INVESTING IN CAMBODIA

CHANTHOL SUN
Senior Minister, Minister of Commerce
Vice Chairman
Council for the Development of Cambodia
STRATEGIC LOCATION IN SOUTH-EAST ASIA
CAMBODIA AT A GLANCE

**LAND AREA**
181,035 square kilometers

**POPULATION**
14.7 million (at 2013)

**GDP growth**: average 7.6% per annum

**GDP per capita**: $1,220 (2015: Projection by MEF)

**Exchange rate**: US$ 1 = Riel 4,049 (2015–H1, period average of )

**Inflation rate**: 1.0% (2015–H1, period average)

**Debt Rating**: B2

**Stable macroeconomic environment**:
- Stable macroeconomic environment
- GDP growth: average 7.6% per annum
  - the last 10 years (2005–2014 periods)
- GDP per capita: $1,220
- Exchange rate: US$ 1 = Riel 4,049
- Inflation rate: 1.0%
- Debt Rating: B2
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 7.6% per annum the last 10 years (2005 – 2014)
- Projected GDP growth for 2015 is 6.9% (World Bank)
- Stable exchange rate
- Low inflation (3.9% in 2014 and 1% in the first half of 2015)
- Debt to GDP ratio 32.8% (at the end of 2013)
- Low budget deficit
- International reserves increased to US$ 3.6 billion (2013) and rose to US$ 4.4 billion (2014) – nearly 4 months of prospective imports
- International reserves reached US$ 4.7 billion in first half of 2015
- 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)
GROSS DOMESTIC PRODUCT (GDP)

Real GDP Growth Rate (%)

Growth slowed down in 2009 because of impacts from global financial crisis
Source: MOP-NIS and 2015 is projected figure of the World Bank
GDP PER CAPITA GROWTH

GDP Per Capita (US$)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Per Capita (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>468</td>
</tr>
<tr>
<td>2006</td>
<td>534</td>
</tr>
<tr>
<td>2007</td>
<td>623</td>
</tr>
<tr>
<td>2008</td>
<td>739</td>
</tr>
<tr>
<td>2009</td>
<td>731</td>
</tr>
<tr>
<td>2010</td>
<td>830</td>
</tr>
<tr>
<td>2011</td>
<td>909</td>
</tr>
<tr>
<td>2012</td>
<td>971</td>
</tr>
<tr>
<td>2013</td>
<td>1,043</td>
</tr>
<tr>
<td>2014 Est.</td>
<td>1,123</td>
</tr>
<tr>
<td>2015 Proj.</td>
<td>1,220</td>
</tr>
</tbody>
</table>
CURRENCY

Stable Exchange Rate
(period average, Riels/US$)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>4,097</td>
<td>4,107</td>
<td>4,060</td>
<td>4,058</td>
<td>4,143</td>
<td>4,189</td>
<td>4,062</td>
<td>4,033</td>
<td>4,027</td>
<td>4,038</td>
<td>4,050</td>
</tr>
</tbody>
</table>

Proj.
INFLATION
(PERIOD AVERAGE)

Low Inflation

MEF Projection for 2015
FOREIGN RESERVES

Foreign Reserves (US$ Billion)

TRADE VOLUME (US$ MILLION)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Trade</th>
<th>Export</th>
<th>Import</th>
<th>Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>-2,910</td>
<td>3,918</td>
<td>6,828</td>
<td>(1,008)</td>
</tr>
<tr>
<td>2006</td>
<td>-3,693</td>
<td>4,771</td>
<td>8,464</td>
<td>(1,078)</td>
</tr>
<tr>
<td>2007</td>
<td>2,910</td>
<td>4,089</td>
<td>9,521</td>
<td>(1,343)</td>
</tr>
<tr>
<td>2008</td>
<td>3,503</td>
<td>5,395</td>
<td>8,898</td>
<td>(1,892)</td>
</tr>
<tr>
<td>2009</td>
<td>3,138</td>
<td>4,942</td>
<td>8,080</td>
<td>(1,804)</td>
</tr>
<tr>
<td>2010</td>
<td>3,906</td>
<td>5,775</td>
<td>9,681</td>
<td>(1,869)</td>
</tr>
<tr>
<td>2011</td>
<td>5,035</td>
<td>7,221</td>
<td>12,256</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>5,633</td>
<td>8,246</td>
<td>13,879</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>6,530</td>
<td>9,879</td>
<td>16,409</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>7,408</td>
<td>10,616</td>
<td>18,024</td>
<td></td>
</tr>
</tbody>
</table>
BUDGET

Low Budget Deficit (% of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Est. Proj.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>6.0%</td>
</tr>
<tr>
<td>2002</td>
<td>7.2%</td>
</tr>
<tr>
<td>2003</td>
<td>5.4%</td>
</tr>
<tr>
<td>2004</td>
<td>3.8%</td>
</tr>
<tr>
<td>2005</td>
<td>2.7%</td>
</tr>
<tr>
<td>2006</td>
<td>3.3%</td>
</tr>
<tr>
<td>2007</td>
<td>2.8%</td>
</tr>
<tr>
<td>2008</td>
<td>2.8%</td>
</tr>
<tr>
<td>2009</td>
<td>8.4%</td>
</tr>
<tr>
<td>2010</td>
<td>7.5%</td>
</tr>
<tr>
<td>2011</td>
<td>7.5%</td>
</tr>
<tr>
<td>2012</td>
<td>6.3%</td>
</tr>
<tr>
<td>2013</td>
<td>6.2%</td>
</tr>
<tr>
<td>2014</td>
<td>4.3%</td>
</tr>
<tr>
<td>2015</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

MEF Projection
REMARKABLE ACHIEVEMENTS

(Average real GDP growth rate 2004-2013)

Cambodia was among the top 15 highest growing economies from 2004-2013, along with China.

Source: World Bank WDI
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 (QIP Projects)
- 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
MFN/GSP MARKET ACCESS

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

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 №
CAMBODIAN RAILWAY MAP

48Km Sisophon-Poipet

105Km Serei Saophoan-Siem Reap
  Propose new link

Propose new link

273Km Snoul-Strung Treng to Laos Border.

338Km Phnom Penh-Sisophon

239Km Siem Reap-Skun
  Propose new link

255Km Bat Doeng-Loch Nich
  (Vietnam Border).
  Propose new link

264Km Phnom Penh-Sihanouk Ville

264Km Phnom Penh-Sihanouk Ville
SPECIAL ECONOMIC ZONES

- 34 SEZs have been approved
- 11 SEZs are in operation
- 23 SEZs are being built
- Single Window for Import/Export Procedures
- Good Infrastructure

[ Photos: Phnom Penh Special Economic Zone ]
Invest in Cambodia and you have 14.7 million customers.

Invest in Cambodia and you have 623 million customers at your doorstep.
SOUND FINANCIAL SECTOR

- 36 commercial banks (by the end of 2014)
  a) 11 Foreign Branch Banks
  b) 13 Locally Incorporated
  c) 12 Subsidiary Banks
- 11 specialized banks (including the Rural Development Bank)
- 40 licensed-micro-finance institutions
  (7 deposit-taking microfinance institutions)
- 33 registered-microfinance operators
- 6 Non-life insurance companies
- 2 life insurance companies
- 1 re-insurance company
- Capital market laws
- Financial leasing law
- Low NPL rate: 2.2% (2014) – down from 2.7% in 2013
- Strong banking supervision - prudent reserve requirement level
BANK DEPOSITS (US$ MILLION)
Non-performing loans declined to 2.2% in 2014 from 2.7% in 2013.
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 workforce
POPULATION

Percentage of population by age group 2013

- Economically productive age group (15-64): 65.6%
- The elderly population: 5.0%
- Children (0-14): 29.4%
APPROVED INVESTMENT BY COUNTRY
1994 – June 2015

US$ Million

- China: 10,301
- Korea: 4,471
- EU: 3,772
- Malaysia: 2,650
- Vietnam: 1,568
- USA: 1,311
- Taiwan: 1,116
- Thailand: 937
- Hong Kong: 1,073
- Singapore: 825
- Japan: 400

-
APPROVED INVESTMENT BY SECTOR
1994 – June 2015

Approved Investment by Sector

- Agriculture: 10%
- Tourism: 40%
- Industries: 29%
- Service: 21%
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
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