TO CAMBODIA

A primary mission of EuroCham is to promote Cambodia as a business and investment destination to those not yet aware of the ample opportunities it offers.

After years of political turmoil that slowed down economic growth, Cambodia made a stellar start to the 21st century, establishing itself as one of Southeast Asia's "new tiger" economies. The country has become one of the world's fastest-growing economies, with the 10th-highest rate of GDP growth in 2019.¹ In 2016, Cambodia graduated from "lower" to "lower-middle" income status, following the World Bank upgrading its classification of the economy as a result of successful poverty alleviation programmes and rising income levels. The Kingdom has now set its sights on achieving "upper-middle" income status by 2030 and "high-middle" income by 2050.





LOCATION

Cambodia is located in central Southeast Asia, sharing borders with Thailand in the west and north, Laos in the northeast and Vietnam in the east and southeast. It has a total territory of 181,035 km² and a coastline of 443 km. A large proportion of the country's area is either forested or dedicated to agricultural production. Most of the populace lives in and around the lowland corridor that stretches from the northwestern to the southeastern part of the country. The Mekong and Tonle Sap rivers run through Cambodia and play a vital role in its economy, providing transportation routes and sustenance modes.

PEOPLE

Cambodia is a nation of 16.5 million people (2019).² The national language is Khmer. Buddhism is the country's official religion and is practiced by 95% of the population (Theravada Buddhism). The religion has had significant influence in shaping the population's cultural

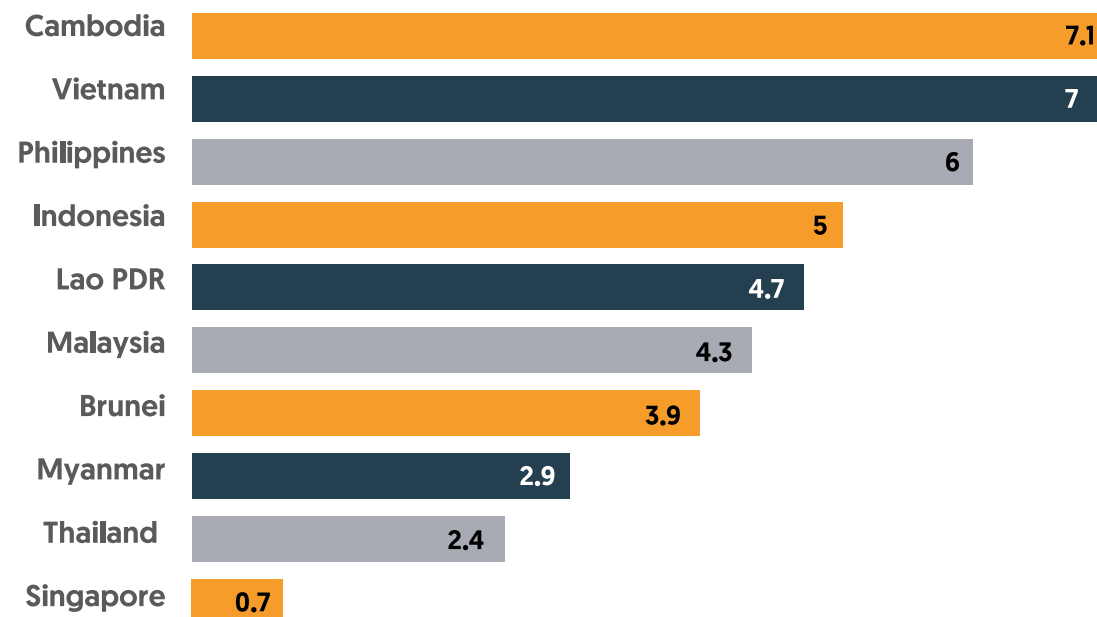
norms and values. Other religions - such as Islam, Animism, and Christianity - are also practised. The law provides for freedom of belief and religion, and there is a general tolerance towards different religious beliefs.

Cambodia is a youthful country, with around 50% of its population aged under 25, and only 5% older than 65.³ The population has been growing at an average rate of 1.5% per year over the last decade⁴, with more than three births for every death. An estimated 24%⁶ of people live in urban areas, the majority of whom are concentrated in the capital, Phnom Penh. Other clusters are the smaller urban centres of provinces of Battambang, Siem Reap and Preah Sihanouk (formerly known as Sihanoukville).

CLIMATE

Located slightly above the equator, Cambodia experiences a tropical, monsoon-influenced climate. There are two main seasons, the rainy

2019 GDP GROWTH RATE



Source: World Bank

(May to October) and dry one (November to April). The average temperature is 27°C, occurring pretty consistently throughout the year, with only minor seasonal variations.

CURRENCY

The national currency, the Riel (KHR), is pegged to the US dollar (US\$) at a rate of approximately 4000:1. The economy is heavily dollarised, with US dollars widely accepted and representing more than 80% of deposits in Cambodia bank accounts.⁷ With the government now promoting greater use of the national currency, the circulation of Khmer Riels grew from 11.5% (in 2018) to 31.3% (in 2019).⁹ The value of deposits in local currency also increased from KHR470 trillion in 2018 to KHR4,000 trillion in 2019.

POLITICAL ENVIRONMENT

Cambodia is a constitutional monarchy, with King Norodom Sihamoni reigning as Head of State since 2004. The government is headed by Prime

Minister Hun Sen and the Council of Ministers, which is made up of representatives from the ruling Cambodian People's Party (CPP). Prime Minister Hun Sen and the CPP have been in a leadership position since 1985.

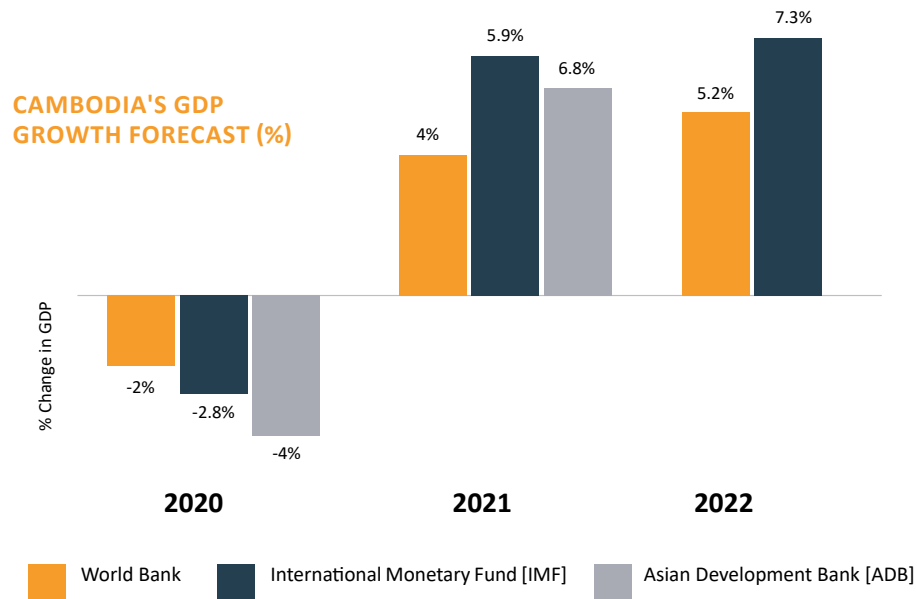
Legislative power is in the hands of a bicameral parliament, made up of the National Assembly and the Senate. Since the 1991 Paris Peace Agreements, Cambodia has held six multi-party democratic elections for the National Assembly. After contesting the 2013 general election, the Cambodian National Rescue Party (CNRP) assumed the role of the main political opposition. However, the party was dissolved by the Supreme Court in 2017. Without the CNRP running, the 2018 general election saw the CPP competing against 19 minor parties, with a voter turnout of 83%. The CPP retained control after receiving 76.85% of the votes and was subsequently awarded all 125 seats in the Cambodian Parliament.⁹

1. INTRODUCTION TO CAMBODIA

The Cambodian economy has recorded two decades of consistently high economic growth, thanks primarily to the success of export-oriented sectors such as garment manufacturing and agriculture. The Gross Domestic Product (GDP) per capita has doubled over the past ten years, reaching US\$1,633 in 2019. This is partly due to government efforts in creating a successful open investment environment for foreign capital, which has contributed to substantial increases in Foreign Direct Investment (FDI).

World Bank data show that economic growth has even outperformed expectations, reaching a rate of 7.5% in 2018. This high growth has been largely fuelled by the continued expansion in exports, burgeoning construction and tourism sectors and increasing domestic consumption.

Cambodia did not escape the negative impacts of Covid-19, however. According to the World Bank, Cambodia experienced negative GDP growth for the first time in three decades, at -2% real growth in 2020. Despite the setback, the World Bank forecasts a quick recovery. GDP growth in 2021 and 2022 is expected to reach 4% and 5.2% respectively.¹⁰



Source: World Bank (2020-2022), IMF (2020-2022), ADB (2020-2021)

Likewise, the Asian Development Bank (ADB) and the International Monetary Fund (IMF) projected sharp rebounds in 2021 and 2022.

Today, there are significant opportunities to diversify Cambodia's economy. This is in fact needed to ensure sustainable growth and reduce the country's vulnerability to external shocks. Despite the growth of the export-oriented garment and agriculture sectors, underlying problems that can potentially halt the growth should be tackled, such as expensive and carbon-intensive energy, limited infrastructure, and a pervasive skills gap. Key economic sectors must be developed to ensure they can match regional competition and an ever-changing international business environment.

GDP PER CAPITA HAS DOUBLED OVER THE PAST TEN YEARS, REACHING

US\$1,633

KEY ECONOMIC INDICATORS

Indicator (2019)	Value
GDP (nominal, US\$ billion)	27,030.5
GDP per capita (nominal, US\$)	1,633.2
GDP growth	7.1 %
GDP composition by sector (%)	Industry: 38.8% Services: 38.1% Agriculture: 16%
Labour force by occupation (2012)	Industry: 29% Services: 38.7% Agriculture: 32.3%
Imports (US\$ billion)	22.2
Exports (US\$ billion)	14.9
Trade Deficit (US\$ billion)	7.7
Major import commodities (all origins)	Raw materials for garments, construction materials, vehicles, oil
Major export commodities (all destinations)	Garment, footwear, bicycles, agriculture products
Garment and footwear exports (US\$ billion)	9.6
Rice exports (tonnes)	620,106
Tourist arrivals (million)	6.6
Foreign Direct Investment inflow (US\$ billion)	3.5

Sources: World Bank, National Bank of Cambodia, Ministry of Economy and Finance. Ministry of Agriculture, Forestry and Fisheries.

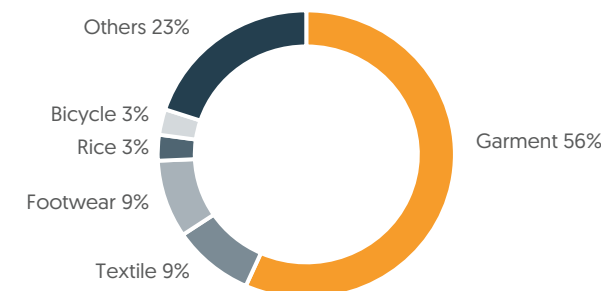
IMPORT & EXPORT

The total value of Cambodia's trade in goods reached almost US\$40 billion in 2019. The country's main export commodities are garments, footwear, rice, and bicycles. The main imports are: textiles, cars, oil, construction material, and food and beverage products.

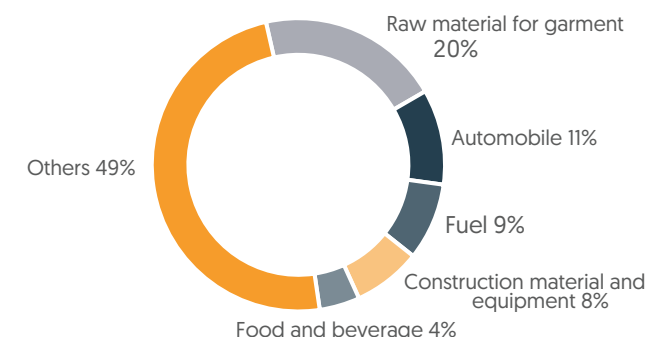
Garments have been the Kingdom's main export commodity for decades, and remain so today, constituting 56% of total export value in 2019. As the country does not produce enough of its own textiles, firms rely on foreign suppliers. Today, raw materials for garment processing represent 20% of total imports.

In terms of nations, the United States is Cambodia's single largest export market, followed by Japan, Germany, China, and the UK. The main share of Cambodia's imports is from China - at 43.1% - followed by Thailand, Vietnam, Japan, and South Korea.

CAMBODIA MAIN EXPORT COMMODITIES IN 2019

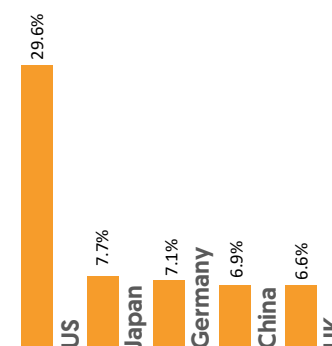


CAMBODIA MAIN IMPORT COMMODITIES IN 2019

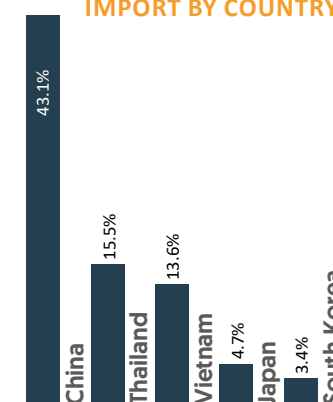


Source: National Bank of Cambodia

EXPORT BY COUNTRY 2019 %



IMPORT BY COUNTRY 2019 (%)



Source: National Bank of Cambodia

1. INTRODUCTION TO CAMBODIA

FOREIGN DIRECT INVESTMENT

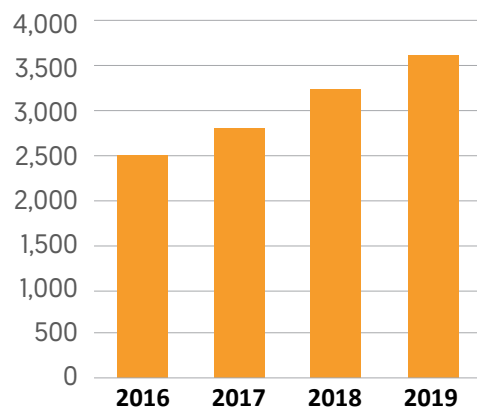
The increase in FDI was a result of the enactment of the Law on Investment in 1994, which, among other government efforts, ensures non-discrimination for foreign businesses in the Kingdom, possibility of 100% ownership for foreign ventures, as well as unrestricted rights to transfer profits abroad.

Moreover, the government of Cambodia is actively committed to attract investment through different mechanisms, including tax incentives schemes (QIP) and Special Economic Zones (SEZ). A sought-after new Investment Law due in 2021 is expected to improve the

business climate and attract more investment, while tackling relevant barriers in Cambodia.

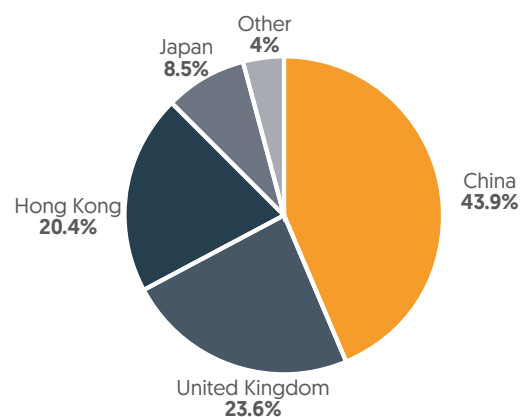
In 2019, Cambodia's total FDI was recorded at slightly over US\$3.5 billion, marking a 12% increase comparing to 2018. Shifting from garment manufacturing projects, the majority of approved FDI projects are in construction and real estate, followed by tourism. 43% of the projects came from China, while Korea and Vietnam accounted for 11% and 7% respectively. Singapore and Japan contributed equally at 6%, while the remaining 27% came from other countries.

**CAMBODIA FDI INFLOWS 2016-2019
(IN US\$ MILLION)**



Source: National Bank of Cambodia, World Bank

**FDI INFLOWS BY COUNTRY
OF ORIGIN 2019**



LOWER-MIDDLE INCOME STATUS

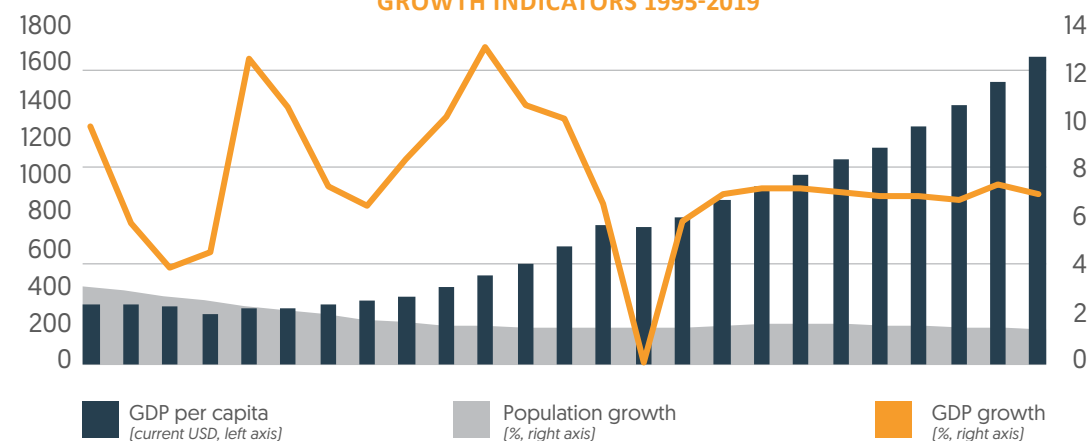
Cambodia's remarkable achievement of a more than six-fold increase in GDP per capita since 1995 raised the country to lower-middle income country status in 2016. The Royal Government now aspires to become an upper-middle income economy by 2030. According to the 2019 World Bank criteria, this requires a GNI per capita of US\$3,895.¹¹

To achieve this status, the country needs to diversify its economy, expand

its manufacturing capacity, and reduce reliance on foreign investment.

Overall, Cambodia's rapid economic growth has already significantly contributed to the reduction in citizens living below the poverty line, with the rate falling from 30% in 2007 to 12.9% in 2018.¹² Official estimates project the Kingdom's high GDP growth rate to continue in the longer term, despite a slight retraction due to the Covid-19 pandemic.

GROWTH INDICATORS 1995-2019



Source: World Bank

CAMBODIA & THE EUROPEAN UNION

The United States is the largest individual destination for Cambodia’s exports; collectively, however, the EU economic bloc exceeds it. Nearly a third (30.1%) of all Cambodian exports are bound to EU countries.⁸ The European Commission valued Cambodia’s 2019 exports to the EU at €4.6 billion (approximately US\$5.38 billion), growing at 4.7% annually.¹³ 86% of these exports were garment and footwear products.⁸ Fuelling trade, some 1,089 garment factories were operating in Cambodia in 2019¹⁴, mostly owned and managed by foreign investors from other Asian nations. These firms have successfully implemented a strategy of targeting the Western market for higher-quality items.

As an example of Cambodia’s non-garment export potential, bicycles have grown to be the country’s third largest export to the EU – with 1.5 million units sent in 2019.¹⁵ Cambodia is now the EU’s largest bicycle supplier, overtaking Taiwan in 2017. Demonstrating the resilience of the sector, bicycle exports even grew sharply in 2020, despite the Covid-19

pandemic. This significant flow of trade was facilitated by Cambodia’s access to the EU’s “Generalised System of Preferences” (GSP), which allows developing countries to pay fewer or no duties on exports to the EU. Cambodia historically enjoyed duty-free and quota-free access to the EU under the “Everything But Arms” (EBA) agreement. Under EBA, which was implemented in 2001, 99% of Cambodian exports to the EU were eligible for preferential duties.

In February 2019, the European Commission started a review process that led to the partial withdrawal of Cambodia’s preferential access under the EBA agreement, for what was considered to be a deterioration of democracy and respect for human rights. The final decision for the partial withdrawal was released in August 2020. The decision impacted around 20% of the country’s exports to the EU¹⁶, although the majority of Cambodian products are still eligible for duty and quota-free access. Likely impacted by the partial withdrawal, 2019 saw garment exports to the EU decline for

the first time since the global financial crisis in 2008. Garment exports decreased by 0.7%, however footwear exports to the region rose by 19.7%.⁸

Cambodian legislators did not stand idly by during the EBA review process. To offset the reintroduction of tariffs associated with the partial withdrawal of EBA preferences, the Royal Government rolled out a package of structural reforms in March 2019. Aimed at increasing Cambodia’s export competitiveness, the reforms included a reduction in public holidays, streamlining customs payment, reduced export and customs processing fees, and the reorganisation of certain government responsibilities. Overall the Royal Government anticipated that these changes would save businesses around US\$400 million per year.



Value of Cambodia’s Main Imports from EU, 2019 (€ million)	
Agricultural Products (Food and Raw Materials)	328 (US\$361)
Pharmaceuticals	64 (US\$70)
Other Semi-Manufactures (incl. Rubber, Wood)	100 (US\$110)
Non-Electrical Machinery	94 (US\$103)
Automotive	59 (US\$65)
Textiles	27 (US\$30)
Other Manufactures	36 (US\$40)
1 EUR = 1.1005 US\$ (December 2019)	

Source: European Commission

While the EU’s significance to Cambodia is primarily as an export destination, the increasing purchasing power of Cambodia’s growing middle class also presents opportunities for European businesses wishing to export to Cambodia. In 2019, EU exports to Cambodia totalled €0.9 billion, around US\$1 billion (not including services).¹⁷ Key EU exports to Cambodia were machinery, agricultural products, and transport equipment. Similarly to other emerging economies, Cambodia is increasingly exposed to foreign brands and lifestyle choices, and Cambodians are becoming more demanding

in terms of the options and quality of their purchases. A number of European brands have already established a presence in the Kingdom, in industries such as automobiles, fashion, cosmetics, pharmaceuticals and household appliances. Cambodians generally perceive European brands well, as they have a reputation for high quality.

On the diplomatic front, in addition to various EU Member States being represented through embassies in Cambodia, the EU’s engagement with Cambodia is structured through the EU Cambodia Cooperation Agreement, which

was signed 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 November 2020. 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 Summits. Notably, in 2021 Cambodia will host the 13th Asia-Europe Summit (ASEM13).

The EU and its Member States have also been major development partners of the country. The EU's development assistance to Cambodia in bilateral cooperation for 2014-2020 stood at US\$457.3 million, with a further US\$23.4 million for thematic programmes. During this time, the EU concentrated its funding support in Cambodia on projects relating to the "three pillars" of Agriculture and Natural Resource Management, Education and Skills Development, and Governance and Administration.

In January 2021, Cambodian and EU representatives held a meeting on the EU's development cooperation strategy with Cambodia for 2021-2027, covering "three pillars": Economic Growth and Job Creation, Agriculture and Natural Resource Management, and Governance and Rule of Law.



COVID-19

Cambodia has reported relatively low Covid-19 case numbers, partly thanks to the government's prompt response to the crisis. Nonetheless, Covid-19 significantly impacted the country's economic development, which had been progressing steadily for 30 years. In 2020, the World Bank predicted an economic retraction of between -1% and -2.9%.⁸

Three of the country's most important sectors - tourism, manufacturing and construction - have all heavily been affected. This poses a great concern to national development, as these sectors contributed more than 70% of GDP growth and around 40% of employment in 2019.⁸ International tourist arrivals to Cambodia showed a negative trend in the second and third quarter of 2020, dropping by more than 90% compared to the same period in 2019⁸. Chinese tourists had been leading the chart in terms of international tourist arrivals. However, their number decreased by more than 80% in the first three quarters of 2020. Over the same period, the arrival

of tourists from Europe decreased by 58.6% in 2020, from 539,917 in 2019 to 223,485 in 2020.¹⁸

Cambodian exports have also been impacted by Covid-19, which caused a decline in output. According to the National Bank of Cambodia, the export of industrial products decreased by 12.5% during the first half of 2020, with garment exports in particular dropping by 10%. As of 1 February 2021, there were 466 confirmed cases, 0 deaths and 443 recovered.¹⁹ The government introduced several emergency measures to curb the spread of Covid-19. The measures included travel restrictions, mandatory quarantine, Covid-19 risk assessments, capacity building²⁰ and fiscal assistance to affected citizens and businesses.¹⁹ The government is also planning to purchase Covid-19 vaccines and was drafting a Covid-19 National Vaccination Plan. Other forms of mitigation included tax exemption and reduction schemes, and the delay of certain payments set by the government.





2

REASONS TO INVEST

As recent surges in FDI show, foreign investors are becoming increasingly aware of the opportunities in Cambodia. The nation has overcome the serious challenges of the past, rebuilding after decades of conflict. Political stability has helped generate several years of consistent and strong economic growth.

European businesses that choose to invest in Cambodia will benefit from a number of advantageous conditions.



2. REASONS TO INVEST

1. BUSINESS-FRIENDLY GOVERNMENT

The Royal Government recognises the value of FDI and makes a significant effort to promote investment and encourage the establishment of foreign businesses in Cambodia. Investors will benefit from the following active measures.

NON-DISCRIMINATION

The Royal Government is conscious of the need to protect the legal rights of foreign-owned companies and places very few restrictions on foreign corporate ownership. Cambodia imposes no legal constraints on establishing a 100% foreign-owned company, valid across almost every sector. Foreign businesses can engage in almost all the same business activities as Cambodian-owned companies, with the exception of owning land and other niche areas. In general, Cambodian authorities welcome dialogue with the private sector through various platforms including regular consultations for new legislation, and the Government-Private Sector Forum (G-PSF), in which EuroCham is actively participating.

LOW TAXES

Cambodia has one of the most competitive tax regimes in Southeast Asia. The corporate income tax rate is among the lowest in the region, with a maximum rate of 20%.

INVESTMENT INCENTIVE SCHEMES

The Royal Government of Cambodia takes a pro-active approach in encouraging foreign direct investment (FDI), by offering incentives to foreign investors via the Qualified Investment Project (QIP) scheme. The Council for the Development of Cambodia (CDC) has a dedicated board which administers investment and incentive schemes for foreign investors. Investors across a broad range of industries can apply for Qualified Investment Project (QIP)

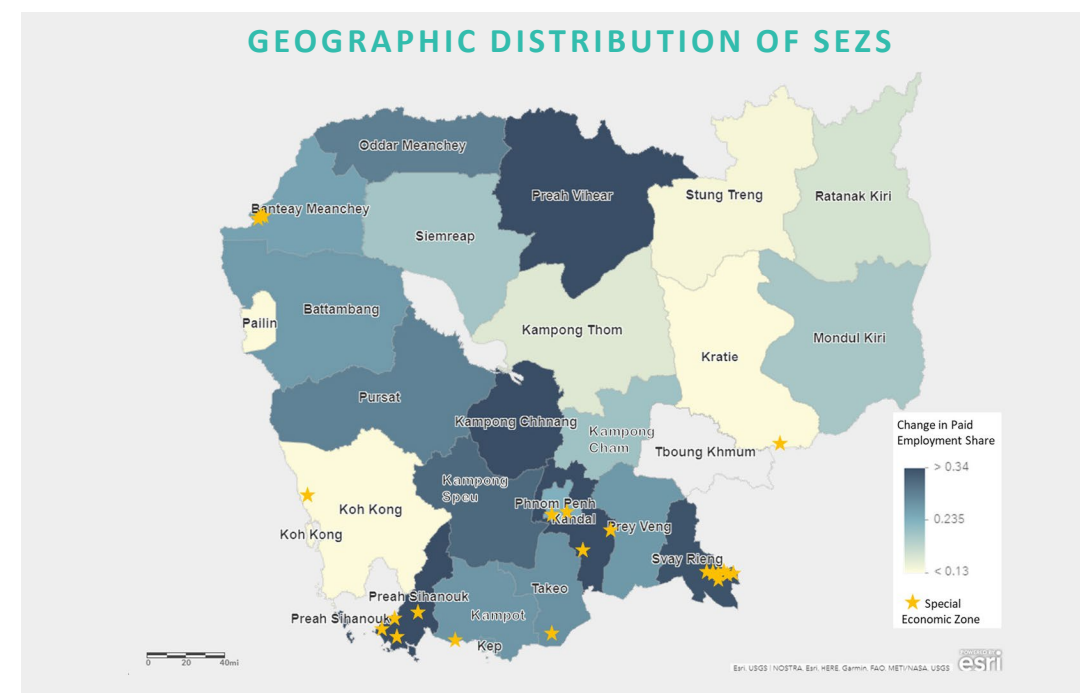
status, which comes with significant benefits, such as tax holidays for profits for up to nine years, and special depreciation allowances. During the tax holiday period, the charged tax rate on income is zero. QIPs also enjoy customs duty exemptions on the import of production equipment, construction material and other inputs (used in the production of exported goods).

Additionally, QIPs located inside Special Economic Zones (SEZs) are also exempt from paying VAT on imports (which usually is 10%). This applies to production equipment and construction materials for both domestic manufacturing and export-oriented QIPs. Export-oriented QIPs can also receive a VAT exemption on production inputs.

As the Royal Government is nearing completion of a significant update to the Law on Investment, which was last amended in 2003, it is hoped that the incentives offered will be expanded to better reflect Cambodia's future growth ambitions. Investors who wish to register their QIP can now do so online via www.registrationservices.gov.kh/, which leads to the CDC registration portal <https://qip.cdc.gov.kh/login>

SPECIAL ECONOMIC ZONES

Special Economic Zones were introduced in 2005 with the objective of creating a more competitive investment landscape. Recognising the potential time and cost



Source: International Monetary Fund

savings in concentrating infrastructural and administrative resources within SEZs, the Royal Government has approved the creation of more than 50 zones, mostly near border areas and around the manufacturing hubs on the outskirts of Phnom Penh. As of 2019, 23 SEZs are operational, employing approximately 131,000 Cambodian employees - more than 20% of formal employment in the country.²¹

Businesses operating within the SEZs gain from both infrastructural and administrative benefits. Each SEZ has on-site administrative teams with strong connections to relevant ministries to deal with imports and exports, official registrations, and troubleshooting. Authorities put in concerted efforts to ensure that infrastructure projects such as the construction of new roads and power lines are coordinated, to facilitate smoother operations within the SEZs.

EASY TO REPATRIATE PROFITS

Cambodia is generally very accommodating to foreign investors regarding currency exchange and remittance of profits. Cambodia's 1997 Law on Foreign Exchange places 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

Understanding the need to improve competitive advantages, the Royal Government has rolled out many reforms, addressing issues around the ease of doing business and to improve the country's investment environment. New initiatives in 2019, such as the reduction and elimination of fees and processes relating to importing and exporting, and the modernising of public services through online platforms, are reducing the time and resources required to comply with Cambodian regulations, while also minimising opportunities for non-transparent practices.

2. REASONS TO INVEST



Source: The Greater Mekong Subregion

2. STRATEGIC GEOGRAPHICAL LOCATION

Cambodia has a favourable geographic location and is located in the heart of Southeast Asia, sharing borders with Thailand, Lao PDR and Vietnam. The country is also in the centre of the Southern Economic Corridor of the Greater Mekong Subregion. Cambodia's increasing access to regional markets is also reflected in the expansion of air links to other ASEAN and East Asian countries. Phnom Penh International Airport has direct flights to major regional hubs such as Beijing,

Shanghai, Guangzhou, Taipei, Tokyo, and Seoul, as well as further global hubs in Qatar and the United Arab Emirates. Transport Infrastructure development is also one of the government's priorities, with the assistance of international donors and private sector partners. The aim is to enhance Cambodia's links to the surrounding region and improve the country's competitiveness. These favourable conditions make Cambodia an ideal "+1 market" for companies already active in the region.

3. PREFERENTIAL MARKET ACCESS

Embracing free-market values, Cambodia is an increasingly integrated member of international markets, having joined the World Trade Organisation (WTO) in 2004. Due to its classification as a "least developed country", Cambodia received preferential treatment from a number of key export markets. Both the US and the EU instituted schemes to grant Cambodia duty-free and quota-free access to their markets for many products. The US expanded its trade preferences under its Generalised System of Preferences (GSP) in 2016 to 5,000 products which include travel goods such as luggage, backpacks and handbags. This GSP is still valid until present time. However, the EU's "Everything but Arms" has been modified.

As of 12th August 2020, the European Union decided to partially withdraw its preferential trade scheme, affecting 20% of Cambodia's export products, including garments, footwear, travel goods and sugar.²² These products account for approximately €1 billion or one-fifth of the country's annual exports to the EU. Despite the partial withdrawal, Cambodia can still enjoy 80% of the exports with duty-free and quota-free access to the EU.

Recently, the UK has included Cambodia in its GSP program which provides the country with quota-free access and nil rates of import duty on all goods other than arms and ammunitions, starting on 1 January 2021.²³

Cambodia became an official member of Association of Southeast Asian Nations (ASEAN) on April 30, 1999. Through its membership, 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 among its ten member states.

The ASEAN Economic Community (AEC) came into effect in 2015, creating a single market to allow the free flow of goods, services, and workers across the ten ASEAN member states. At present, Cambodia's exports to its neighbours in ASEAN are relatively low, though it is hoped they will increase in the future. In 2019, only 7% of Cambodian exports were destined for ASEAN countries. The Kingdom is located centrally within the ASEAN countries, and there are opportunities to capitalise on increased regional connectivity.

The country benefits from ASEAN's collective signature of the Regional Comprehensive Economic Partnership (RCEP), which occurred in November 2020. The agreement was signed between ASEAN member states and major Asia-Pacific economic partners, including China, Japan, the Republic of Korea, Australia and New Zealand. It represents the largest free trade agreement for ASEAN, encompassing an area of more than 2 billion people, with a combined GDP of US\$26.2 trillion (30% of the world's economy).²⁴ Cambodia also signed its own bilateral free trade agreement with the People's Republic of China in October 2020, and concluded negotiations for the Cambodia-Korea Free Trade Agreement (CKFTA) in February 2021.

4. HUMAN RESOURCES

Cambodia benefits from favourable demographics – a youthful population with improving education levels will only enhance the country's competitiveness over the coming years. From 2015 to 2055, the country is

2. REASONS TO INVEST

expected to significantly increase the size of its working-age population, by around 25%.²⁵ The country's employment rate is high, at 83%.²⁶ As of 2018, data from the ILO on employment by occupation shows that 79% of the total employment in Cambodia is in "Skill Level 2 (medium)", referring to clerical, service and sales workers, skilled agricultural and trade workers, plant machinists and assemblers. The Ministry of Labour and Vocational Training approves the hiring of managerial or technical staff among foreign workers, in cases where the necessary skills are not available within the domestic workforce.

5. QUALITY OF LIFE

Investors who make the move to Cambodia also benefit from an attractive lifestyle, with low living costs and the chance to explore a fascinating country with rich cultural heritage and stunning natural beauty. The world-renowned site of Angkor Wat steals the spotlight, but there are many other notable areas worth visiting, particularly for ecotourism. 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. For those with families, there are numerous international schools and universities with internationally-recognised curricula. English is commonly spoken in urban areas, and Cambodians are widely considered to be welcoming people.



Some Challenges...

Weak Law Enforcement

Cambodia's legal system is developing on a path that will see it align with international standards, in terms of both content and enforcement. Despite the Royal Government's pro-business attitude and effort to import the ease of doing business, some non-transparent practices still exist at the administrative level. Some foreign businesses have reported that they are at a disadvantage to competitors who are complicit in such activities.

Issues around unfair competition and compliance still need to be addressed in a more effective manner. There have been several government efforts to strengthen the legal system around areas of contention such as consumer protection, Intellectual Property Rights (IPR), and counter-counterfeiting. However, stronger mechanisms are still needed.

For business models reliant on branding, counterfeiting can be a major problem. This occurs, for example, in the fashion, pharmaceuticals, and beverage sectors. Concurrently, nationwide compliance with IPR still leaves significant room for improvement. However, ongoing reforms, especially those relating to the modernisation and streamlining of government processes (including online platforms), should significantly reduce the scope for anticompetitive practices over the coming years.

High Energy Costs

Cambodia's energy costs tend to be higher than those of its ASEAN peers. Although domestic power generation capacity and access to electricity have increased, Cambodia still imports a large share of its energy from abroad, 30% in 2020. Electricity prices 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. Several new hydropower plants were hoped to fill Cambodia's generation capacity gap; however, they struggle to generate enough capacity during the dry season, often leading to blackouts. Indeed, the quality and reliability of electricity supply are key concerns raised by investors. The high cost of energy is a significant constraint on the Cambodian economy as it limits the potential for moving up the value chain. For example, high energy costs reduce the competitiveness of the agro-processing sector – thus hampering further investment and development.

Infrastructure Challenges

While infrastructure development has always been the priority for the Royal Government, there are still significant implementation gaps. Businesses face constraints in terms of underdeveloped roads, limited power generation and distribution, and high transportation costs. Urban areas of the country are much better served than others: investors in the comparatively well-equipped Phnom Penh face significantly fewer infrastructural challenges compared to those in rural areas.

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.

Current reliance on low-cost labour will be challenging. The country needs to widen the skillset of its workforce to keep up with the pace of the global economy. Although the Royal Government is placing significant emphasis on education reform and there have been improvements – skill gaps remain an issue. Businesses still struggle to find qualified personnel, as there is a widespread mismatch between the skills needed (particularly in the industrial and services sectors) and those available on the market. The World Bank's Human Capital Index 2020, which measures the potential of human capital (realised through knowledge, skills, health), ranks Cambodia at 0.49, which is low compared to other ASEAN countries.

The overall quality of education remains low compared to the country's neighbours. The Cambodia Socio-Economic Survey, last conducted in 2017, found that, at most, 26% of the labour force had completed primary education while only 6.6% 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 highly-technical roles can be challenging. In such cases, the Ministry of Labour provides businesses with higher quotas to hire foreign staff, to fill in the gap.

3

MAJOR INDUSTRIES & OPPORTUNITIES



1. GARMENTS AND FOOTWEAR

Since the adoption of free market economic principles, Cambodia has developed a considerable export-oriented garment and footwear industry. The sector employs approximately 941,000 people (up to 90% of which are women), distributed across 1,087 factories, and whose income supports one-in-five households. The sector remains the largest formal employer in the country.

With a focus predominantly on labour-intensive, low-value-added assembly operations, investors benefit from the country’s low-cost labour force. The majority of Cambodia’s factories are foreign owned, with Chinese, Taiwanese, Singaporean and Malaysian investors being most prominent. According to the World Bank, the garment and footwear sector accounted for 16% of approved investment projects in 2019, worth a total value of US\$560 million. These factories supply around 200 international brands including H&M, GAP, Levi Strauss & Co, Adidas and Target.

Despite facing increasing competition from regional rivals, an appreciating dollar, and the withdrawal of trade preferences, the garment and footwear industry has continued to register remarkable growth. Garment exports totalled more than US\$9.6 billion in 2019.

2020 brought new challenges, however. As previously mentioned, the garment sector was at particular risk from the EU’s withdrawal of the EBA scheme. So far, the long-term effects of this decision, enacted in August 2020, have been difficult to determine, as the fallout coincided with the Covid-19 pandemic. Import of textiles from China has fallen, together with demand from Cambodia’s export markets. Data from the National Bank of Cambodia suggests that during the first half of 2020, garment exports dropped by 10%, while exports of footwear and travel goods increased by 2% and 8%, respectively. The combined impact resulted in the suspension of operations in 400 garment factories and the layoff of 150,000 workers (as of July 2020). However, the sector is now expected to recover, and proved itself surprisingly resilient in certain



areas. For example, Cambodia’s exports to the U.S actually increased during the first nine months of 2020, by 5% for garments and 8% for travel goods.

In order to alleviate the impact of Covid-19 and the partial withdrawal of the EBA agreement, the Royal Government introduced a number of measures to support its manufacturing sector. In 2020, the Ministry of Economy and Finance provided a tax holiday - ranging from 6 months to one year – for enterprises severely affected by the shortage of raw material supply due to Covid-19 and/or the EBA suspension. The government also introduced a US\$70 per-month subsidy scheme for employees in garment, footwear, and travel goods factories, of which US\$40 is paid by the government and US\$30 by employers.

Important from a sustainability perspective, the industry has in recent years been successful in diversifying its sales markets, making it less vulnerable to decreasing demand from any one major market. While the share of goods being sold to Europe has increased significantly, other important markets such as Canada and Japan have been targeted successfully and now account for US\$1 billion and US\$0.8 billion of export revenue, respectively.

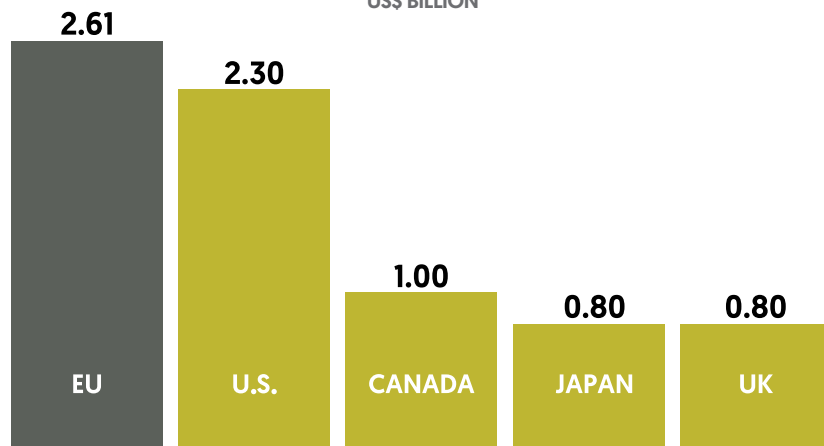
The garment, footwear and textile industries

are the only industries in Cambodia that set a minimum wage through a tripartite commission with unions, employers, and the Royal Government, with wages regularly increasing over the past few years. The minimum wage was set at US\$128 per month in January 2015 and has risen to US\$190 in January 2020. There are growing concerns within the private sector that the minimum wage is increasing too rapidly in comparison to Cambodia’s productivity and the wages of its regional competitors (Vietnam - US\$132, Bangladesh - US\$96).

Nevertheless, compared to other low-cost manufacturing countries, the Cambodian garment industry has gained a fairly good reputation for compliance with international standards. Since 2001, the Royal Government has supported the Better Factories Cambodia programme run by the International Labour Organisation (ILO), 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 the law, although the capacity and influence of unions varies considerably.

GARMENT EXPORTS (2019)

US\$ BILLION



*The data does not include exports of footwear and travel goods

Source: World Bank, Government of Canada-Trade Data Online

2. AGRICULTURE

Agriculture has long been one of Cambodia’s most important industries and today accounts for 16% of national GDP. The sector employs around 32% of the working population²⁷, though this is expected to decrease as the economy diversifies further. Agriculture was one of the sectors least affected by Covid-19 – in 2020 the country achieved an 11.4% growth in rice exports, and FDI into the agriculture sector increased substantially.⁸

In 2020, agriculture is still crucial to the livelihoods of rural households and food security. The sector remains at the core of the Royal Government’s development strategy, with “Promotion of Agricultural and Rural Development” being a pillar of the Kingdom’s overarching “Rectangular Strategy”. Rice production is essential as it serves as the country’s primary food source, and is a valuable export commodity. Accordingly, 85% of cultivated land is taken up by rice paddies.²⁸ Since participating in the annual World’s Best Rice contest, Cambodia’s fragrant rice has been

awarded the accolade four times – in 2012, 2013, 2014 and 2018. Other major products include rubber, cassava, corn, and sugarcane. Several foreign companies successfully invested in these industrial crops through the Kingdom’s “Economic Land Concession” scheme, although there has been a moratorium on new concessions since 2012.

In addition, Cambodia’s niche agricultural products are increasingly recognised for their quality. The protected geographical indication status products of Kampot pepper, Kampong



AGRICULTURAL COMMODITIES IN 2020

Commodity	Yield (tonnes)	Export (tonnes)
Cassava	12,041,812	7,203,168
Mango	1,748,642	947,628
Rice	10,935,618	690,829
Yellow banana	478,350	333,143
Cashew	242,324	230,981
Longan	196,712	102,280
Pepper	18,242	5,079

Source: Ministry of Agriculture, Forestry and Fisheries

Speu palm sugar and Koh Trung pomelo account for a small percentage of total exports but are perceived as increasingly valuable brands. Geographical indication status is also being sought for products such as Kampot salt and Mondulkiri wild honey.

customs duties of €175 per tonne, which were expected to be reduced to €150 in 2020 and €125 in 2021. These measures significantly reduced rice exports to the EU. To counteract this, Vietnam and China agreed to expand their import quotas of Cambodian rice in 2019 to 300,000 and 400,000 tonnes, respectively.

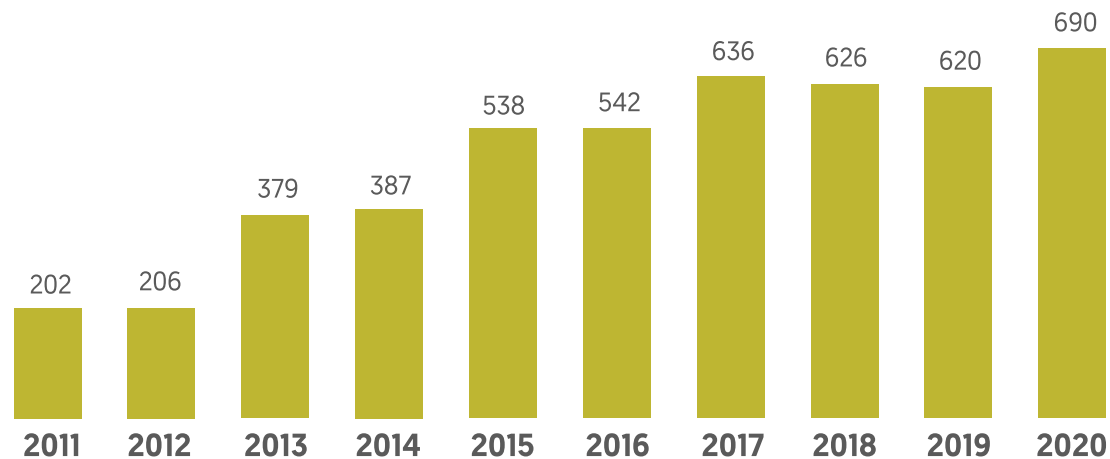
“Cambodia produced 10 million tonnes of rice in 2020, exporting 690,829 tonnes with a total value of US\$538.4 million – an 11.4% growth from 2019.”

A year after the introduction of tariffs by the EU, and despite the disruption caused by Covid-19, Cambodian rice exports remained strong. In 2020, the country produced 10 million tonnes of rice, exporting 690,829 tonnes with a total value of US\$538.4 million – an 11.4% growth in exports from 2019. However, the main export destinations have changed - China is now the country’s primary export market for rice, accounting for 42% of trade (289,439 tonnes) while the EU and ASEAN represented 29.5% (203,791 tonnes) and 12.5% (86,899 tonnes). Before the introduction of EU tariffs in 2019, exports to China were only around 170,154 tonnes.

The Royal Government has identified rice exports as one of the top priorities for the development of the Cambodian economy over the coming years. However, in January 2019, the European Commission imposed safeguarding measures on Cambodia’s rice exports, as the result of an investigation that found imports of Indica rice from Cambodia and Myanmar to be causing economic damage to European producers. The EU reinstated regular

CAMBODIA RICE EXPORTS

('000 TONS)



Source: Ministry of Agriculture, Forestry and Fisheries

Although the World Bank acknowledges that the sector is slowly modernising via foreign direct investment, the country still struggles to successfully diversify its agriculture towards higher value-added production.

Looking ahead, Cambodia's agriculture industry has some pressing challenges. The first one is a lack of investment in agro-processing infrastructure. The Royal Government is encouraging investment in agro-processing and diversification of agricultural production. Initiatives such as the offering of credit support via the SME Bank of Cambodia are promising. However, the country has limited distribution infrastructure, very few quality control mechanisms, and is surrounded by highly-competitive neighbours. Irrigation and water control systems require an overhaul, and the country would benefit from procuring higher-quality seeds and fertilisers. Despite the quality of Cambodian crops, the presence of too many smallholder farmers, with differing farming

methods and limited control over crop prices, creates an unpredictable supply of raw products for processing. Farmers' choices on which crops to cultivate are significantly influenced by the market price fluctuations affecting such crops.

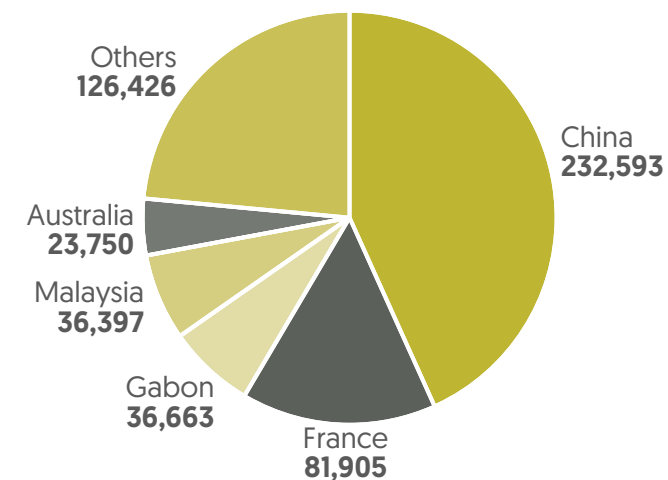
Furthermore, due to sub-optimal infrastructure, high electricity costs and the difficulty in obtaining low-interest domestic financing, Cambodia is struggling to maintain a competitive unit price for its staple crops. For example, in 2020, Cambodian white rice sold at US\$580 per tonne. In comparison, the Thai and Vietnamese equivalent white rice cost US\$529 and US\$512 respectively in 2020²⁹, according to the Thai Rice Exporters Association. In general, the country has more success with its premium produce. Cambodian Malys Angkor (Jasmine rice) was sold at US\$830 per tonne in 2020, while Thai Hom Mali was sold at US\$926 per tonne. Cambodia therefore needs to lower costs, improve yield levels and 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. With sufficient investment in agro-processing, agricultural produce can move up the value chain. Given this vast potential, there are

considerable opportunities to be realised in the sales of equipment. In particular, there is a need for quality fertilisers and pesticides, heavy machinery such as milling units and tractors, and tools and technology to enhance energy efficiency. There are also opportunities in providing services such as skills training, quality testing and inspection.

CAMBODIA RICE EXPORTS BY COUNTRY 2019 TONNES



Source: Secretariat of one window service or rice export formality

3. TOURISM

Given Cambodia’s wealth of cultural heritage and numerous sites of natural beauty, the return of political stability has facilitated the huge growth in tourist 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 most impressive ecotourism spots in Southeast Asia.

Tourism is one of the key contributors to Cambodian economic growth. The sector accounted for 21% of the country’s GDP in 2019.³⁰ According to the Ministry of Tourism, the sector earned US\$4.9 billion from 6.6 million international visitors in 2019, an increase of 12.4% compared to 2018.¹⁸ The sector remains a significant driver of the economy, providing approximately 620,000 jobs in 2019⁸ and representing the second-largest source of formal employment in the country.

In 2016, the Royal Government implemented the "China Ready" tourism strategy to prepare the government, operators and businesses for the expected surge in Chinese tourists and potential economic benefit, with an aim of attracting 2 million Chinese tourists by 2020. This strategy included an accreditation programme to boost Cambodian businesses’ efforts in attracting

Chinese visitors, for example by ensuring they had Chinese-speaking staff, signs, menus and websites in Chinese, and foreign exchange facilities. This strategy has been an overwhelming success, with Chinese tourists ranked first in number of international arrivals (2,361,846) in 2019.³¹ Cambodia’s ASEAN neighbours - Vietnam (908,803), Thailand (466,493) and Lao PDR (363,951) - were the next most frequent visitors. Prior to 2020, Cambodia had achieved an impressive 12% average annual growth in tourist numbers, for over a decade - making the country the fourth-fastest growing tourist destination in ASEAN.³²

Despite these comforting numbers, Covid-19 has hampered Cambodia’s rapidly growing tourism industry. According to the World Tourism Organisation (UNWTO), Covid-19 caused a 70%



contraction in global tourism (year-to-date rate from January to August) in 2020. The same data also shows that the number of international tourist arrivals to ASEAN decreased by 74%, while those to Cambodia dropped by 69%.³³ Tourist hubs such as Siem Reap and Koh Rong, largely reliant on foreign arrivals, were particularly hard hit. Despite the challenges of 2020, the tourism sector has managed to survive (though in smaller scale) thanks to a steady stream of domestic tourists, and a trickle of mostly-Chinese visitors. From January to October 2020, the number of domestic visitors to Phnom Penh, Siem Reap, coastal and ecotourism zones tripled that of foreign visitors, at 5 million.

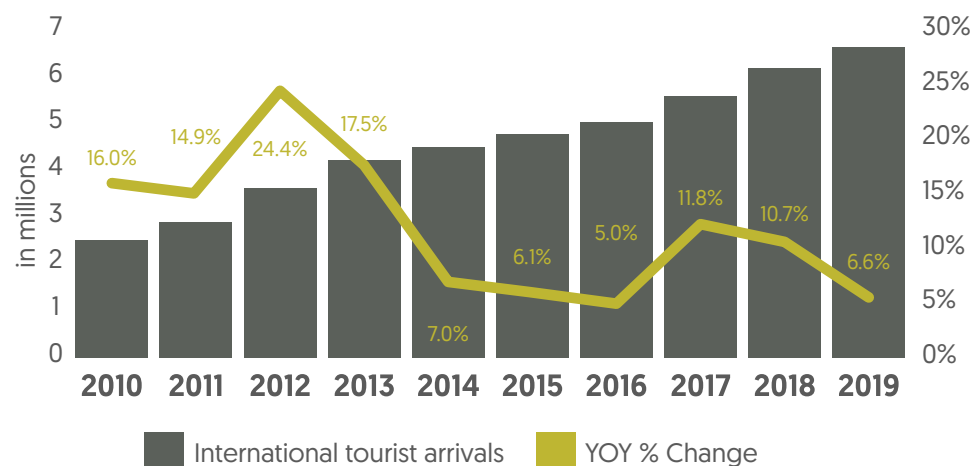
Cambodia’s three international airports in Phnom Penh, Siem Reap and Sihanoukville are managed by the French-Malaysian joint venture, Cambodia Airports. Cambodia Airports has invested a considerable amount in infrastructure to improve capacity and manage the growth of tourism across its 3 airports. Demonstrating the pre-2020 tourism trend, this investment had paid dividends, with passenger traffic doubling over the last 5 years, reaching a record-high of over 11.6 million passengers in 2019, a year-on-year increase of 10% compared to 2018. Phnom Penh International Airport is the Kingdom’s busiest, receiving 6 million passengers in 2019. It overtakes Siem Reap International Airport, which held the spot for many years due to the popularity of the nearby Angkor World Heritage Site. This demonstrates that Phnom Penh has become a destination in its own right, on account of its rich restaurant scene, attractive entertainment offerings, vibrant atmosphere and vast business opportunities. Sihanoukville International Airport recently recorded the biggest annual increase in passenger traffic, increasing by 158% to 1.6 million in 2019.

To alleviate the impact of the pandemic on the tourism sector, the government issued a fiscal stimulus in 2020, including:

- financial support in an amount of US\$40 per month to workers in the tourism industry;
- monthly tax exemption for all kinds of registered hotels, guesthouses, restaurants, and travel agencies in Phnom Penh, Siem Reap, Preah Sihanouk, Kep, Kampot, Bavet and Poi Pet;
- patent tax and signage tax exemption for travel agencies in tourism-related industries;
- minimum tax exemption for airline companies registered in Cambodia;
- delayed payment of civil aviation fees.

There is now a concerted effort by the Royal Government to encourage diversification of Cambodia’s tourism offerings to lure more tourists, particularly those that visit neighbouring Thailand and Vietnam. This includes establishing direct

CAMBODIA INTERNATIONAL TOURIST ARRIVALS



Source: Ministry of Tourism

3. MAJOR INDUSTRIES & OPPORTUNITIES

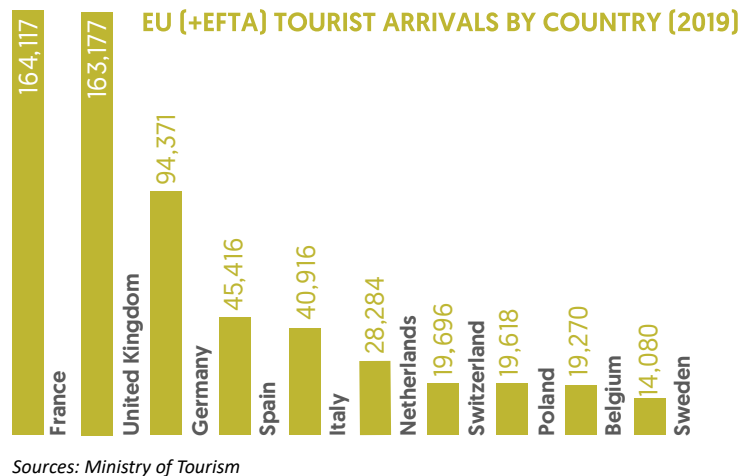
flights to regional hubs and initiatives to improve tourism promotion, visa processing and border crossings. The Royal Government is also exploring the possibility of boosting tourism cooperation with neighbouring countries via programs such as “Two Kingdoms, One Destination” with Thailand, and “Four Countries-One Destination” with Vietnam, Laos and Myanmar. Furthermore, the infrastructure on the Kingdom’s islands, coastline and mountain areas is improving quickly, with several major projects undertaken by international and Cambodian developers.

“Phnom Penh International Airport is the Kingdom’s busiest, receiving 6 million passengers in 2019”

According to the World Bank, more than 80% of foreign tourists are visiting Cambodia for the first time, while only 16.5% of them return, compared to more than 50% in Thailand.³⁴ The receipts per arrival to Cambodia is also lower than Thailand by half - at US\$720 - but higher than Vietnam, Brunei, Myanmar and Laos.³² The Royal Government

is relying more on ecotourism, capitalising on natural resources such as mountains, rivers, lakes, waterfalls, and rare animal species, such as the Mekong dolphin. Such diversification should help to address one of the major challenges for the development of tourism in Cambodia, which is extending the current average duration of stay of just 7 days.

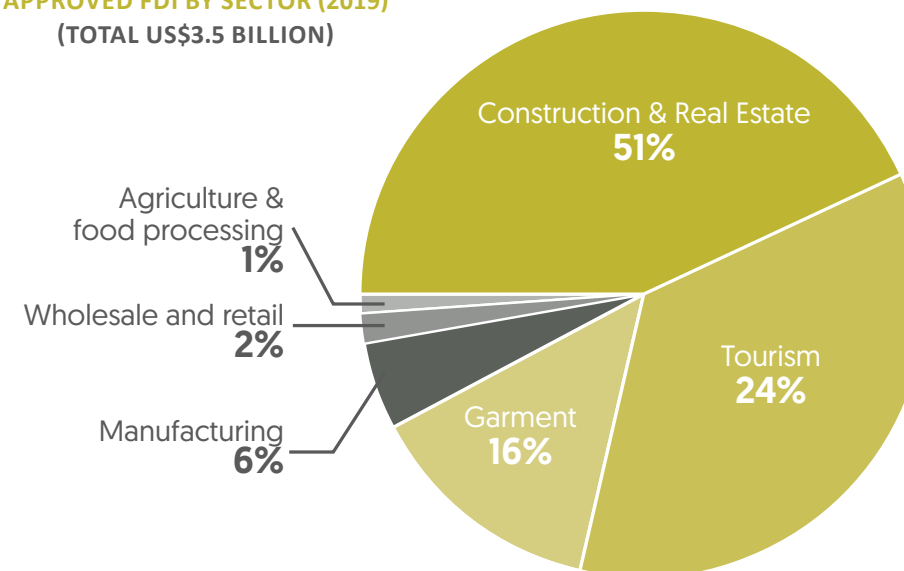
The government has rolled out a number of policies to strengthen the tourism sector. A National Ecotourism Policy was developed for 2019-2030, aiming to transform Cambodia into a quality ecotourism destination. Other efforts include the development of Siem Reap’s Tourism Development Master Plan 2020-2035, and the 2019 “Four-Strategy Plan” for tourism development, which encompasses elements such as diversifying tourist products, extending the stay of tourists, enhancing competitiveness, and improving connectivity between tourism hubs. In addition to tourist attraction development, the government also aims to improve the quality of human resources within the sector, through the Strategic Plan for Tourism Human Resources Development 2017-2025.



4. CONSTRUCTION AND REAL ESTATE

As anyone taking a walk around Phnom Penh or Sihanoukville will quickly notice, despite Covid-19, construction is still going strong. The last two decades of political stability and strong economic growth have provided the resources and demand for heavy investment in construction. The construction sector is a dynamic driver of Cambodia’s economic growth, which contributed one-third of GDP growth in 2019. The sector has experienced remarkable growth with US\$11.4 billion worth of construction permits granted in 2019, achieving an annual growth rate of 98%. Driven largely by foreign investment (51% of 2019 FDI was for construction), the construction industry not only provides jobs for labourers, but also creates demand for architectural and engineering services, with the industry estimated to provide employment for approximately 200,000 people.⁸

APPROVED FDI BY SECTOR (2019)
(TOTAL US\$3.5 BILLION)



Source: World Bank

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 is expected to spend approximately US\$400 million on the Games, including the construction of the new 55,000 seat Morodok Techo National Sports Complex in northern Phnom Penh. The facility is estimated to cost approximately US\$200 million when completed, with financing support of US\$160 million secured from China.

The private sector is also making substantial investments in construction in Cambodia. A significant number of residential and commercial development projects are underway, with local and foreign property developers from Korea, China, Japan, Singapore 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, allowing them to secure financing to purchase 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. For example, Knight Frank reported that the occupancy rate of serviced apartments in Phnom Penh was 73% in the second half of 2019, but this was before Covid-19. This still leaves 27% of apartments unoccupied, and new supply is increasing every quarter.

2019 was a bumper year for the construction sector, with a total of 4,888 new construction permits granted. There were almost 500 projects involving the development of a five-story (or higher) building, 50% of which were located in the coastal Preah Sihanouk province. Local tastes, as well as foreign investment, are driving the construction boom. There were 54 new gated community (Borey) projects approved in 2019 alone, valued at US\$1.6 billion.³⁵ These suburban communities have proven exceptionally popular for the expanding Cambodian middle class, looking for a quieter and safer life outside of the city centre.

We are also seeing the rapid development of commercial property: for instance, the emergence of large-scale shopping malls. The Japanese firm Aeon became the first company to open a high-end

“2019 was a bumper year for the construction sector, with a total of 4,888 new construction permits granted”

retail complex in Phnom Penh in 2014, followed by a larger second mall in 2018, and a third one

is planned to open in 2023. A dozen new malls have opened between 2018 and 2020, which will increase the total retail space available in the capital to around 400,000 square metres.³⁶ This growth has been spurred by the changing lifestyle and spending behaviour of Cambodia’s growing middle-class.

Covid-19 has caused disruption in the demand for construction material and weakened growth in the sector. A number of projects planned to launch in 2020 were postponed to 2021, and the number of new construction permits decreased by 70% in 2020, to just 248 projects (valued at US\$1.7 billion).³⁷ Despite the hit, at least on the ground it appears Cambodia’s construction boom still continues. A life in Phnom Penh is characterised by the sound of new construction projects, and an ever-changing skyline.



5. OTHER AREAS OF OPPORTUNITY

FOOD & BEVERAGE



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, Carl’s Jr., Starbucks, and Domino’s among them –are now present in Cambodia. It is also possible to sub-franchise or create joint ventures. Market surveys have found that branded F&B chains are far outperforming retail outlets in major shopping areas. According to the Cambodia Socio-Economic Survey 2017, food and non-alcoholic beverages represented the largest category of household expenditure at 43%, while the national consumer household expenditure is expected to almost double by 2030, presenting a significant opportunity for businesses. Several local F&B brands also remain popular, with a rising trend

toward environmentally-friendly products, sold in green and spacious venues that provide respite from the busy city life.

A notable addition to the Food & Beverage industry has been the emergence of online food delivery applications. Taking advantage of the rapid growth in internet usage, local start-ups (including Your Phnom Penh and Nham24) compete for market share with international players such as Foodpanda. The value of these digital vendors has become even more apparent during the pandemic. According to real estate advisory firm CBRE, many restaurants managed to remain open due to their online sales, whilst several fashion and cosmetic stores struggled. Indeed, post Covid-19, CBRE estimates that the recovery of F&B will be the fastest of all retail subsectors.³⁸

TOP EU FOOD PRODUCTS EXPORTS TO CAMBODIA 2015-2019 (IN MILLION EUROS)

Products	2015	2016	2017	2018	2019
Malt	20	20	26	28	29
Infant food and other cereals, flour, starch or milk preparations	14	18	18	12	23
Wine, vermouth, cider and vinegar	9	8	11	13	18
Food preparations, not specified	4	5	6	7	7
Other feed and feed ingredients	2	1	5	8	6
Gums, resins and plant extracts	2	1	2	3	4
Fresh milk and cream, buttermilk and yoghurt	2	2	3	3	3
Cheese	2	2	3	2	2
Waters and soft drinks	3	3	3	3	2
Spirits and liqueurs	2	3	3	3	2
Milk powders and whey	1	3	3	4	2
Pasta, pastry, biscuits and bread	0	1	1	1	1
Miscellaneous seeds and hop cones	1	1	1	1	1
Olive oil	0	1	1	1	1
Preparations of vegetables, fruit or nuts	0	0	1	1	1
Roasted coffee and tea	1	1	1	1	1
Chocolate, confectionery and ice cream	0	0	1	1	1

Source: European Commission

RENEWABLE ENERGY

Cambodia needs to develop its energy supply to meet growing demand, which is expected to be 3,256MW in 2030³⁹, whilst reducing its carbon footprint. As Cambodia's energy infrastructure is still developing, there are opportunities in renewable energy. The Royal Government has committed to reduce greenhouse gas emissions by 16% from the energy industry by 2030 and achieve a 7% reduction via promotion of renewable energy and energy efficiency initiatives.

In the coming years, renewable energy is expected to play an increasingly important role in enhancing Cambodia's capacity to meet its electricity needs, and providing power to remote areas of the country. To date, three solar farms are in operation with a total capacity of 150 MW.



The anticipated National Solar Park project aims to secure a further supply of 100 MW, of which 60 MW project is structured as a public-private partnership. Wind, solar and biomass also remain underexploited in Cambodia. In 2020, renewable energy including hydro power contributed towards 45% to the nation's total power supply.⁴⁰ Excluding hydropower, however, that figure drops to just 4%. Opportunities in this sector include the provision of equipment, quality control such as maintenance and repair, research, services as well as via targeted financing.



HEALTHCARE AND PHARMACEUTICALS

The Cambodian healthcare system is somewhat limited and there is a low level of confidence in the services provided by the public healthcare sector, with vast differences in health quality between urban and rural areas. The growing middle class is increasingly willing to pay privately for more reliable and sophisticated forms of medical care, creating a wealth of opportunities in this sector. According to the WHO, more than 70% of patients went first to private healthcare providers.⁴¹ Spotting these opportunities, the Thai-owned Royal Penh Hospital, as well the Sunrise Japan Hospital represent success cases of foreign investment in the healthcare 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. Cambodia imported €64 million (US\$71.6 million) of pharmaceuticals from the EU in 2019 – a 36% increase from 2018.⁴² Opportunities lie not only in importing pharmaceuticals, but also providing training and expertise in medical technology, laboratory technology and biomedical engineering. Other opportunities for investors include the supply of medical equipment and the provision of health insurance.

EDUCATION

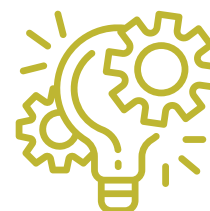
It is broadly acknowledged that Cambodia needs to address a skills gap if it is to continue on the path of economic development, and the private sector has a large role to play in this. The public education system is being subjected to an ambitious reform programme that sees education receiving the highest allocation in the national budget, with US\$801 million earmarked for 2019, following a sizeable 24% increase from the 2018 budget.



However, it will take time before public education can provide Cambodian students 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 improved traditional learning facilities, there is a real need for more vocational education providers, and enhanced uptake of education technology.

ICT AND NEW TECHNOLOGIES

Cambodia's internet connectivity levels increase every year, now reaching 9.7 million subscribers. A rapid surge of mobile users, a drive towards Industry 4.0, and emerging opportunities to be found within e-commerce are thought to be driving this trend. The government has committed to improve investment and growth in ICT. A new E-Commerce Law



was promulgated in late 2019, aiming to regulate electronic businesses and promote growth, and government initiatives such as the Cambodia ICT Awards further incentivise innovation. Much of Cambodian existing e-commerce remains limited to small-scale entrepreneurs, though larger platforms are beginning to emerge. Digital payment transactions have seen a significant rise with a number of local and international providers entering the market, and cashless payments are expected to boom in coming years.

MINERAL AND OIL RESOURCES

While Cambodia's mineral resources remain largely unexplored, several important deposits have been discovered, including bauxite, copper, zinc, gold, iron ore, nickel, granite, gemstones and tungsten. In 2016, following the adoption of a new legal framework, the first commercial mining licence was issued for gold to a foreign company, which is expected to begin refining gold during 2021. According to the Ministry of Mines and Energy, there are 38 mining exploration licences and 17 mining licenses in Cambodia, from which the government collected more than US\$20 million in non-tax revenue in 2019.



Similarly, in 2017, the Royal Government and Singapore-based oil firm KrisEnergy signed an agreement to share the proceeds of oil extraction in the Apsara oilfield. The company successfully extracted the first drop of crude oil in December 2020, a key milestone in Cambodia's journey to become an oil producer. However, as the development of Cambodia's first refinery is still yet to be completed, any oil extracted will be exported for processing. There are opportunities in this sector as Cambodia has a total of 6 offshore oil blocks and 19 onshore oil blocks.



4

INFRASTRUCTURE

Cambodia is investing heavily in physical infrastructure to enable future economic growth. From 1993 to mid-2020, the government disbursed 65% of the total borrowing from donors, of which 86% (US\$7.3 billion) was allocated to infrastructure development.⁴³ Benefitting from its strategic geographical location, Cambodia has land routes to Thailand, Laos and Vietnam, access to the sea via Sihanoukville, as well as expanding flight connections to major cities within ASEAN and East Asia. Improvements to infrastructure over the coming years will have a huge positive impact on growth, not only increasing tourist numbers and facilitating the import of construction and manufacturing materials, but also making Cambodian exports more competitive through reduced 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 to locate your business within the Kingdom.

4. INFRASTRUCTURE

ROAD

Although Cambodia's road network was severely damaged during the past civil conflict, the Royal Government has prioritised improvements to the Kingdom's road network over the past few years with the assistance of international donors (such as Japan, China, Korea and the Asian Development Bank) as well as partners from the private sector. According to the Asian Development Bank, Cambodia's roads collectively total 61,534 km, including 8,500 km of paved national roads connecting major cities, and 2,200 km of paved rural roads.⁴⁰ However, at approximately 20%, Cambodia has the second-lowest percentage of paved roads in ASEAN. Large investments are now needed to improve road quality and maintenance, with more than half of the roads classified as "poor" or "bad" quality by the Ministry of Public Works and Transport.

A number of major road construction and rehabilitation projects are currently underway, including:

- Cambodia's first expressway will be built between Phnom Penh and Sihanoukville, the Kingdom's busiest thoroughfare, with funding and construction support from China. The 190 km four-lane expressway has an estimated budget of US\$1.6 billion and will be constructed on a build-operate-transfer model, where ownership would eventually pass back to Cambodia.
- Construction of Phnom Penh's third ring road began in January 2019, with the US\$273 million, 53 km road project jointly financed by China and the Royal Government to link National Roads No. 4 and 1. It is expected to open by 2021.

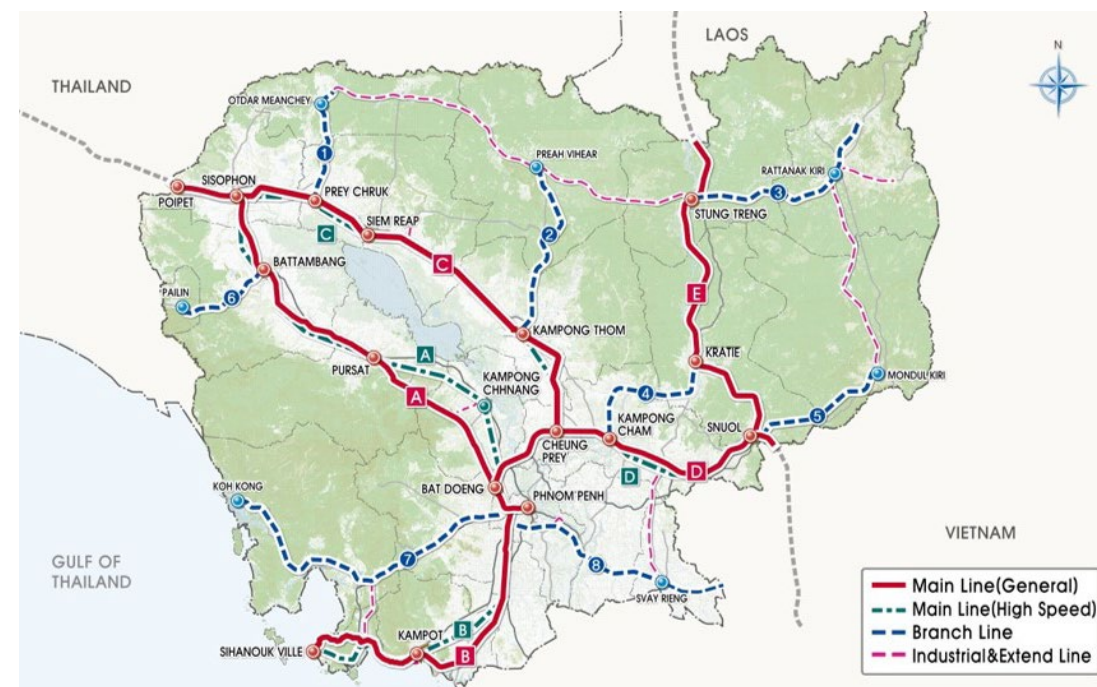
- A US\$60 million project will rehabilitate approximately 360 km of rural roads in five provinces (Kampong Cham, Kratie, Prey Veng, Svay Rieng, and Tboung Khmum). Paving these roads will provide the provinces with a more disaster- and climate-resilient rural transport network.
- The extension and expansion into 4 lanes of National Road No. 5 is currently underway. This will link Phnom Penh to Banteay Meanchey Province - connecting it with Thailand - and will form part of the larger ASEAN-wide infrastructure project, the ASEAN Highway linking Cambodia, Thailand and Myanmar with China.

RAIL

Cambodia currently has two railway lines – a 264 km "Southern Line" between Phnom Penh and Sihanoukville, and a "Northern Line" covering the 386 km from Phnom Penh to Poipet, at the border with Thailand. After a long time of minimal use and deterioration, realising the economic potential offered by a functioning railway system, the Government of Cambodia with support from the ADB, Australian Government, OFID (OPEC Fund for International Development) and Malaysian Government, have developed a comprehensive railway rehabilitation programme in recent years.

Rehabilitation works were completed in 2016 to re-establish passenger and freight services for the Southern Line, while works to the Northern Line were completed in August 2018. Cambodia and Thailand signed an agreement on joint operations of a train service to link the two countries in April 2019, which will reconnect the two countries via rail after 45 years. Thai services to the border commenced in July 2019, however, Cambodian services on the Northern Line are not

RAILWAY MASTER PLAN



Source: Ministry of Public Works and Transport

yet operational. Furthermore, a 1.6 km rail link between Phnom Penh International Airport and the city's existing rail line was launched in April 2018, which can carry up to 150 passengers between the airport and city in 20-25 minutes. Rail services are currently operated by Royal Railways, part of the Royal Group, under a 30-year concession. However, the Royal Government has signalled that it wishes to find a new partner to improve the efficiency of services.

More in the long term, the government has produced a comprehensive railway development scheme, with technical assistance from the Korean International Cooperation Agency (KOICA). The master plan proposed the development of main lines, branch lines, high-speed lines, industrial railways, and access railways. The plan includes establishing a railway station at Tonlebet, Kampong Cham province (where road

and waterway transport networks coincide), lines to multiple ports, 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 need to be viewed with a healthy dose of scepticism, given the delays encountered on existing railway projects.

SEA

Much of the development plans for roads and railways are oriented towards enhancing access to the port city of Sihanoukville, which has Cambodia's only functional deep seawater port, able to accommodate up to 50,000 DWT container ships. Sihanoukville Autonomous Port plays a vital role in facilitating Cambodian exports and importing raw

4. INFRASTRUCTURE

textiles and construction materials. The 13-metre-deep port provides Cambodia with access to international shipping routes and handles about 70% of the country's total cargo traffic, with the number of containers handled growing by 18% to 640,000 TEUs (20-Foot Equivalent Units) in 2019.

A three-phase expansion project is underway to expand the port's capacity and reduce its reliance on international ports. It is expected to increase cargo volume to 1,150,000 TEUs per year by 2024. The first phase was completed in June 2018, with the opening of a new 330 m long multi-purpose terminal. The project is being supported by the Royal Government and official development assistance loans from Japan, which has granted Cambodia US\$380 million in concessional loans from 1999-2019 for the development of the port. Cambodia also has small seaports in the southern part of the country.

INLAND WATERWAYS

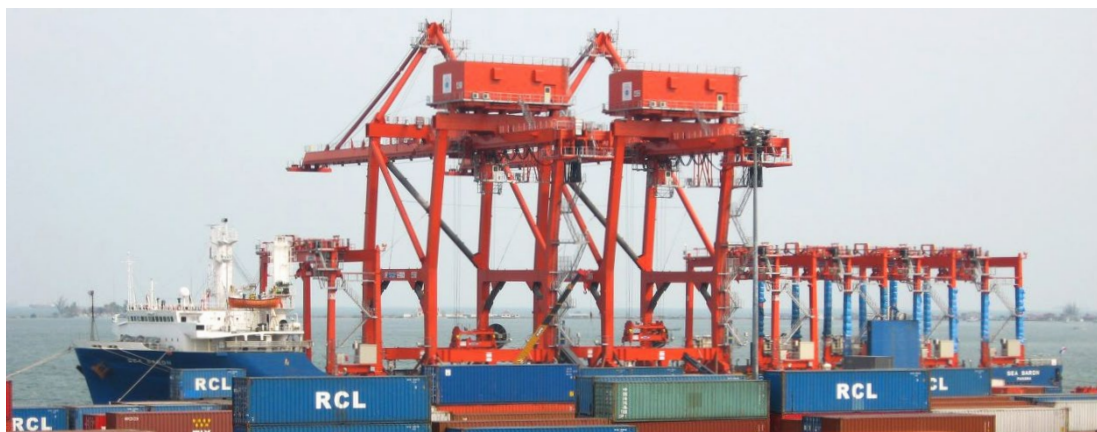
Phnom Penh Autonomous Port (PPAP) serves as Cambodia's second container hub and the main inland port. Vessels from the South China Sea can reach Phnom Penh via southern Vietnam through branches of the Mekong Delta. The port is more limited than the deep-

PWT= Deadweight Tonnes

water port in 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.

Container traffic through the PPAP has increased steadily to 275,000 TEUs in 2019 – at an average annual rate of around 14% for the past 5 years. Similar to Sihanoukville Autonomous Port, a three-phase expansion project is currently being implemented to boost the capacity of the Kingdom's inland waterways, which is expected to be completed by 2023. The first stage, completed in 2016 expanded the terminal's container capacity to 150,000 TEUs. The second phase, launched in 2018, increased capacity to 300,000 TEUs, and the third phase has a capacity target of 500,000 TEUs.

Export-oriented manufacturers around Phnom Penh, particularly in the garment sector, rely on the PPAP to export their products to international markets. Goods from the PPAP are shipped to the Vietnamese deep-water port of Cai Mep before being transported onto a larger vessel for its onward journey. Additionally, the PPAP serves as the hub for in-country water transport via the Mekong and Tonle Sap rivers.



Source: Sihanoukville Autonomous Port

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.

AVIATION

Cambodia has three major airports, all of which offer international flights: Phnom Penh International Airport, Siem Reap International Airport, and Sihanoukville International Airport. All three airports are managed and operated by Cambodia Airports, a joint venture between France's Vinci Airports and Muhibbah Masteron Cambodia (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 has helped double passenger traffic over the last 5 years, reaching a record-high of 11.6 million passengers in 2019. Although freight traffic does not represent a significant proportion of goods moved, it was recorded at 78,949 tonnes in 2019 a slight increase compared to 2018, according to the State Secretariat of Civil Aviation. The 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, Kuala Lumpur or Singapore. Other direct destinations include Seoul, Doha and Dubai.

The Royal Government approved plans in December 2017 to construct a US\$1.5 billion, 2,600-hectare airport in Kandal province's Kandal Steung district, approximately 30 kilometres south of Phnom Penh. Construction began in September 2019 by the project owner, Cambodia Airport Investment, a joint venture between Overseas Cambodia Investment Corporation (OCIC) and the Royal Government's State Secretariat of Civil Aviation, with funding from

OCIC, the China Development Bank and the Royal Government.

There are similar plans to build a new international airport in Siem Reap. The existing facility has only one runway and there are concerns that take-offs and landings may damage the foundations of the Angkor World Heritage Site, which is only 5 km away. The new Siem Reap Angkor International Airport will be located 51 km from Siem Reap, covering an area of around 700 hectares and servicing 7 million passengers. It will be constructed on a build-operate-transfer scheme with the Chinese-state-run firm, Yunnan Investment Holdings at a cost of US\$880 million. The project aims to be completed by 2023. The southwestern province of Koh Kong will also soon have two new airports. Dara Sakor International airport is a project of the Chinese-owned Union Development Group (UDG). The first phase of the project is to be completed in 2021 with a 3.2 km long and 60m wide runway. The airport will primarily service the multi-billion-dollar Dara Sakor Tourism Resort project, which is also owned by the Chinese-owned Union City Development Group (UDG). The government agreed on the investment of another new airport in Mondul Seima District of Koh Kong province. This airport is in its initial planning stage and is a joint venture between Cambodia-based LYP group and Bangkok Airways.



4. INFRASTRUCTURE

ENERGY

The Royal Government of Cambodia has made remarkable progress in providing nation-wide electrification. 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. This is one of the most significant obstacles to doing business in the Kingdom. Despite the government's effort to bring down the cost down, energy prices in Cambodia are among the highest in the region. Companies operating within SEZs generally benefit from cheaper electricity rates (as SEZs have their own power generation infrastructure or, for those near national borders, import cheaply from abroad), but nonetheless suffer from power failures that impact their operations.

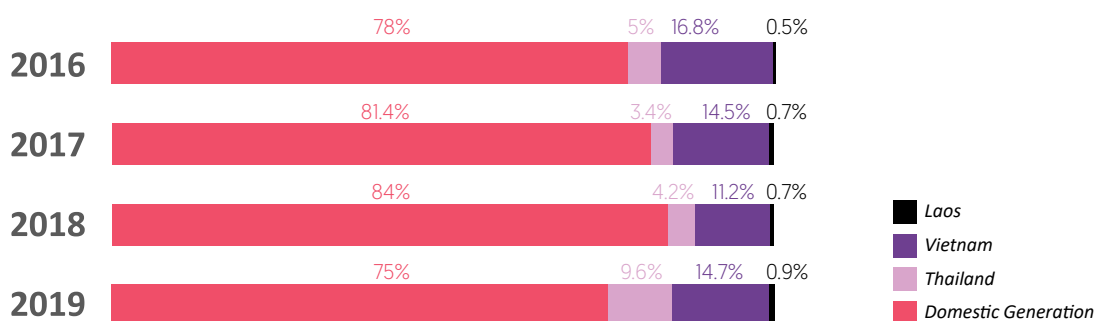
The Ministry of Mines and Energy is responsible for overseeing the Cambodian energy sector, while the Electricity Authority of Cambodia serves as an autonomous government agency and independent regulator. State-owned enterprise Electricité du Cambodge (EDC) procures electricity from a number of independent 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. Cambodia's

electricity supply network in rural areas remains fragmented and reliant upon privately-run rural electricity enterprises that provide diesel-generated electricity, as the national grid currently reaches only 75% of households.⁴⁴

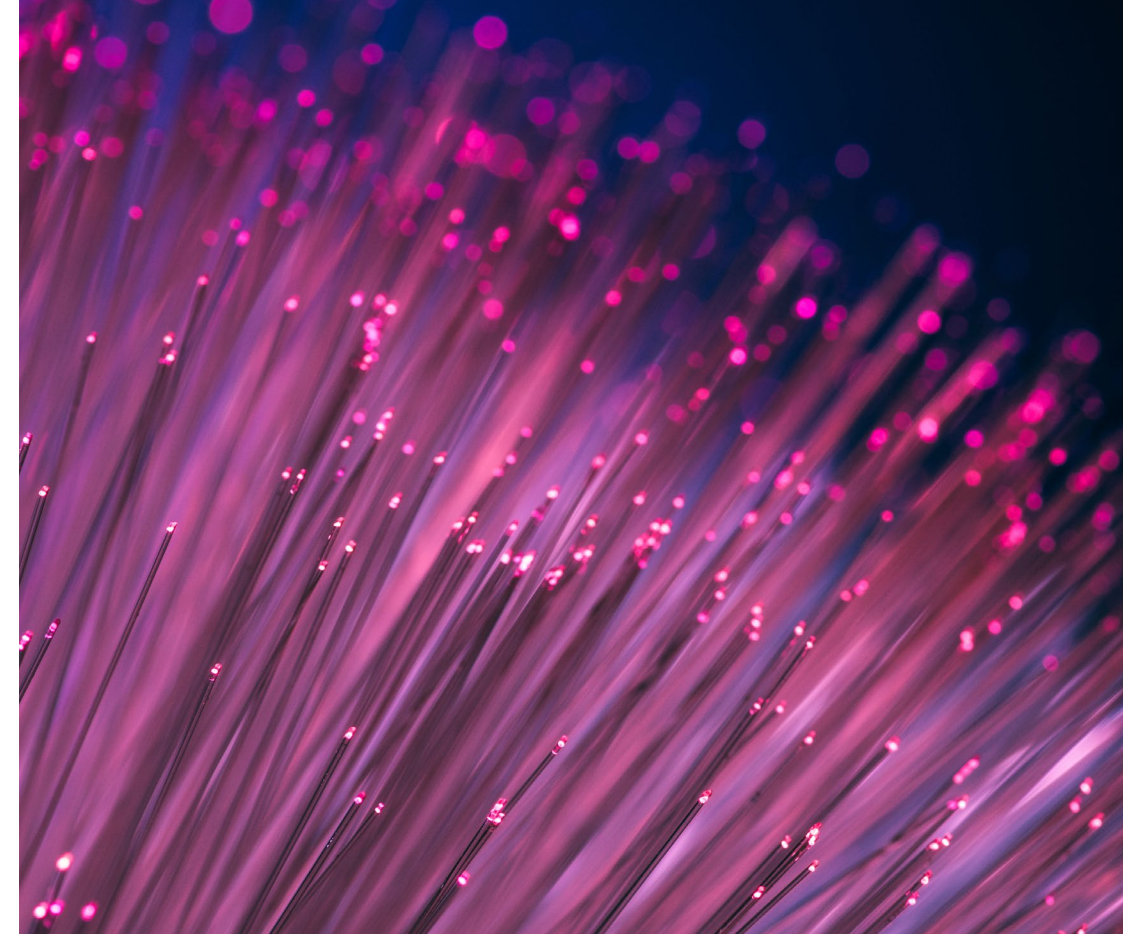
The Royal Government identifies energy self-sufficiency as a key priority, and over the last 10 years, energy-generating capacity has increased by 600%.⁴⁵ With assistance from international partners, the country has invested heavily in energy generation to become more self-reliant. The recent development of large Chinese-funded hydropower dams and a coal power plant have contributed to a decline in energy imports, such that Cambodia now meets around 75% of its own energy needs.

Similarly, interest in solar energy has grown considerably, particularly in utility-scale solar projects, following the successful launch of Cambodia's first large-scale solar farm in Bavet City in 2017. To date, three solar farms are in operation, with a total capacity of 150 MW connected to the national grid. There is now a robust pipeline of utility solar projects in various stages of planning and development across Kandal, Kampong Speu, Kampong Chhang and Phnom Penh.

PROPORTION OF DOMESTICALLY GENERATED AND IMPORTED ELECTRICITY IN TOTAL SUPPLY 2016-2019



Source: Electricity Authority of Cambodia



TELECOMMUNICATIONS

Cambodia's telecommunications infrastructure has been developing rapidly in recent years. While landline phones are readily available, Cambodia's rebuilding of infrastructure from the Khmer Rouge period mean 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. Some operators have begun trialling next-generation 5G infrastructure and could start rolling out the new network in urban areas in the near future. There are 6 mobile operators: Cellcard, Metfone, Smart, CootTel, QB and Seatel. Obtaining a local SIM card is recommended, as international roaming services can be expensive in Cambodia.

Internet usage is expanding rapidly. The aforementioned lack of fixed-line infrastructure

initially stunted the growth 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. There are now 12 internet providing companies, including the mobile service operators. In 2020, Cambodia recorded 9.7 million internet users, compared to 7.1 million in 2017, largely thanks to the expansion of mobile internet services to the Kingdom's rural provinces. The number of mobile phone connections is now equivalent to 128% of the population. Social media have been a major driver of this growth, with the number of social media users increasing substantially each year. Facebook now has 9.2 million registered users in Cambodia, up from 4.9 million in 2017, meaning over 50% of population now uses the platform.⁴⁶

5

PRACTICAL INFORMATION

1. GETTING THE RIGHT VISA

THE RIGHT VISA

- **E-CLASS VISA (ORDINARY VISA)**

Sometimes referred to as a business visa, an E-class visa can be obtained prior to arrival from a Cambodian embassy or upon arrival at international check points. Initially, the E-class visa is only valid for 30 days, however it can be extended multiple times for periods of one, three, six or twelve months. An E-class visa is the most common type of visa used by foreign investors to register a business. Other visas for businesspeople who intend to stay in Cambodia for the long term in accordance with the government's policy are E1, E2, E3 visas.

CAUTION: ELECTRONIC VISA

Cambodia also has an online application system for electronic visas or e-visas. Make sure that you avoid being confused by the name of this electronic system: the e-visa system is applicable to T-class tourist visas and E-class visas. Those entering the Kingdom on a T-class visa cannot apply for an E-class visa within the country—in such cases they must physically leave the country and can then apply for an E-class visa upon re-entry.

www.evisa.gov.kh/

OTHER VISA TYPES

- **T-CLASS VISA (TOURIST VISA)**

Tourist visas are obtained upon arrival at Cambodia's borders and airports and are intended for international visitors who will be staying for 30 days or less. Once in the Kingdom, a tourist visa can be renewed one time only for an additional 30 days. Holders of T-class visas are not eligible to register businesses in Cambodia.

- **K-CLASS VISA**

K-class visas are free visas intended for individuals who were born in Cambodia or can provide documentary evidence demonstrating Cambodian heritage while entering the country on a foreign passport. These visas will be of interest to foreigners with Cambodian family connections.

- **A,B,C AND D-CLASS VISAS**

A,B, and C-class visas are issued to foreign diplomats and officials. D-class visas are granted for a transit passenger, driver, staff, employee and worker on a vehicle, train, ship, or airplane. A D-class visa is valid for 5 days and cannot be extended except for special cases.

FOREIGNERS PRESENT IN CAMBODIA SYSTEM

According to announcement 0183 dated 27 April 2020, the General Department of Immigration (GDI) will not renew visas for foreigners who are not listed on the Foreigners Present in Cambodia System (FPCS). FPCS is the government online application with the main purpose of managing foreigners' information. Landlords should report the presence of foreigners staying on their property via the FPCS accordingly. FPCS is available on smartphone applications and the video guide can be found on the YouTube channel of GDI:

www.youtube.com/watch?v=rV1Mh9j9Rss&feature=youtu.be

GOVERNMENT MEASURES DURING COVID-19

The latest notice on travel conditions during Covid-19 was issued by the Ministry of Health in November 2020. T-Visas, visa exemptions and visas on arrival have been temporarily suspended. Further, foreign travellers arriving in Cambodia must comply with the following requirements:

- Travellers must provide a medical certificate indicating they are Covid-19 negative, with the certificate being delivered no more than 72 hours prior to their departure;
- Regardless of whether an arrival tests positive or negative for Covid-19, a full quarantine procedure is required at a location designated by the government for 14 days;
- A deposit of US\$2,000 is required upon arrival, which will be used to cover accommodation during quarantine, testing fees, and transportation fees from the airport to the designated quarantine location. Any remaining budget will be returned to the visitor after the completion of quarantine procedures;
- Health insurance is required for new arrivals. The notice mentions that insurance must be purchased from Forte Insurance at www.forteinsurance.com/covid-19-insurance/. The Forte insurance package is US\$90, covers a 20-day warranty period, and provides coverage worth up to US\$50,000.

These procedures and requirements may change from time to time, so make sure to obtain the latest information through your embassy or the Cambodian authorities before travelling.

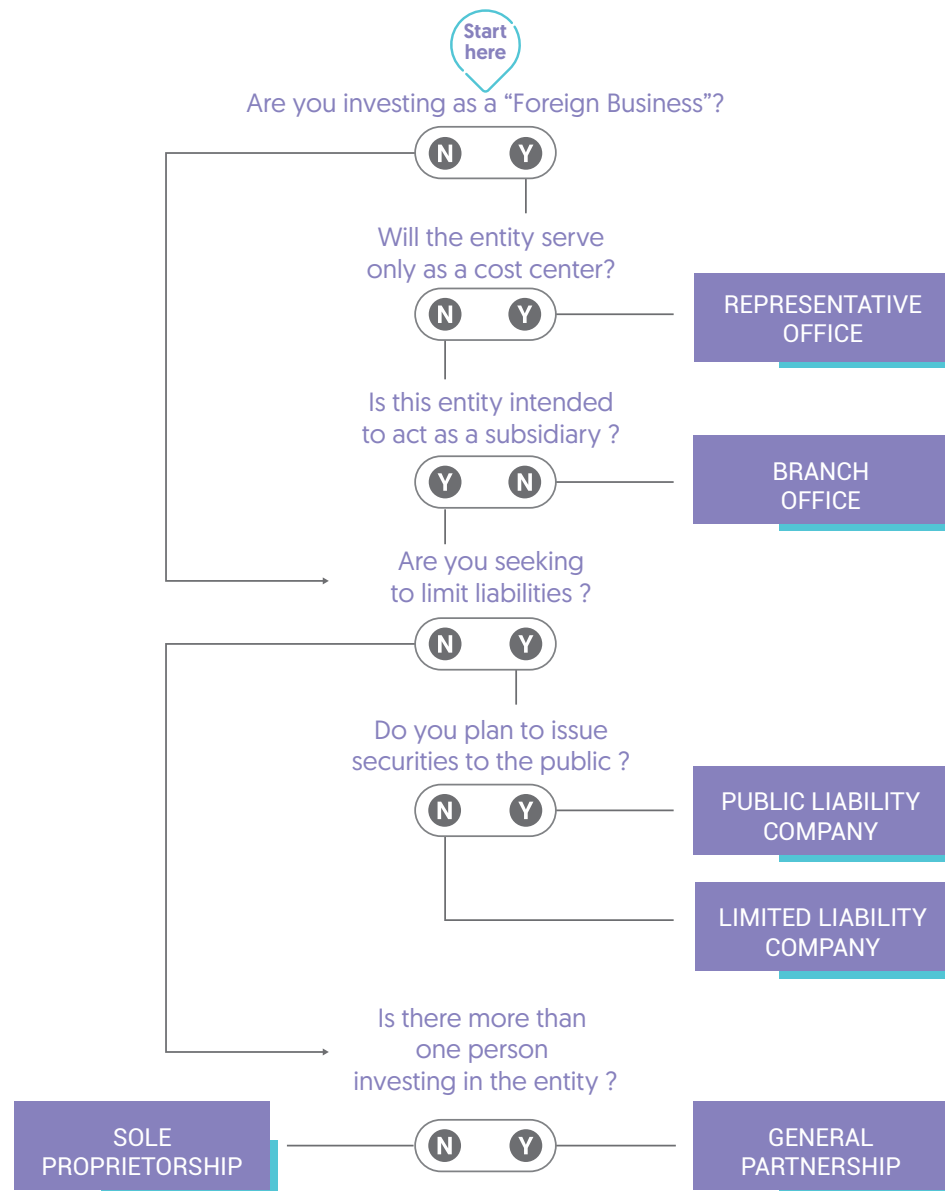


2. BUSINESS STRUCTURES

Business registration requirements in Cambodia will be different depending on the type of company you are seeking to establish. Most foreign entrepreneurs creating a company in the Kingdom will do so under a “Limited Liability Company” structure, which in principle limits the liabilities of shareholders to the capital invested in the company. Other business structures are available as well, including those applying exclusively to companies owned by a foreign parent company.

What type of company structure is right for you?

Use this chart to determine what could be the most appropriate business entity



MOST COMMON BUSINESS STRUCTURES

SOLE PROPRIETORSHIP

A sole proprietorship is a business entity owned wholly by a single natural person, who takes exclusive personal responsibility for the full obligations and liabilities of the business.

PARTNERSHIP

A general partnership involves two or more natural persons merging their expertise and property to achieve a common view to profit and who collectively share full responsibility for the obligations and liabilities of the business. This business type may be best suited to professionals such as doctors, lawyers, accountants etc.

The law on Commercial Enterprises also allows for a “limited partnership” in which there are two or more general partners as above in addition to one or more limited partners who contribute capital. Limited partners are entitled to a share of profits but who are only liable to the extent of the sum of money or value of the property that they have agreed to contribute.

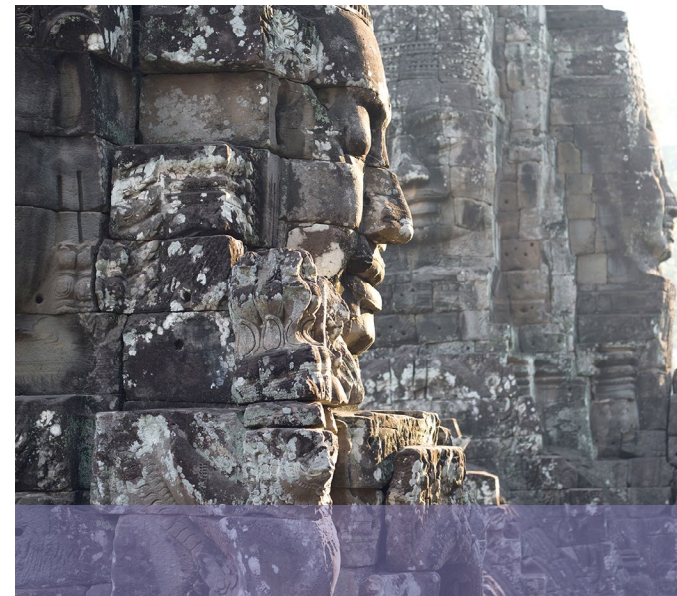
LIMITED LIABILITY COMPANY

Creating an LLC is the most common option for entrepreneurs starting a business in Cambodia because it limits the potential liabilities of shareholders to their investment in shares. An LLC can have between 1 and 30 shareholders and the minimum capital is only KHR4 million (US\$1,000). The LLC may register one or more directors, who in turn appoint officers to manage the company.

A parent company from overseas can create an LLC in Cambodia either as a wholly owned “subsidiary” or under shared ownership. Under this corporate structure, the parent company generally is only potentially liable for the subsidiary’s debts and liabilities up to the point of its subscribed capital in the subsidiary. Subsidiaries are free to engage in any business activities that are open to local companies but, as foreign-owned businesses, they are not permitted to own land.

The company shall issue a minimum of 1,000 shares with a par value of not less than KHR4,000 per share with only one class of share.

Compared to a sole proprietorship or general partnership, registering an LLC requires a few additional documents. A Company Memorandum and Articles of Association will be required when registering at the Ministry of Commerce.



5. PRACTICAL INFORMATION

PUBLIC LIMITED COMPANY

A Public Limited Company (PLC) is a form of limited company authorised by the law to issue securities to the public. Unlike private limited companies, it may have more than 30 shareholders. A Public Limited Company must have at least three directors who are elected by the shareholders for periods of two years.

Cambodia has a fledgling securities exchange, the Cambodia Securities Exchange (CSX). As of 2020, the CSX had 12 listed companies, 7 stock-listed

and 6 corporate bond-listed. So far, the companies interested in listing have been state-owned, privately-held companies. The CSX hopes to attract SMEs in the future and has introduced a “Growth Board” with significantly lower minimum equity requirements. A business is considered to have “Cambodian nationality” if it has a registered office in Cambodia and 51% of shares are owned by Cambodian legal persons.

OTHER BUSINESS STRUCTURES

Overseas companies wishing to register a business in Cambodia can opt for any structure listed previously, which would constitute a “subsidiary” of the overseas company. However, foreign companies also have two additional options.

REPRESENTATIVE OFFICE

A representative office (RO) is an option available to a foreign parent company that wishes to engage in sales liaison and market research activities in Cambodia. The RO is not legally separate from its parent company and is strictly limited in its business activities. It is intended only as a cost center and should not derive any income from its operations.

The activities that an RO may engage in are detailed in Article 274 of the Law on Commercial Enterprise:

1. Contact customers for the purpose of introducing customers to its principal;
2. Research commercial information and provide the information to its principal;
3. Conduct market research;
4. Market goods at trade fairs, and exhibit samples and goods in its office or at trade fairs;
5. Purchase and keep a quantity of goods for the purpose of trade fairs;
6. Rent an office and employ local staff;
7. Enter into contracts with local customers on behalf of its principal.

BRANCH OFFICE

A branch office is a less restricted option for foreign parent companies – it can in practice engage in the same business activities as an LLC incorporated in Cambodia.

However, the branch office does not benefit from the limited liabilities afforded to an LLC or subsidiary. Responsibility for the debts and liabilities of the branch office are jointly held between the branch itself and the parent company, which makes it a riskier form of entity.

Branch offices that wish to engage in investment projects are advised to timely seek guidance from the Development Council.

3. BUSINESS REGISTRATION PROCESS

REGISTRATION PROCESS

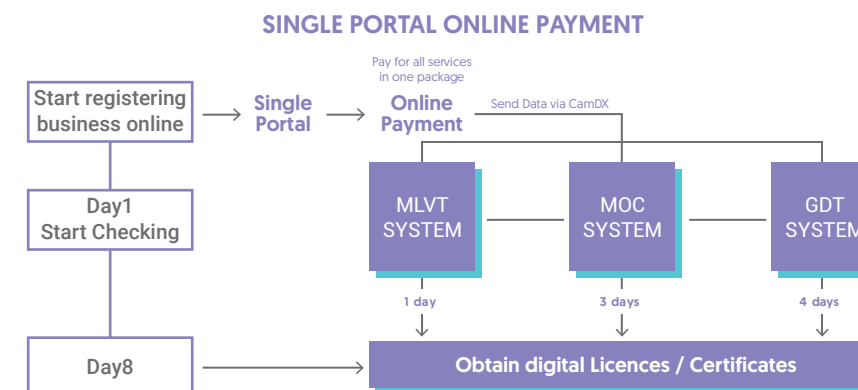
In our experience, it is becoming easier to register a business in Cambodia. The previous system required prospective business representatives to physically visit various ministries to complete the registration procedure. As of 2020, if the business requires registration at the Ministry of Commerce, the General Department of Taxation and/or the Ministry of Labour and Vocational Training (as most businesses do), the owner can do it online. According to sub-decree 84 on the new online business registration procedure dated

10 June 2020, the businesses can register online via www.registrationservices.gov.kh. This new website acts as a single window portal, intending to streamline the registration procedure. If the business requires licences from other ministries - for instance, the Ministry of Tourism or the Ministry of Health - users have to go through other methods.

The online registration procedures are as follows :

1. Create an account on CamDigiKey, which is the government’s online application that connects users to digital government services. The process also requires the user to upload a photo from a national identification card or passport;
2. Log in into user account in order to start the business registration process;
3. Register business information by filling out information and upload required documents for both business registration and tax registration. The user also needs to fill in information and required documents in the “notice of enterprise opening” section;
4. Pay all the services using ABA Pay or Credit/Debit Card payment;
5. Check the status of registration;
6. Obtain digital licences/ certificates from the ministries the user has requested.

Once the approval is granted from the three ministries, the business owner must bring two copies of the company’s Articles of Association to be stamped and deposited at the Ministry of Commerce. A summary of the process can be found in the figure below.



Source: registrationservices.gov.kh

5. PRACTICAL INFORMATION

The documentation and eligibility requirements differ for each form of business entity. As private limited liability companies (LLCs) are the most common company structure used by foreign investors in Cambodia, we list the documentary requirements for this type of company below.

A. BUSINESS REGISTRATION REQUIRES THE FOLLOWING DOCUMENTS:

- Land title or lease agreement of the enterprise's location;
- Current photo of no longer than 3 months of director, shareholder (if shareholder is a physical person) and/or representative (if shareholder is a legal entity) with white background;
- National identification card of director, shareholder (if shareholder is a physical person) and/or representative (if shareholder is a legal entity);
- Articles of association;
- Reference document (can be a letter specifying an already-existing company's permission to use a similar company name, special licenses, and related documents);
- If the shareholder is a legal person:
 - » Parent company's authorisation letter
 - » Parent company's certificate
 - » Parent company's articles of association
- Authorisation letter if the one who fills out the application is the representative of the company.

B. TAX REGISTRATION REQUIRES THE FOLLOWING DOCUMENTS:

- Proof of paid property tax or property information of the enterprise;
- QIP document (if applicable);
- Bank account information (must be provided in digital form within 15 working days after tax registration. Failure to do so may result in the revoking of the given certificates from GDT).



More complex business procedures, such as preparing a Memorandum of Association, may require specialised legal advice. Those unfamiliar with the system may encounter unexpected costs and delays without using outside assistance. We recommend hiring a qualified local representative to ensure the registration process proceeds smoothly. Our online directory contains a number of reliable legal service providers.



If leasing a commercial property, be sure to obtain evidence of immovable property tax payment by the lessor as this may be required when registering with the General Department of Taxation.

Businesses who do not require physical office space as part of their day-to-day operations, or who are not ready to sign a lease agreement, nonetheless need to provide a valid company address to complete the business registration process. "Virtual offices" are common in some countries but typically not accepted in Cambodia; alternatively, consider sub-leasing a small area within an office as an inexpensive solution. EuroCham offers this rental space directly; alternatively, we are happy to refer investors to providers of such services.

REFORMS

Although there were previously online and semi-online methods to register businesses, the system required following the procedures of each ministry. There was no single portal to streamline all processes.

According to the World Bank's Doing Business report, the ease of registering a business in Cambodia did not show an improvement over the last three years. Indeed, Cambodia even dropped 7 places from 180 in 2016 to 187 in 2020. The 2020 edition of the report estimated that the entire process for creating a business in Cambodia (including registration with tax and labour authorities) typically takes around 99 days, and costs approximately US\$740. In 2016, by comparison, it took only 87 days and cost around US\$795.

With the new single portal system, the government claims that the registration process takes up to 8 working days, and at a lower cost of around US\$540 (the rate is for a medium tax payer limited liability company). With this system now in place, and with plans to incorporate more ministries in the future, hopefully it will be easier to register a business.



4. TAXATION

Taxpayers in Cambodia are classified into three categories:



SMALL TAXPAYERS ARE SOLE PROPRIETORSHIPS OR PARTNERSHIPS THAT

- › Have an annual taxable turnover from Khmer Riel (“KHR”) 250 million (US\$62,500) to KHR700 million (US\$175,000);
- › Have a taxable turnover, in any period of three consecutive calendar months (within this tax year), exceeding KHR60 million (US\$15,000);
- › Have an expected taxable turnover of KHR60 million (US\$15,000) or more in the next three consecutive months;
- › Participate in any bidding, quotation or survey for the supply of goods and services including duties.



MEDIUM TAXPAYERS INCLUDE

- › Enterprises that have annual turnover from KHR700 million (US\$175,000) to KHR4,000 million (US\$1 million);
- › Enterprises that have been incorporated as legal entities;
- › Representative offices;
- › Government and sub-national government institutions, associations, and non-government organisations;
- › Foreign diplomatic and consular missions, international organisations and agencies.



LARGE TAXPAYERS INCLUDE

- › Enterprises that have an annual turnover over KHR4,000 million (US\$1 million);
- › Branches of a foreign company or subsidiaries of a multinational company;
- › Enterprises registered as a Qualified Investment Project (“QIP”) as approved by the Council for the Development of Cambodia.



PATENT TAX

When registering as a new taxpayer, the company must pay that year's patent tax in full if registering within the first half of the year. If registering in the second half of the year, half the normal fee is due. This is collected at the same time as Registration Tax.

For subsequent years, annual patent tax is collected between January and March and the amount due is based on total annual turnover as shown in the table below.

Tax payer	Patent tax rate (KHR)	Patent tax rate (US\$)
Small taxpayer	KHR400,000	US\$100
Medium taxpayer	KHR1.2 million	US\$300
Large Taxpayer (annual turnover is less than KHR10 billion or US\$2.5 million)	KHR3 million	US\$750
Large Taxpayer (annual turnover exceeds KHR10 billion or US\$2.5 million)	KHR5 million	US\$1,250

GOVERNMENT TAX MEASURES DURING COVID-19

The Royal Government Instruction on “Guidance on additional measures to further manage the impacts on key economic sectors in the calamity context and restore and promote Cambodia's economy following the COVID-19 Pandemic round 6”, dated 30 September 2020, introduced several forms of tax-support for companies affected by the pandemic. These temporary measures have been extended in December 2020 until 31 March 2021 and may be further extended or revised in the future.

5. PRACTICAL INFORMATION

TAX ON INCOME

Annual income tax is payable through Tax on Income (TOI). For most companies, TOI is calculated at a standard rate of 20%.

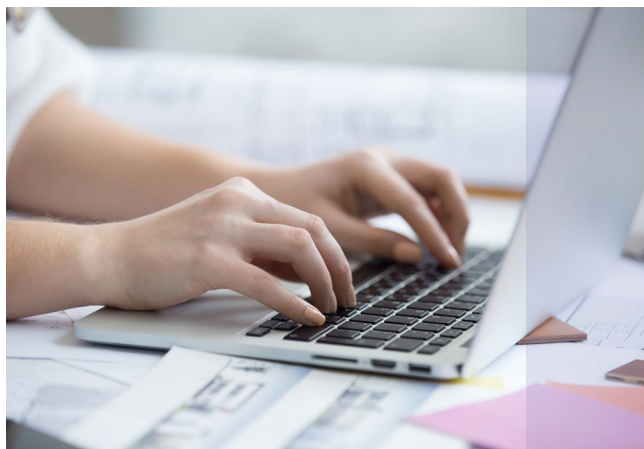
Business type	Tax rate
Legal Entities	20%
Small Taxpayers	Progressive rates
Oil or natural gas or the exploitation of natural resources	30%
Insurance activities relating to property or risk in Cambodia	5% on gross premiums
QIP during tax holiday	0%

GOVERNMENT MEASURE DURING COVID-19

Prakas 319, issued by the Ministry of Economy and Finance on 24 March 2020, on “Measures to Mitigate the Effects of Challenges on Textile and Garment Enterprises” allows temporary tax on income reductions of between 50% and 100% depending on how severely the enterprise was impacted. The exemption was only applied to enterprises producing textiles, garments, footwear, bags, handbags and hats. The formula for calculating the impact of the pandemic was stated in the Prakas, and primarily focused on export volume.

MINIMUM TAX

Minimum Tax is an annual tax at the rate of 1% of annual turnover, inclusive of all taxes except for VAT. Companies can obtain exemption from this tax provided they maintain proper accounting records and subject themselves to external auditing. Minimum Tax is not applicable when Tax on Income payable exceeds the Minimum Tax calculation.



TAX ON SALARY

Employers are subjected to a monthly deduction of tax from salaries and other benefits paid to employees. 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 as per table below. For a non-resident, the tax on salary is at a flat rate of 20%.

Monthly Salary in KHR	Monthly Salary in US\$	Rate
Below 1,300,000	0 to 325	0%
1,300,001 to 2,000,000	326 to 500	5%
2,000,001 to 8,500,000	501 to 2,125	10%
8,500,001 to 12,500,000	2,126 to 3,125	15%
More than 12,500,000	Over 3,125	20%

VALUE-ADDED TAX (VAT)

VAT is applicable to the supply of goods and services used for production, trading and consumption in Cambodia (including goods imported into Cambodia).

The standard rate for activities not specifically detailed as VAT-exempt is 10%. Goods exported from Cambodia are not subject to tax, and certain business activities are also considered exempt. Prakas 559 issued in May 2017 included more classes of non-taxable supplies which adds to the total list as follows:

- » public postal services;
- » hospital, clinic, medical and dental services and the sale of medical and dental goods incidental to the performance of such services;
- » wholly state-owned public passenger transportation system;
- » insurance services;
- » primary financial services;
- » imported goods which are exempt from custom duties for personal use;
- » non-profit activities in the public interest;
- » education services;
- » electricity and clean water;
- » unprocessed agriculture products and basic food products;
- » solid and liquid waste removal or collection services.
- »

5. PRACTICAL INFORMATION

WITHHOLDING TAX

Withholding Tax is a mechanism to collect tax from products and services provided by businesses unregistered for VAT. Tax-compliant companies making payments for services rendered to individuals or companies that do not provide a valid VAT invoice are required to withhold a proportion of the agreed fee from the service provider and pay this as tax. For services, this rate is set at 15%.

In most scenarios you will be required to pay either VAT or Withholding Tax on goods and services, depending upon the VAT status of the supplier.

Other payments by resident taxpayers to residents are:

- » royalties – 15%;
- » interest – 15% (except domestic banks and saving institutions);
- » rental – 10% interest payments on fixed deposits made by local banks to resident taxpayer or a physical person – 6%;
- » interest payments on saving accounts made by local banks to resident taxpayers or a physical person – 4%.

GOVERNMENT MEASURE DURING COVID-19

Royal Government Instruction on “Guidance on additional measures to further manage the impacts on key economic sectors in the calamity context and restore and promote Cambodia's economy following the COVID-19 Pandemic round 7”, dated 23 December 2020, introduced relief from Withholding Tax interest payments for Cambodian financial institutions that obtain financing from domestic or offshore lenders as follows:

- Reducing Withholding Tax interest payments on new loans to 5% in 2021, and 10% in 2022;
- Reducing Withholding Tax interest payments on existing loans to 10% in 2021;
- Further revisions are expected in the near future.

CAPITAL GAINS TAX

In April 2020, the Ministry of Economy and Finance issued Prakas 346 on Capital Gains Tax. Capital Gains Tax is set at 20% on capital gains minus deductible expenses. Capital assets include immovable property, leases, investment assets, goodwill, intellectual property and foreign currency. This tax applies to the following activities:

- Sale, transfer or creation of possession rights on capital assets;
- registration with competent authorities on transfer of ownership or possession rights on capital assets;
- court's final verdict on transfer of ownership or possession rights on capital assets.

Deductible expenses, exemptions, and calculating methods are stated in details in the Prakas. According to Notification No. 24094 issued by General Department of Taxation on 22 October 2020, the implementation of Capital Gains Tax is delayed until 01 January 2022.

5. HUMAN RESOURCES

WORK PERMITS

According to the existing Labour Law, foreigners can be employed only if the required qualifications and expertise are not to be found in Cambodia. Except where there is a particular need, the proportion of foreigners working for a company should not exceed 10% of the total workforce. Exceptions can be made upon Ministry of Labour and Vocational Training (MLVT) approval.

Foreigners working in Cambodia must:

- Have a work permit;
- Have an employment card;
- Have entered Cambodia legally;
- Have a valid passport and residence permit;
- Not carry contagious diseases;
- Be physically fit for the job.

NATIONAL HOLIDAYS AND ANNUAL LEAVE ENTITLEMENT

The law requires employers to obtain work permits from the Ministry of Labour and Vocational Training on behalf of their foreign employees before the end of November each year. The application for work permits can now be done via the Ministry of Labour and Vocational Training's official site: <https://www.fwcms.mlvt.gov.kh/>. Failure to comply with the requirement can result in penalties, which are stated in chapter 15 of the Cambodian Labour Law.

A regular workday should last eight hours, and employees should not be expected to work longer than 48 hours per week. Overtime including weekend and public holidays are compensated at a rate of 150% or 200%, depending on the time of the work performed. Public holidays are annually set by a Prakas. If a public holiday falls on Sunday, the employees can take the following Monday off. Public holidays are fully paid. On top of paid public holidays, employees are entitled to 18 days of annual leave per year.



5. PRACTICAL INFORMATION

TYPES OF CONTRACT

Under Cambodia's Labour Law, there are two types of contracts: Fixed Duration Contracts (FDC) and Undetermined Duration Contracts (UDC) :

- An FDC is a fixed-term written employment contract with specified start and end dates within a 2-year period. This contract can be renewed but the renewed period cannot exceed 2 years;
- Any contract without a fixed expiry date is classified as a UDC.

A period of the FDC of any employee who has been employed by the same employer should not exceed 4 years, including the duration of the first FDC and any renewals. If so, such FDC will legally become a UDC starting from the first date following the expiration of the 4-year period, regardless of the initial terms of the contract.

Note that Cambodia has no recognised legal status for interns. Interns who receive compensation during the internship must be treated as regular employees with all the applicable rights and benefits. In this case, if the intern is a foreigner, the hiring company will be required to apply for a work permit on their behalf.

However, if the internship is unpaid then the intern can be classified as a volunteer, in which case the Labour Law does not apply, as the Labour Law applies only to individuals who have signed an employment contract in exchange for remuneration.

TERMINATING A CONTRACT

The Labour Law stipulates the notice period and indemnities required if terminating an employee's contract for reasons other than serious misconduct. The duration of the notice period and severance payments due to employees depends upon the nature of the contract, the reason for termination, and number of years of service.

FDCs can be terminated upon mutual written agreement witnessed by a labour inspector or if serious misconduct has occurred. Employers must give notice if they do not intend to renew a contract upon expiry. When an FDC ends, the employee is entitled to severance pay of at least 5%.

Contract term	Termination	Notice required
6/12 months	Expiry and non-renewal OR mutual agreement	10 days
6/12 months	Before expiry	10 days
12/24 months	Expiry and non-renewal OR mutual agreement	15 days
12/24 months	Before expiry	15 days

According to clarification from the Ministry of Labour and Vocational Training dated 14 August 2020, termination of a UDC contract requires prior written notice by the party wishing to end the contract, unless it subjects to exceptions stated in Article 82 of the Labour Law.

The following table shows notice periods and severance payments due. If the employer complies with the notice requirement, the employer is not obliged to pay "payment in lieu of prior notice".

Total years of service	Notice required
less than 6 months	7 days
6 months - 2 years	15 days
2-5 years	1 month
5-10 years	2 months
10+ years	3 months

SENIORITY PAYMENT

According to Prakas 443 issued by Ministry of Labour and Vocational Training, employees under UDC are entitled to seniority payments. The total payment should be equal to 15 days of wages and fringe benefits per year. Below is the schedule of seniority payment:

- 7.5 days of wages and fringe benefits to be paid in June each year;
- 7.5 days of wages and fringe benefits paid in December each year.

sectors are entitled to 30 days of seniority payment per year in accordance with following schedule:

- 15 days of seniority payment in June each year;
- 15 days of seniority payment in December each year.

The Ministry of Labour and Vocational Training issued Instruction No 042/19 announcing that employees in sectors outside of garment, textile and footwear are entitled to 6 days of seniority back-pay per year, starting from December 2021.

Regarding the back payment of seniority payment prior to 2019, employees in garment, textile and footwear

GOVERNMENT MEASURES DURING COVID-19

Several of the Royal Government Instructions on "Further measures to help the private sector and workers/employees severely affected by COVID-19" stated that the delay of payment of seniority indemnity back-pay would be as follows:

"All Factories/enterprises/businesses are permitted to delay the payment of back-pay of seniority indemnity prior to 2019 and seniority indemnity for 2020-2021."

Note that on 21 January 2021 the Ministry of Labour and Vocational Training issued a notification on "Payment of back pay seniority indemnity before 2019 and seniority indemnity in 2020 and 2021 for factories/enterprises in manufacturing sector", which is at odds with the previously announced COVID-19 mitigation measures. Make sure that you obtain the latest information on the legal framework of seniority payments.

6. INTELLECTUAL PROPERTY

Cambodia is in the process of developing and implementing its intellectual property protection laws as part of its World Trade Organisation commitments. 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 indications that foreign investors may consider applying for.

Cambodia is a member of the World Intellectual Property Organisation and the Paris Convention for the Protection of Industrial Property. Cambodia is also a party to the ASEAN Framework Agreement on Intellectual Property Cooperation, and is signatory to other international IP conventions and agreements. Those most recent include the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications in 2018, and the Beijing Treaty on Audiovisual Performances in 2019.

Cambodia's membership of International IP Conventions and Agreement

Beijing Treaty on Audiovisual Performances	2019
Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications	2018
Hague Agreement Concerning the International Registration of Industrial Designs	2017
Patent Cooperation Treaty	2016
Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) (2015)	2015
Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) (2004)	2004
ASEAN Framework Agreement on Intellectual Property Cooperation (ASEAN Framework Agreement) (1999)	1999
Paris Convention for the Protection of Industrial Property (Paris Convention) (1998)	1998
Convention on Biological Diversity (CBD) (1995)	1995
World Intellectual Property Organisation Convention (WIPO Convention) (1995)	1995

This is important to know as several Cambodian IPR laws specifically state that the international IPR treaties to which Cambodia has signed will trump domestic legislation in case of conflict. Cambodia recognises the validity of European patents granted by the European Patent Office (EPO). The country also signed patent recognition agreements with China, South Korea, Japan, and Singapore.

While the body of IPR laws has been developed with the assistance of the World Trade Organisation and is broadly in line with international standards, enforceability can be problematic. In some industries, such as garments, alcohol, and pharmaceuticals, IPR infringement is common. To improve the efficiency of marks registrations and other services related to marks, the Ministry of Commerce launched an online mark filing system in 2017.

efiling.cambodiaip.gov.kh

SUPPORT TO EUROPEAN SMES

As another valuable source of support to European SMEs, the European Union is co-funding the ASEAN IPR SME Helpdesk project which helps European SMEs protect and enforce their IPRs in or relating to ASEAN, through the provision of free information and

services. These take the form of jargon-free, first-line, confidential advice on intellectual property and related issues, plus training, materials, and online resources.

www.ipr-hub.eu



MADRID PROTOCOL

As of 2015 Cambodia has been a signatory to the Madrid Protocol, a central tool administered by the World Intellectual Property Organisation (WIPO) that enables companies to register their trademarks in 114 participating countries with just one application. This can be a cost-effective and convenient option for businesses seeking to protect their brands within multiple markets. Cambodia's participation in the Madrid Protocol makes it easier for companies based

here to secure their intellectual property when exporting abroad, while reducing costs for foreign businesses establishing a presence within the Kingdom.

Applying from a participating country, a company can file an application and pay one set of fees in order to secure their intellectual property rights in multiple markets.

www.wipo.int/madrid

5. PRACTICAL INFORMATION

IPR INFORMATION

The table below provides the IPR information most commonly applicable to companies doing business in Cambodia.

Category	Law	Details
COPYRIGHTS	2003 - Law on Copyright and Related Rights	Rights of an organisation or individual to works which such organisation or individual creates or owns. "Work" means a creation of the mind in the literacy, first artistic or scientific sectors, expressed in any mode or form.
PATENT	2003 (amended in 2017) Law on Patents, Utility Models and Industrial Designs	An idea of an inventor, which permits in practice the solution to a specific problem in the field of technology.
TRADEMARK (INCLUDING TRADE NAME)	2002 Law on Marks, Trade Names and Acts of Unfair Competition	The designation of an organisation or individual used in business activities in order to distinguish the business entity bearing such trade name from other business entities in the same business sector and area.
GEOGRAPHICAL INDICATIONS	2014 The Law on Geographical Indications of Goods	A distinctive name, symbol or any other image that represents a geographical origin and identifies goods originating from that area as having a particular quality, reputation or other characteristic attributable to that area.
CONSUMER RIGHTS	2019 Law on Consumer Protection	Consumer rights protection, fair competition.

USEFUL CONTACTS

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. ROYAL GOVERNMENT KEY AGENCIES

Council for The Development of Cambodia (CDC)

Government Palace, Sisowath Quay, Sangkat Wat Phnom, Phnom Penh, Cambodia

Tel: (885) 23 427 597; (855) 23 428 954
 info@cambodiainvestment.gov.kh
 www.cambodiainvestment.gov.kh
 www.cdc-crdb.gov.kh

National Bank of Cambodia

No. 18, Street 102, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia

Tel: (855) 23 722 221; (855) 23 722 563
 info@nbc.org.kh
 www.nbc.org.kh

Ministry of Agriculture, Forestry and Fisheries

No. 200, Preah Norodom Boulevard, Sangkat Tonle Bassac, Khan Chamkamon, Phnom Penh, Cambodia

Tel: (855) 23 726 129, (855) 23 726 128
 www.maff.gov.kh

Ministry of Commerce

Lot 19-61, Russian Federation Blvd, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh, Cambodia

Tel: (855) 23 866 188
 cabinet.info@moc.gov.kh
 www.moc.gov.kh

Ministry of Economy and Finance

No. 60, Street 92, Sangkat Wat Phnom, Phnom Penh, Cambodia

Tel: (855) 23 890 666
 admin@mef.gov.kh
 www.mef.gov.kh

Ministry of Industry, Science, Technology & Innovation

No. 45, Norodom Boulevard, Phnom Penh, Cambodia

Tel: (855) 23 211 775
 www.mih.gov.kh

Ministry of Mines and Energy

No. 79-89, Pasteur Road (51), Sangkat Psaa Thmey 3, Khan Daun Penh, Phnom Penh, Cambodia

Tel: (855) 23 219 574
 info@mme.gov.kh
 www.mme.gov.kh

Ministry of Posts and Telecommunications

Corner Street 13 and 102, Sangkat Wat Phnom, Phnom Penh, Cambodia

Tel: (855) 23 724 809
 info@mptc.gov.kh
 www.mptc.gov.kh

5. PRACTICAL INFORMATION

Ministry of Public Works and Transport

Street 598, Sangkat Chraing Chamres II,
Khan Russey Keo, Phnom Penh, Cambodia

Tel: 1275
info@mpwt.gov.kh
www.mpwt.gov.kh

Ministry of Tourism

Lot 3A, St. 169, Sangkat Veal Vong, Khan Prampi
Makara, Phnom Penh, Cambodia

Tel: (855) 23 213 741
info@tourismcambodia.org
www.tourismcambodia.org/

General Department of Customs and Excise

No. 6-8, Preah Norodom Boulevard, Sangkat Phsar
Thmei III, Khan Daun Penh, Phnom Penh

Tel: (855) 23 214 065
info-pru@customs.gov.kh
www.customs.gov.kh

General Department of Taxation

No. 522-524, Corner Russian Federation & Mao
Tsetong Boulevard, Sangkat Toek Laak I, Khan Tuol
Kork, Phnom Penh

Tel: (855) 23 886 708
gdt@tax.gov.kh
www.tax.gov.kh

Phnom Penh Capital Hall

No. 69, Preah Monivong Boulevard, Sangkat Srah Chak,
Khan Daun Penh, Phnom Penh

Tel: (855) 23 722 054
Fax: (855) 23 725 626
Public Relations and International Cooperation Office
(for foreigners)

Tel: (855) 23 430 681
Fax: (855) 23 430 681
Email: info@phnompenh.gov.kh
www.phnompenh.gov.kh

2. EUROPEAN UNION CONTACTS IN CAMBODIA

Delegation of the European Union to Cambodia

No. 100 A, Preah Norodom Boulevard, Khan Daun
Penh, 12207, Phnom Penh

Tel: (855) 23 216 996; (885) 23 220 611
delegation-cambodia@eeas.europa.eu
https://eeas.europa.eu/delegations/cambodia_en

British Embassy in Cambodia

27-29 Street 75, Sangkat Srah Chak, Khan,
Daun Penh, Phnom Penh

Tel: (855) 61 300 011
ukincambodia@fcdo.gov.uk
<https://www.gov.uk/world/organisations/british-embassy-phnom-penh>

French Embassy in Cambodia

Address: 1 Monivong Boulevard, Phnom Penh
Postal Address :PO BOX 18, PhnomPenh, Cambodia

Tel : (855) 23 260 010
ambafrance.phnom-penh-amba@diplomatie.gouv.fr
<https://www.kh.ambafrance.org/>

German Embassy in Cambodia

No. 76-78, Street 214 (Rue Yougoslavie), 12258 Phnom
Penh

Tel: (855) 23 216 193; (855) 23 216 381
info@phnom-penh.diplo.de
<https://phnom-penh.diplo.de/>

Swedish Embassy in Phnom Penh, Cambodia (will be closed by the end of 2021)

10th floor, Phnom Penh Tower, 445 Monivong
Boulevard, Sangkat Boeung Pralit, Khan 7 Makara,
Phnom Penh

Tel: (855) 23 861 700
ambassaden.phnom-penh@gov.se
<https://www.swedenabroad.se/en/embassies/cambodia-phnom-penh/>

Embassy of the Czech Republic

ICON Professional Building (5th floor), 216 Norodom
Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon,
Phnom Penh, Cambodia

Tel: (855) 23 726 623
phnompenh@embassy.mzv.cz
<https://www.mzv.cz/phnompenh/en/index.html>

Honourary Belgian Consulate in Cambodia

#404D, Boulevard Monivong, Sangkat Boeung Keng
Kang 1, Khan Chamkarmon District, Phnom Penh,
Cambodia

Tel: (855) 12 840 056; (855) 12 824 325
belco.ppenh@gmail.com

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)

264A, Avenue de Tervuren 1150, Bruxelles, (Belgium)

Tel: (32) 277 20 372
Fax: (32) 277 08 999
camemb.bel@mfa.gov.kh

Royal Embassy of Cambodia to The Federal Republic of Germany (Also Covering Slovenia, Malta and Cyprus)

Benjamin-Vogelsdorf St.2, 13187 Berlin, F.R. of
Germany

Tel: (4930) 4863 7901
Fax: (4930) 4863 7973
camemb.gmy@mfa.gov.kh

Royal Embassy of Cambodia to The Republic of France (Also Covering Spain, Italy, Portugal and Greece)

4, rue Adolphe Yvon 75116, Paris, France

Tel: (331) 4503 4720
Fax: (331) 4503 4740
camemb.prs@mfaic.gov.kh

Royal Embassy of Cambodia to The United Kingdom (Also Covering Denmark, Finland, Norway, Sweden and Ireland)

64 Brondesbury Park, Willesden Green, London NW6
7AT

Tel: (44) 208 4517 850
Fax: (44) 208 4517 594
camemb.eng@mfa.gov.kh
www.cambodianembassy.org.uk

4. MULTILATERAL CONTACTS:

Asian Development Bank - Cambodia Resident Mission

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
<https://www.adb.org/countries/cambodia/main>

United Nations Industrial Development Organization (UNIDO) – Field Office in Cambodia

Phnom Penh Center, Building A, Room 611, 6th Floor,
Corner Sihanouk Boulevard (St. 274) & Sothea
Boulevard, Khan Chamkarmon,
Phnom Penh

Tel: (855) 23 216 167
Fax: (855) 23 216 257, 721 042
office.cambodia@unido.org
<https://www.unido.org/>

World Bank (WB) – Resident Mission in Cambodia

Exchange Square Building, No. 19-20, Street 106,
Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh

Tel: (855) 23 261 300
Fax: (855) 23 261 301-2
cambodia@worldbank.org
<https://www.worldbank.org/en/country/cambodia>

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EUROCHAM
CAMBODIA



BECOME A EUROCHAM MEMBER

EUROCHAM MEMBERSHIP TYPES

- Ordinary Corporate Members
- Ordinary SMEs and Individual Members
- Associate Corporate Members
- Associate SMEs, NGOs and Individual Members
- Start-Up Members

DETAILED INFORMATION



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FOUNDING CHAMBERS & NATIONAL CHAPTERS



BUSINESS SERVICES

ADVISORY SERVICES

- Market Surveys
- Market Analysis

- Institutional Research Services
- Business Partner Research

SUPPORT SERVICES

- Training
- First Insights
- Trade Missions
- Recruitment Services

- Business Promotion
- Translation Services
- Workshop Planning

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