Cambodia’s merchandise exports grew strongly by 18.7% in 2013. Additionally, services exports grew by 10%. This was considerably higher than both the Asia-Pacific average of 2.1% growth in merchandise exports and the 4.9% growth in services exports. Merchandise and services imports grew by 18.2% and 15.6%, respectively. Cambodia ran a trade deficit in 2013, as in 2012. The total trade deficit was $3.7 billion in 2013 [Figures 1 and 2].

In 2013, Cambodia experienced a decrease in FDI inflows with a contraction of 3.5% to $1.3 billion. This contrasts with the otherwise notable growth from 2011 to 2012. The fall in FDI inflows compares negatively with the regional average of 6.6% growth. FDI outflows, while still very small in terms of value, increased by 16% to $42 million in 2013 [Figures 1 and 4].

The largest single source of FDI inflows in Cambodia was China, which accounted for 25% of total greenfield FDI inflows, followed by Japan with 17%. In terms of outward investment, companies from Cambodia invest mainly in Lao People’s Democratic Republic and Myanmar, with 87% and 8% of outward greenfield FDI going to those destinations, respectively. Inward FDI flows are much less concentrated by source, than outflows are by destination [Figure 5].

Compared to the regional average, Cambodia has a relatively restrictive trade regime. The average MFN bound tariff at 19.1% is lower than the Asia-Pacific average, while the average applied tariff at 10.9% is higher than the regional average. The effectively applied average tariff rate of 12.4%, which also reflects preferential tariff rates where available, is above the regional average of 7.2%. As 100% of products are covered by bound rates, Cambodia has less trade policy flexibility than some other least developed countries in the region [Figure 3].

Cambodia has 6 trade agreements in force, which is below the regional average of 7.2. Only 18% of its total exports are to PTA partners, while the average figure for the Asia-Pacific is 38%. In contrast it buys 74% of its imports from the PTA partners, higher than the regional average of 45% [Figure 6].

Figure 1. Key Trade and Investment Indicators
**Figure 2. Merchandise Trade**

![Graph showing merchandise trade trends](image)

**Figure 3. Average Tariffs**

![Graph showing average tariffs](image)

**Figure 4. FDI Flows**

![Graph showing FDI flows](image)

**Figure 5. Top 5 FDI Partners**

<table>
<thead>
<tr>
<th>Source of inward greenfield FDI</th>
<th>Share of total (Avg. % 2010-2012)</th>
<th>Destinations for outward greenfield FDI</th>
<th>Share of total (Avg. % 2010-2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>25%</td>
<td>Lao PDR</td>
<td>87%</td>
</tr>
<tr>
<td>Japan</td>
<td>17%</td>
<td>Myanmar</td>
<td>8%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>16%</td>
<td>Russian Federation</td>
<td>4%</td>
</tr>
<tr>
<td>United States</td>
<td>11%</td>
<td>Macao, China</td>
<td>1%</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: fDi Intelligence 2014

**Notes**

FDI: foreign direct investment
PTA: preferential trade agreement
MFN: most-favoured nation

Definitions:
- Exports to PTA partners: share of exports to PTA partners in total exports. Average over 2010-12.
- Imports from PTA partners: share of imports from PTA partners in total imports. Average over 2010-12.
- MFN Applied: tariffs applied on imports among WTO members.
- MFN Bound: maximum MFN tariff levels agreed to as part of WTO obligations.
- Effectively Applied Rates: the lowest available tariff on a product category i.e. the preferential rate if available.
- Binding Coverage: percentage of product lines with an agreed bound rate.

Average Tariffs: simple average, data is for year 2012.

Source: Asia-Pacific Trade and Investment Report (APTIR) 2014 unless otherwise specified.

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