H.E. Sun Chanthol
Minister of Commerce, Kingdom of Cambodia

@SoutheastAsiaDC | @CSIS | #CSISLive
STRATEGIC LOCATION IN SOUTH-EAST ASIA
CAMBODIA AT A GLANCE

LAND AREA
181,035 square kilometer

POPULATION
14.7 million (at 2013)

Stable macroeconomic environment
GDP growth: average 8% per annum the last 10 years (2004–2013 periods)

GDP per capita
$1,036 (estimated 2013)

Exchange rate
US$ 1 = Riel 4,000

Inflation rate 4.6% (end of period rate of 2013)

B2 DEBT RATING
REASONS TO INVEST IN CAMBODIA

- Macroeconomic Stability
- Pro-business Government
- Competitive Investment Incentives
- One-Stop Service Investment Promotion Agency
- Preferential Access to Regional & World Markets
- Investment Protection
- Efficient Infrastructure and Strategic Location
- Sound Financial Sector
- Abundant Resources, Labor, Land
MACROECONOMIC STABILITY

- GDP growth averaged 8% per annum the last 10 years
- Stable exchange rate
- Low inflation
- Debt to GDP ratio 32.8% (at the end of 2013)
- Low budget deficit
- International reserves increased to US$ 3.6 billion (2013) compared to US$ 3.0 billion two years ago
- It took 12 years to increase international reserves from US$ 100 million to US$ 1 billion (1994–2006) but it just took 2 years to increase from US$ 2 billion to US$ 3 billion (2006–2008)
Growth has been slowing because of impacts from global financial crisis, with growth in 2009 at 0.1%
INFLATION

Low Inflation

- 2001: 0.7%
- 2002: 1.4%
- 2003: 0.0%
- 2004: 5.3%
- 2005: 8.4%
- 2006: 4.2%
- 2007: 14.0%
- 2008: 12.5%
- 2009: 5.3%
- 2010: 3.1%
- 2011: 4.9%
- 2012: 2.5%
- 2013: 4.6%
International reserves increased to US$ 3.6 billion by end of 2013.
REMARKABLE ACHIEVEMENTS

Cambodia was among the top ten highest growing economies from 1998-2007, along with China.
PRO-BUSINESS GOVERNMENT

Government and Private Sector Working Groups

Government and Private Sector Forum

Private sector is an engine of economic growth

Easy access to relevant government officials
<table>
<thead>
<tr>
<th>#</th>
<th>Country</th>
<th>Total Score</th>
<th>#</th>
<th>Country</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cambodia</td>
<td>94.50</td>
<td>14</td>
<td>Chad</td>
<td>58.50</td>
</tr>
<tr>
<td>2</td>
<td>Vietnam</td>
<td>91.75</td>
<td>15</td>
<td>Tonga</td>
<td>58.25</td>
</tr>
<tr>
<td>3</td>
<td>Romania</td>
<td>89.25</td>
<td>16</td>
<td>Vanuatu</td>
<td>57.75</td>
</tr>
<tr>
<td>4</td>
<td>Laos</td>
<td>88.75</td>
<td>17</td>
<td>Aceh</td>
<td>55.50</td>
</tr>
<tr>
<td>5</td>
<td>Albania</td>
<td>88.63</td>
<td>18</td>
<td>Timor Leste</td>
<td>50.20</td>
</tr>
<tr>
<td>6</td>
<td>Uganda</td>
<td>81.25</td>
<td>19</td>
<td>South Sudan</td>
<td>39.50</td>
</tr>
<tr>
<td>7</td>
<td>Liberia</td>
<td>78.00</td>
<td>20</td>
<td>CAR</td>
<td>38.75</td>
</tr>
<tr>
<td>8</td>
<td>Bangladesh</td>
<td>75.00</td>
<td>21</td>
<td>North Sudan</td>
<td>37.75</td>
</tr>
<tr>
<td>9</td>
<td>Ghana</td>
<td>72.00</td>
<td>22</td>
<td>Nepal</td>
<td>37.25</td>
</tr>
<tr>
<td>10</td>
<td>Pakistan</td>
<td>65.50</td>
<td>23</td>
<td>Cameroun</td>
<td>34.75</td>
</tr>
<tr>
<td>11</td>
<td>Zambia</td>
<td>64.75</td>
<td>24</td>
<td>Ethiopia</td>
<td>31.25</td>
</tr>
<tr>
<td>12</td>
<td>Belarus</td>
<td>64.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Sierra Leone</td>
<td>60.50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

COMPETITIVE INVESTMENT INCENTIVES

• Corporate tax - 20%
• Tax holiday up to 9 Years
• Full import and export duty exemption
• No discrimination, no nationalization
• No local participation requirement
• No price control on any products or services
• No foreign exchange control
• No restriction on capital repatriation: free repatriation of profits & free remittance of royalty, interest, loan repayment, dividend, investment capital, etc.
• No trade restrictions
• Long-term land lease
ONE-STOP SERVICE – CDC/CIB

- Information and application
- Evaluation and approval
- Customs duty and tax exemption
- Visa and work permit
- Company registration
- Investor after-care
ACCESS TO WORLD MARKETS

Access to the U.S. market - 1996
Access to the E.U. market - 1996
Member of the Association of South-East Asian Nations (ASEAN) - 1999
Member of the World Customs Organization (WCO) - 2001
Member of the World Trade Organization (WTO) - 2004
Member of various regional trade agreements
<table>
<thead>
<tr>
<th>Country</th>
<th>Country</th>
<th>Country</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>France</td>
<td>Finland</td>
<td>Poland</td>
</tr>
<tr>
<td>Austria</td>
<td>Germany</td>
<td></td>
<td>Portugal</td>
</tr>
<tr>
<td>Belarus</td>
<td>Hungary</td>
<td></td>
<td>ROK</td>
</tr>
<tr>
<td>Belgium</td>
<td>Ireland</td>
<td></td>
<td>Russian Federation</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Italy</td>
<td></td>
<td>Slovakia</td>
</tr>
<tr>
<td>Canada</td>
<td>Korea</td>
<td></td>
<td>Spain</td>
</tr>
<tr>
<td>China</td>
<td>Luxemburg</td>
<td></td>
<td>Sweden</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Japan</td>
<td></td>
<td>Switzerland</td>
</tr>
<tr>
<td>Denmark</td>
<td>Netherlands</td>
<td></td>
<td>UK</td>
</tr>
<tr>
<td>Finland</td>
<td>New Zealand</td>
<td></td>
<td>USA</td>
</tr>
</tbody>
</table>

**MFN:** Most Favored Nation  **GSP:** Generalized System of Preferences
## INVESTMENT PROTECTION AGREEMENTS

- Australia
- China P.R
- Croatia
- Cuba
- Czech Republic
- DPR of Korea
- Germany
- France
- Indonesia
- Japan
- Kuwait
- Lao PDR
- Malaysia
- Netherlands
- OPEC
- OPIC
- Pakistan
- Philippines
- ROK
- Singapore
- Switzerland
- Thailand
- Vietnam

**In process:**
- Algeria
- Bulgaria
- Egypt
- Lybya
- Myanmar
- Qatar
- Russia
- Ukraine
- UK
- USA
- Hungary
- Malta
INFRASTRUCTURE & LOCATION

- Completed ASEAN highway linking Thailand, Cambodia, Vietnam
- Completed ASEAN highway linking Cambodia, Lao PDR, China
- Finished upgrading national road network
- Rehabilitating National Railways as part of Singapore – Kunming rail link
- Upgraded Sihanoukville Port (new general cargo terminal)
- Upgraded Phnom Penh Port / new container port
- Upgraded Phnom Penh, Siem Reap, and Sihanoukville Airports
- Finalized installing fiber optic cable across the country
- Construction of new power plants
ACCESS TO BORDER CROSSINGS

To Thailand
- NR-48
- NR-57
- NR-62
- NR-64
- NR-68

To Vietnam
- NR-2
- NR-33
- NR-72
- NR-74
- NR-78

* New Route №
264km Phnom Penh-Sihanouk Ville
105km Serei Saophan-Siem Reap
Propose new link
239km Siem Reap-Skun
Propose new link
255km Bat Doeng-Loch Nich
(Vietnam Border).
Propose new link
338Km Phnom Penh-Sisophon
48Km Sisophon-Poipet
273km Snoul-Strung Treng to Laos Border.
Propose new link
264km Phnom Penh-Sihanouk Ville
255km Bat Doeng-Loch Nich
(Vietnam Border).
Propose new link
SPECIAL ECONOMIC ZONES

- 33 SEZs have been approved
- 11 SEZs are in operation
- 22 SEZs are being built
- Single Window for Import/Export Procedures
- Good Infrastructure
Invest in Cambodia and you have **14.7 million** customers

Invest in Cambodia and you have **600 million** customers at your doorstep
SOUND FINANCIAL SECTOR

- 35 commercial banks (by the end of 2013)
  a) 10 Foreign Branch Banks
  b) 11 Locally Incorporated
  c) 14 Subsidiary Banks
- 9 specialized banks (including the Rural Development Bank)
- 38 licensed-micro-finance institutions
  (7 deposit-taking micro finance institutions)
- 31 registered-micro finance operators
- 6 Non-life insurance companies
- 2 life insurance companies
- 1 re-insurance company
- Capital market laws
- Financial leasing law
- Low NPL rate: 2.7% (2013)
- Strong banking supervision - prudent reserve requirement level
BANK DEPOSITS (US$ MILLION)
Non-performing loans declined significantly to 2.7% in 2013 from 9.6% in 2006.
STOCK EXCHANGE IN CAMBODIA

Officially launched on July 11, 2011
First trading on April 18, 2012
Joint venture between Cambodian and Korean exchanges
7 Underwriters registered
  2 Dealers
  4 Brokers
2 Investment advisories
ABUNDANT RESOURCES, LABOR, LAND

- Oil and gas
- Minerals (bauxite, carbonate rocks, natural gas, gold, iron, manganese, petroleum, phosphate, rock, salt, silica…)
- Great lake (Tonle Sap)
- Beaches (more than 400km)
- Monuments / Heritage Sites
- Abundant land
- Low labor cost & dynamic, young work force
Percentage of population by age group 2013

- The elderly population: 5.0%
- Children (0-14): 29.4%
- Economically productive age group (15-64): 65.6%
APPROVED INVESTMENT BY COUNTRY
1994 – March 2014

US$ Million

- China: 9,802
- Korea: 4,447
- EU: 3,683
- Malaysia: 2,643
- Vietnam: 1,524
- USA: 1,301
- Taiwan: 1,029
- Thailand: 901
- Hong Kong: 874
- Singapore: 788
- Japan: 391
APPROVED INVESTMENT BY SECTOR
1994 – March 2014

Approved Investment by Sector

- Tourism: 43%
- Agriculture: 10%
- Industries: 30%
- Service: 17%
INVESTMENT OPPORTUNITIES

- Agriculture and agro–industry
- Labor intensive industries
- Processing industry
- Tourism sector
- Transportation and logistic
- ICT
- Energy
- Oil, gas and mining
- Human resource development & education
REASONS TO INVEST IN CAMBODIA

- Macroeconomic stability
- Pro-business government
- Competitive investment incentives
- One-stop service investment promotion agency
- Preferential access to regional & world markets
- Investment protection
- Efficient infrastructure and strategic location
- Sound financial sector
- Abundant resources, labor, land
USA INVESTMENT

NET - NUMBER OF COMPANY

![Bar chart showing the number of investments from 2000 to March 2014. The chart indicates a peak in 2006 with 6 investments, followed by a gradual decline over the years.](chart-url)
USA INVESTMENT

GROSS - NUMBER OF COMPANY


4 7 7 7 10 13 19 21 26 27 32 36 37 40 42
USA INVESTMENT

NET - AMOUNT (US$ MILLION)
COUNCIL FOR
THE DEVELOPMENT OF CAMBODIA

www.cambodiainvestment.gov.kh

H.E Keat Chhon    sambathken@yahoo.com
H.E Chanthol Sun  chantholsun@yahoo.com
H.E Sok Chenda    sokchenda@online.com.kh
H.E Chea Vuthy    cheavuthy@online.com.kh
H.E Heng Soknang  hsoknang@yahoo.com

Cambodian Investment Board: cdc.cib@online.com.kh
presents

H.E. Sun Chanthol
Minister of Commerce, Kingdom of Cambodia

@SoutheastAsiaDC | @CSIS | #CSISLive