

HANDBOOK ON INVESTING IN CAMBODIA



AUSTRALIA
CAMBODIA

2023
EDITION



A partnership between



ក្រុមប្រឹក្សាអភិវឌ្ឍន៍កម្ពុជា
COUNCIL FOR THE DEVELOPMENT OF CAMBODIA



Australian Government

Department of Foreign Affairs and Trade

HANDBOOK ON INVESTING IN CAMBODIA

2023 Edition

FOREWORD

We are honoured to present this comprehensive Handbook on Investing in Cambodia, a collaborative endeavor between Cambodia and Australia, two nations celebrating 71 years of unwavering diplomatic ties in 2023. Our resilient relationship, built on shared human connections, business partnerships, and governmental cooperation, stands as a testament to our enduring partnership.

As we jointly aspire to expand trade and investment ties between our nations and across Southeast Asia, this endeavor requires a comprehensive, collective effort. Contributions from the government, the private sector, and our wider communities will collectively build capabilities, nurture bilateral relationships, and tap into the synergies of our economies. This handbook is a tangible expression of this collective pursuit.

As a practical guide, this handbook will help Australian and other foreign investors by demystifying essential investment rules and processes in Cambodia, including the instrumental 2021 Law on Investment (LOI). The Handbook is also an opportunity for Cambodia to highlight its strengths as an attractive investment destination - including its stable economic growth, strategic geographical position, favourable investment climate, rich natural resources, competitive labour market, strategic trade agreements, escalating infrastructure development, supportive legal framework, and sociopolitical stability.

We invite Australian and other foreign investors to capitalise on our mutual trade agreements, such as the Regional Comprehensive Economic Partnership, which became operational in January 2022 and includes Australia, Cambodia, and thirteen other Indo-Pacific nations. These agreements provide significant commitments designed to enrich the regional investment environment. This handbook also serves to highlight potential investment benefits from the anticipated upgrade of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) Agreement, set for official signing in 2023. Australia's forthcoming Southeast Asia Economic Strategy to 2040 will highlight additional opportunities to bolster two-way trade and investment.

We recognise the transformative role of high-quality Australian investment in driving Cambodia's economic expansion and diversification. The Handbook draws on the experience and advice of existing Australian investors in Cambodia. Their reflections, and the lessons they have learnt, may also be of use to investors from other countries.

We are confident that this handbook will help unlock the gateway to more foreign investment opportunities in Cambodia, including for Australian enterprises.



H.E. Sok Chenda Sophea

Minister attached to the Prime Minister
Secretary General

Council for the Development of Cambodia



H.E. Justin Whyatt

Australian Ambassador
to Cambodia

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This handbook report was produced by a team comprising *Mr. Sven Callebaut* (Team Leader), *Ms. Ratana Phurik* (investment specialist) and *Ms. Lyze Ikopo Bentoto* (legal and regulatory specialist). Overall guidance and direction were provided by the Australian Department of Foreign Affairs and Trade (DFAT).

The authors would like to express their sincere thanks to *Mr. Andreas Zurbrugg*, Deputy Head of Mission, *Ms. Bhavana Dhanasar*, First Secretary and *Mr. In Sophearun*, Senior Program Manager, Australian Embassy in Cambodia. The inputs provided by *Ms. Rebecca Ball*, Senior Trade and Investment Commissioner (covering Vietnam and Cambodia) have been very valuable to ensure the handbook is practical and reflects best practice.

The team wishes to thank H.E. Sok Chenda Sophea, Minister attached to the Prime Minister and Secretary General of the Council for the Development of Cambodia, the CDC's Secretariat in leading and coordinating the implementation of the Cambodia Industrial Development Policy 2015-2025, Department of Public Relations and Promotion of Private Investments, Department of Legal Affairs and Investment Law and more than 30 government officials and 20 Australian investors currently active in Cambodia who agreed to contribute to this handbook.

The project under which this handbook is produced was sponsored by the Mekong Foreign Investment and Critical Infrastructure Initiative, an initiative run by the Australian Government focused on engaging Mekong countries on foreign direct investment and critical infrastructure policy.

Methodology

This handbook was produced under a project sponsored by the Mekong Foreign Investment and Critical Infrastructure Initiative, an initiative run by the Australian Government focused on engaging Mekong countries on foreign direct investment and critical infrastructure policy. The handbook is the result of a partnership between the Council for the Development of Cambodia (CDC) and the Australian Department of Foreign Affairs and Trade (DFAT) seizing on the opportunities created by the Law on Investment of the Kingdom of Cambodia promulgated in 2021 to attract more Foreign Direct Investment (FDI) in Cambodia.

This handbook is based on:

- Inventory of Australian FDI and investors in Cambodia since 1994.
- Desktop research and interviews with key investment stakeholders in Cambodia (Cambodian public sector and resident Australian investors).
- Interviews with senior Cambodian Government officials, online and in person.
- Interviews with Australian Government officials (DFAT, Austrade), online and in person.
- Review of the most relevant and recent guidebooks, handbooks, and manuals on investing in Cambodia produced by different organisations including Austrade, the Japan International Cooperation Agency (JICA) and the United Nations Conference on Trade and Development (UNCTAD).

This handbook is also informed by a high-level roundtable on Australian investments in Cambodia organized jointly by CDC and Australian DFAT on 28 April 2022 in Phnom Penh. The roundtable examined ways to support Cambodia's capacity to attract productive international investment and provided an opportunity for Cambodian officials to hear directly from current Australian investors and facilitation experts about their experience investing in Cambodia.

Purpose of the Investment Guide

This handbook aims to provide an overview of investment opportunities and investment-related regulations in Cambodia. This publication is intended to provide an entry point for any potential investor. This guide does not replace professional advisory services to plan your investments and reap benefits from the dynamic and open market of Cambodia.

Disclaimer

This guide has been prepared for general informational purposes. You should obtain specific professional advice before acting on the information contained in this publication. This publication and any extract from it must not be copied, redistributed, or placed on any website without the publisher's prior written consent.

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ACRONYMS

AANZFTA	ASEAN-Australia-New Zealand Free Trade Area
ADB	Asian Development Bank
AFID	Agri-food Investment Desk
AFTA	ASEAN Free Trade Area
ASEAN	Association of Southeast Asian Nations
ATDD	Advance Tax on Dividend Distribution
AUD	Australian Dollar
AUSCHAM	Australian Chamber of Commerce
AUSTRADE	Australian Trade and Investment Commission
CAFIU	Cambodia Financial Intelligence Unit
CAP RED	Cambodia-Australia Partnership for Resilient Economic Development
CAVAC	Cambodia-Australia Agricultural Value Chain Program
CCFTA	Cambodia-China Free Trade Agreement
CDC	Council for the Development of Cambodia
CIB	Cambodian Investment Board
CIT	Corporate Income Tax
CKFTA	Cambodia-South Korea Free Trade Agreement
CSX	Cambodia Securities Exchange
CTA	Committee of Tax Arbitration
DFAT	Department of Foreign Affairs and Trade
EBA	Everything but Arms
EDC	Electricité Du Cambodge
EIA	Environmental Impact Assessment
ELC	Economic Land Concessions
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDCE	General Department of Customs and Excise
GDP	Gross Domestic Product
GDT	General Department of Taxation
GEDSI	Gender Equality, Disability and Social Inclusion
GMS	Greater Mekong Sub-region
GSP	Generalized System of Preferences
ICT	Information and Communication Technology
ILO	International Labour Organization
IMF	International Monetary Fund

ISC	Institute of Standards of Cambodia
LDC	Least Developed Country
LHC	Land Holding Company
LOI	Law on Investment
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MFAIC	Ministry of Foreign Affairs and International Cooperation
MIGA	Multilateral Investment Guarantee Agency
MME	Ministry of Mines and Energy
MLMUPC	Ministry of Land Management, Urban Planning and Construction
MoLVT	Ministry of Labour and Vocational Training
MoC	Ministry of Commerce
MPTC	Ministry of Post and Telecommunications
MRD	Ministry of Rural Development
NBC	National Bank of Cambodia
NCAC	National Commercial Arbitration Center
NSSF	National Social Security Fund
PAS	Sihanoukville Autonomous Port
PMIS	Provincial-Municipal Investment Sub-Committee
QIP	Qualified Investment Project
RCEP	Regional Comprehensive Economic Partnership
RGC	Royal Government of Cambodia
SERC	Securities and Exchange Regulator in Cambodia
SEZs	Special Economic Zones
SMEs	Small and Medium Enterprises
SSEZ	Sihanoukville Special Economic Zone
TAFTAC	Textile, Apparel, Footwear & Travel Goods Association in Cambodia
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
US	United States
USD	United States Dollar
VAT	Value-added Tax
WB	World Bank
WHO	World Health Organization
WHT	Withholding Tax

Note: as at June 2023 USD 1 = KHR 4,100 AUD 1 = KHR 2,800



I

WHY CAMBODIA?



Cambodia offers numerous advantages to investors, some of which may not be widely recognized outside the country. The main advantages include solid economic growth, a strategic geographical location, a favourable investment climate, abundant natural resources, a competitive labour market, strategic trade agreements, growing infrastructure development, a supportive legal framework and social and political stability.

Below, some of these key advantages are presented in greater detail.

Table 1: Advantages of Investing in Cambodia

Conducive investment climate

Competitive incentives

Qualified Investment Projects (QIP) are entitled to generous incentives such as: income tax exemptions for up to nine years or special depreciation entitlements; export tax exemptions; full import duty tax exemptions (for construction material, construction equipment, production equipment and production input); value-added tax exemptions for the purchase of locally made production inputs; and 150 per cent tax deductions for research and development, innovation, training, employee welfare facilities and services, and machinery upgrading. *For more detail on incentives, please refer to section IV: Investing in Cambodia of this handbook.*

Efficient processes, open investment regime

Investment project proposals are reviewed and decided by the CDC or the PMIS through the one-stop service mechanism. If the proposed investment project is not on the Negative List, the CDC or the PMIS shall issue the registration certificate to the applicant within 20 working days.

Special Economic Zones

Investments inside Special Economic Zones (SEZs) receive the same incentive schemes as investments outside the zones. However, investments inside SEZs receive better administrative facilitation with the advantage of industrial clusters.

Alignment with international investment framework

Many important laws have been enacted recently by the National Assembly (Trust Law, Construction Law, Law on Public-Private Partnerships, Law on E-commerce, Law on Social Security Scheme, Law on Consumer protection, Competition Law and of course the Law on Investment), while others are still being drafted and expected to come into force in the coming years. They are expected to improve the framework in which foreign and domestic investors manage and operate their businesses.

Steady sustainable growth

Remarkable economic growth

Cambodia has experienced remarkable economic growth. With an average annual GDP growth rate of around 7 per cent (before COVID-19 pandemic), the country has been one of the fastest-growing economies in the region. This growth can be attributed to several factors, including increased investments in infrastructure development, a thriving tourism sector, and a dynamic garment and textile industry. Additionally, Cambodia has successfully attracted foreign direct investment, particularly from countries like China and Japan. The government's commitment to economic reforms and a favourable business environment have played a significant role in driving this growth. Notably, there has been significant progress in Cambodia's electricity infrastructure, with costs declining significantly and capacity increasing fifteen-fold over the past 15 years. The country has also made noteworthy investments in logistical infrastructure, expressways, road rehabilitation and expansion, port upgrades, and airport improvements.

Predictable business environment

Cambodia has a manageable inflation rate, a stable foreign exchange rate and a low unemployment rate.

Open economy

In Cambodia, there is no discrimination between foreign and domestic investors. There is no requirement of local equity participation when setting up a business in Cambodia. The Royal Government of Cambodia does not fix prices of products or services in investment projects. In accordance with applicable laws and regulations, there are also no restrictions for investors on foreign currency convertibility and repatriation.

Care for sustainability

Around 61 per cent of the energy production in Cambodia is from renewable energy sources (as of 2022). Cambodia has one of the lowest levels of CO2 emissions among the ASEAN region (metric tons of CO2 emissions per capita).

Preferential access to regional and global markets

Participation in numerous bilateral, plurilateral and multilateral free trade agreements

To enhance trade and economic growth, Cambodia has signed various free trade agreements with major export market countries. Cambodia signed the Regional Comprehensive Economic Partnership Agreement (RCEP) in 2020 (came into effect in January 2022) which covers 30 per cent of the world's population and output. Cambodia is also a party to the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), which delivers benefits for Australian businesses in the areas of tariff reduction and elimination, providing greater certainty for service suppliers and investors and supply chain opportunities. Cambodia is a member of ASEAN and is part of the intra-ASEAN Free Trade Agreement (AFTA) as well as ASEAN's FTAs with China, Japan, Korea, India, Australia and New Zealand respectively. In October 2020, Cambodia signed bilateral Free Trade Agreements with China and a year later, with the Republic of Korea which should deliver benefits related to market access diversification and fostering economic growth. Additionally, Cambodia signed a comprehensive economic partnership agreement with UAE recently on 8 June 2023. Cambodia's trade expansion strategy and financial inflows (mainly FDI) are expected to continue to grow.

Duty-free quota-free access to the EU, US and UK markets

Cambodia's engagement with the EU's preferential market access scheme, known as the Everything but Arms (EBA), has had a positive impact on its economy. While the EBA scheme bolstered Cambodia's exports, the EU decided to partially withdraw preferential trade access for certain Cambodian goods, including garments, footwear, and travel goods, in August 2020. Nevertheless, Cambodia's economy has admirably maintained its stability, displaying resilience in the face of these changes.

Rather than being hindered, this stability highlights Cambodia's resourcefulness in maintaining economic activity and further targeting prospective cross-border trade.

Additionally, after benefiting from the American Generalized System of Preferences (GSP) until its expiration in 2021, Cambodia is now eagerly anticipating its reactivation by the US government. In addition, Cambodian exports have also benefited from the United Kingdom Developing Countries Trading Scheme (DCTS).

All these factors contribute to a positive outlook for Cambodia's future growth, underlining the resilience of its economy amid shifts in international trade policies.

Cambodia is a member of the following trade agreements, that offer preferential market access for goods and services coming in or out of Cambodia:

- World Trade Organization
- ASEAN Free Trade Area
- ASEAN-Australia-New Zealand Free Trade Area
- ASEAN-China Free Trade Area
- ASEAN-Hong Kong, China Free Trade Area
- ASEAN-Japan Comprehensive Economic Partnership
- Regional Comprehensive Economic Partnership
- Cambodia-China Free Trade Agreement
- Cambodia-South Korea Free Trade Agreement
- Cambodia-United Arab Emirates Comprehensive Economic Partnership Agreement

Cambodia is participating in negotiations for these Free Trade Agreements:

- ASEAN-Canada Free Trade Agreement
- ASEAN-Eurasian Economic Union Free Trade Agreement (proposed and under consultation)

Connecting trade infrastructure

Growing logistical infrastructure

Cambodia enjoys proximity to production facilities in Thailand and Vietnam, as well as the Chinese market. Cambodia is the linchpin in the Southern Economic Corridor (SEC) development project, connecting Myanmar, Thailand, and Vietnam. Phnom Penh is central to the pathway connecting Bangkok and Ho Chi Minh City. Cambodia has three international airports connecting to key markets around the globe. The Sihanoukville Special Economic Zone (SSEZ) on Cambodia's coast is connected by road, rail, sea, and air to key international trading hubs. Furthermore, more than USD 1.9 billion investment was spent for the new Phnom Penh-Sihanoukville Expressway (launched in October 2022), which connects the capital to the coast.

Pro-reform transport and logistics agenda

The Government is implementing the 2018 Logistics Master Plan to improve logistics infrastructure and implement priority projects to promote sustainable economic growth. The implementation focuses on infrastructure development including roads, railways, inland waterways, ports, multi-modal transport facilities, and air cargo hubs. Tourism is another important cross-subsector focus for transport infrastructure development. The Ministry of Public Works and Transport has identified 150 priority projects representing 30 billion USD investments to be realized within the next decade. These projects include two new airports, one new deep seaport, the first capital-to-coastal canal spanning over 180 km, two new expressways and an upgrade of the railway¹. They are not only funded by foreign aid but also through bond issuance and Build-Operate-Transfer types of public-private partnership investments. In addition, the Comprehensive Intermodal Transport Master Plan for Cambodia 2023-2030 is also under drafting process to better develop Cambodia's transport sector for connectivity with countries in the region and the world as well as to improve logistics systems and reduce shipping costs.

¹ More information on page 71: Infrastructure

We also asked existing Australian investors what they saw as the key advantages. The main themes identified are set out below:

1. Cambodia offers investment opportunities in a diverse range of sectors. Traditionally, tourism, garment manufacture and agriculture have been major economic sectors in the country. There is increasing focus on high value-added and skill intensive sectors as Cambodia aspires to be a knowledge-based, middle-income country.
2. The market is very open to foreign investment, with 100 per cent foreign-owned investment permitted in almost every sector.
3. The regulatory framework has been bolstered and improved recently (for example, the Law on Investment, the newly introduced Sub-decree on the implementation of the Law on Investment, the new Law on Consumer Protection, the new Competition Law, the Law on Taxation, new tax exemptions and new double taxation regime agreements).
4. Investment incentives and Cambodia's tax regime are favourable for foreign investors.
5. Cambodia's participation in bilateral, plurilateral, and multilateral free trade agreements has ensured alignment with international standards and best practices.
6. Cambodia enjoys abundant natural resources (land, water, minerals, and potentially, oil and gas).
7. Operational and labour costs are competitive. Of the 16 million people in Cambodia, over 50 per cent are under 35 years old. According to Cambodia socio-economic survey 2021, the labour force participation rate was 83.7 per cent. Cambodia's literacy rate is rising quickly, reaching 84 per cent in 2021, in accordance with the World Bank data.
8. There is a burgeoning middle class and growing expat community, as well as a foreigner-friendly attitude among the local population.
9. Investors enjoy easy access to larger economies nearby including, but not limited to, Thailand, Vietnam, and China.
10. Business is conducted in English, and US dollars are widely used and accepted in business transactions.

Foreign Direct Investment Trends

Some indicators are captured in *Figure 1* to provide a snapshot of Cambodia investment landscape.

In 2022, CDC, through the Cambodian Investment Board (CIB) and the Special Economic Zones Board (SEZB), approved 186 investment projects.

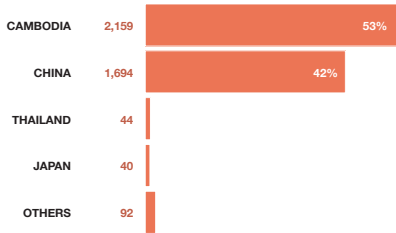
- Local investment accounts for 53.54 per cent while Foreign Direct Investment accounts for the remaining of 46.46 per cent.
- 175 were new investment projects among the 186, showing the potential of the country for Greenfield investment.

Additionally, Cambodia received investment inflows worth USD 4.03 billion. Major foreign investors in 2022 came from China, Thailand and Japan. Investment projects focused on various sectors, including agriculture and agro-industry, manufacturing, tourism, infrastructure among others.

Figure 1: Cambodia investment landscape

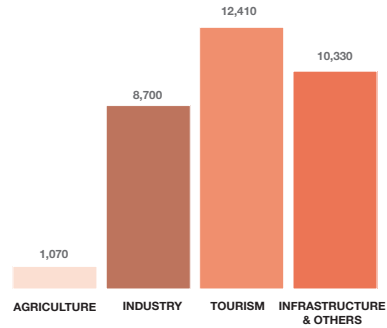
TOP 4 INVESTING COUNTRIES

in million USD (in 2022)



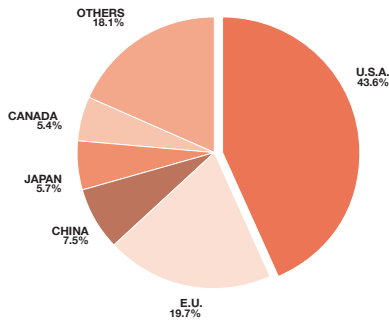
SHARE OF INVESTMENT BY SECTOR

million USD (cumulative 2018-2022)



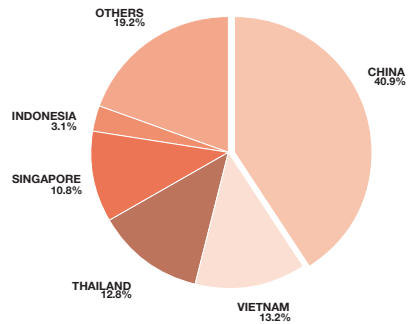
MAJOR EXPORT COUNTRIES

in per cent (in 2022)

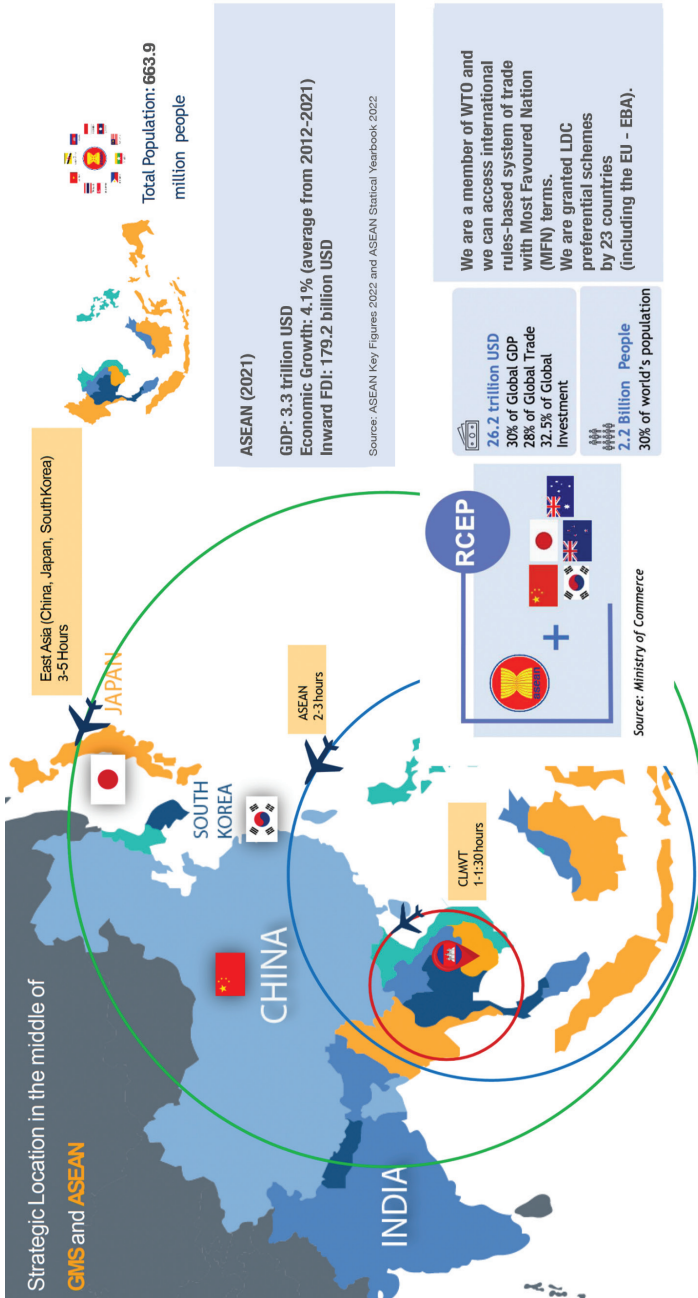


MAJOR IMPORT COUNTRIES

in per cent (in 2022)



Source: The Council for the Development of Cambodia (CIB&SEZB), Khmer Times

Figure 2: Cambodia at the centre of ASEAN and RCEP

1. What are the opportunities?

Which sectors are best to invest in?

Garment manufacture, tourism, agriculture and construction are considered the main engines of growth. The priorities of middle-class consumers, such as health and education are creating opportunities for investors. Technology, COVID-19 and economic development have impacted Cambodia, creating new trends and niche opportunities to address the growing needs of the country in the face of 21st century challenges.

The Law on Investment (LOI), promulgated in October 2021, reflects these trends, and identifies more than 18 sectors and activities where investment incentives apply. These incentives include income tax exemptions, deductions of capital expenditure through a special depreciation mechanism, and exemptions for export custom duties. Eligible investment projects can also receive exemption of customs duties, special tax, and value-added tax for the import of construction material, construction equipment, production inputs, and production equipment, among other items.

Box 1: List of sectors receiving incentives for investments

The following sectors and activities, unless placed on the **negative list** defined in the Sub-decree, receive investment incentives after obtaining a registration certificate certifying their QIP status:

- High-tech industries involving innovation or research and development.
- Innovative or highly competitive new industries or manufacturing with high added value.
- Industries supplying regional and global production chains.
- Industries supporting agriculture, tourism, manufacturing, regional and global production chains, and supply chains.
- Electrical and electronic industries.
- Spare parts, assembly, and installation industries.
- Mechanical and machinery industries.
- Agriculture, agro-industry, agro-processing industry, and food processing industries serving the domestic market or export.
- Small and medium-sized enterprises in priority sectors and small and medium-sized enterprise cluster development, industrial parks, and science, technology, and innovation parks.
- Tourism and tourism-related activities.
- Special Economic Zones.
- Digital industries.
- Education, vocational training, and productivity promotion.
- Health.
- Physical infrastructure.
- Logistics.
- Environmental management and protection, biodiversity conservation and the circular economy.
- Green energy, technology contributing to climate change adaptation and mitigation.
- Other sectors and investment activities not listed by the LOI but deemed by the Royal Government of Cambodia to have potential for socio-economic development.

Key areas of opportunity for investors identified by the Cambodian Government

While the Law on Investment, which came into effect in October 2021, places priority on more than 18 key sectors, the following sectors are particularly interesting for investors.



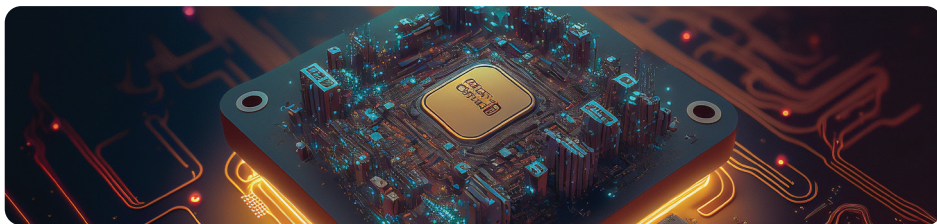
Agri-food

- Favourable location: most of the population is concentrated in lowlands and hills where freshwater (from rivers, lakes, and underground sources) is abundant.
- Weather: thanks to heavy rainfall during the monsoon season (May to October), Cambodia enjoys favourable climate conditions, with temperatures remaining high during the period.
- Cambodian agriculture is experiencing rapid transformation due to a combination of increased yields, more productive use of labour due to mechanization, and the expansion of farmland.



Automotive

- Cambodia has a growing number of automotive startups and suppliers, with untapped linkages to the regional and global value chains.
- According to the data from CDC, investment capital in automotive assembly and components manufacturing from 2020 to 2022 was USD 1.38 billion.
- Automotive components manufacturers and vehicle assemblers have been growing in Cambodia.
- Japan, Korea and China are major investors, while the main export markets include Thailand and Japan.
- The Royal Government has adopted the Cambodia Automotive and Electronics Sectors Development Roadmap in 2022, an indicator of the importance of the sector for further economic growth.
- According to calculation based on data from GDCE, from 2020 to 2022, exports of automotive components were USD 484.78 million and the compound annual growth rate in exports of automotive components was 10 per cent.
- Cambodia has a thriving domestic motorcycle market, attracting both assembly and component manufacturing.



Electrics and Electronics

- Electronics is a fast-growing sector in Cambodia with Japanese and Chinese firms as major investors.
- Cambodia's electrical and electronics (E&E) exports have significantly increased in recent years, especially to United States in 2021, when investors steered sourcing orders to Cambodia following supply chain disruptions. The positive trend will likely last.
- According to the data from CDC, investment capital in electrics and electronics from 2020 to 2022 was USD 264.62 million.
- From wire manufacturers to PCB assemblers, Cambodia is home to some of Asia's top electronic manufacturers.
- According to calculation based on data from GDCE, annual exports in 2022 were USD 1,970.20 million (up 22 per cent from 2021).
- Based on the same calculation, compound annual growth rate was 34 per cent, from 2020 to 2022.
- In 2022, the top 5 export markets were the United States, ASEAN, China, Japan, and South Korea.
- Industrial development in Cambodia offers opportunities for firms operating in neighbouring countries such as Thailand and Vietnam to form a regional supply chain model to benefit from comparative advantages of both nations.



Bike and Parts

- According to data from MOC, Cambodia now ranks first in ASEAN and fifth globally for exports of bikes and bike parts. More than 1.5 million bicycles are exported from Special Economic Zones each year.
- According to calculation based on data from GDCE, exports in 2022 reached around USD 1 billion (an increase of 54 per cent from 2021).
- In 2022, Cambodia has become the major exporter to Europe, destination of more than two-thirds of exports.



Textile and Apparel

- A major powerhouse, Cambodia's textile and apparel sector has been serving the global market and growing at a solid pace over the years. While diversification of the economy takes place, the garment sector will remain the largest employer for a while.
- Cambodia is a major garment producer in the world.
- In 2022, according to GDCE, the total exports of garment and footwear were approximately USD 13 billion and the sector accounted for 63 per cent of Cambodia's export earnings.
- In 2022, Cambodia had a total of 1,968 large-scale factories, two thirds of their production are exported to foreign markets.
- Moving from a labour intensive model to a high value and skills intensive garment production model is key for the sector to develop in the future.



Furniture and Plywood

- The furniture and plywood industry is one of Cambodia's rapidly rising sectors and is attracting major investments and increased export potential.
- According to CDC, Cambodia exports furniture and plywood products to many destinations, including ASEAN, the United States, and the United Kingdom, with a total value of approximately USD 99 million in 2019 and approximately USD 147 million in 2020.
- Total investment capital in furniture and plywood is USD 332 million. The sector employs currently more than 9,000 local workers.

Some key sectors of opportunity are examined in more detail below.



Agriculture

Agricultural development has benefited from Cambodia's geographical location. The Cambodia Industrial Development Policy 2015-2025, Cambodia's Trade Integration Strategy 2019-2023 and Agriculture Development Strategy 2019-2023 recognize agriculture as a key enabler to drive Cambodia's economic growth, job creation, and social advancement. This can be achieved by focusing on moving up the agricultural value chain through producing agricultural commodities with added value, research and development, capacity-building, products diversification, targeting new export destinations, and improving product quality.

For Cambodia's agriculture sector, there is untapped potential in some niche markets such as organic products or sustainable agriculture.

Cambodia's agriculture sector also offers market opportunities for agricultural inputs and machinery; investment opportunities in mid-downstream supply chain activities; and opportunities in contract farming.

Table 2: Key investment opportunities in agriculture

	Agricultural inputs and machinery	Supply chain process	Contract farming
Opportunities 	<ul style="list-style-type: none"> • Import advanced or second-hand machinery in Cambodia. • Equipment and tools used in agricultural production. • Fertilisers and insecticides. • Seeds. 	<ul style="list-style-type: none"> • Invest in agro-processing: rice milling and packaging. 	<ul style="list-style-type: none"> • Investors supply capital, technology, market. • Farmers supply labour and land.
Rationale 	<ul style="list-style-type: none"> • Local farmers lack technology and equipment. • Need to increase efficiency and quality of harvest. 	<ul style="list-style-type: none"> • Most local agricultural activities are upstream in the supply chain. • Agro-processing is strongly encouraged by the government. • Export advantages (MFN and duty-free quota free). 	<ul style="list-style-type: none"> • Local farmers have limited access to capital and market exposure, and need technological upgrade. • Availability of arable lands.

Where to invest in agriculture?

Battambang: Bordered by the country's major freshwater resource, the Tonle Sap Lake, the province contains fertile soil that is suitable for growing 'thirsty crops' and has historically been the main rice provider of the country. Main crops: rice, cassava, corn, banana, mango, mung beans.

Kampot: The province's strength is in rich low-lying land, which is optimal for crop cultivation. Moreover, with its unique soil quality, the province produces the world-famous pepper known as "Kampot pepper". Main crops: pepper, rice, durian, banana, mango.

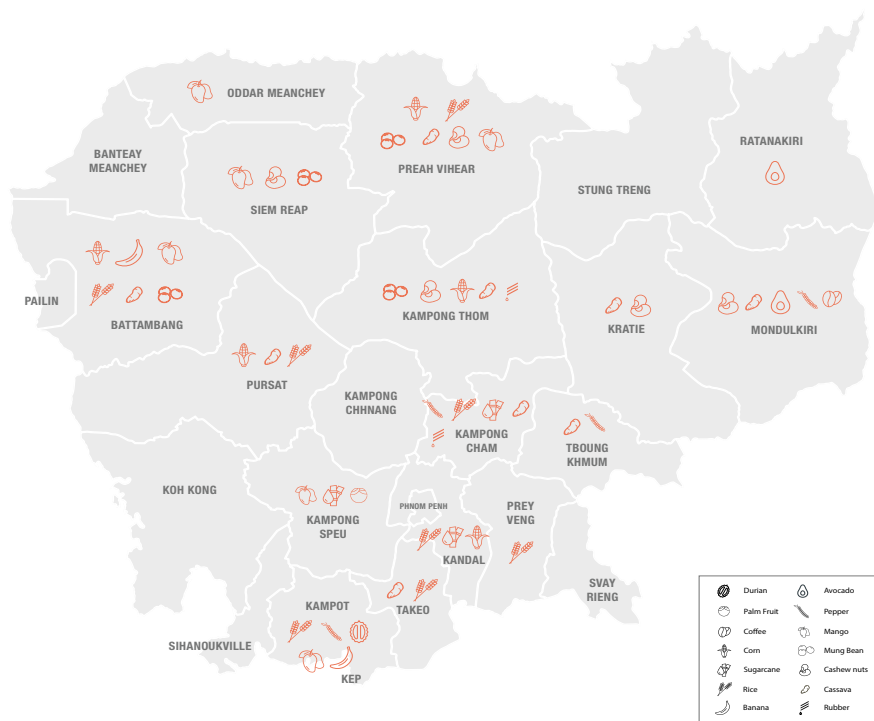
Kampong Cham: One of the key locations for agriculture businesses in Cambodia, the province is highly populated and is located along the Mekong River. Main crops: rice, cassava, pepper, sugarcane, rubber.

Kampong Speu: Like Kampong Cham, the province has a large labour force and ample natural resources. This province also has the protected geographical indication (GI) of "Kampong Speu palm sugar". Main crops: mango, palm fruit, sugarcane.

Kampong Thom: With over 290,000 hectares available for rice cultivation, Kampong Thom holds significant potential in the agriculture sector. Situated at the centre of the country, this province benefits from more efficient distribution of goods to other provinces. Kampong Thom is renowned for its ability to cultivate a variety of crops, including cashew nuts, rubber, corn, beans, cassava.

Monduliri: The favourable climate of these 'highlands' plus the abundant natural resources and fertile land have made Monduliri become one of the potential locations for agriculture investment. Main crops: cassava, cashew nuts, avocado, coffee, pepper.

Figure 3: Main crops grown in Cambodian provinces



High value crops with most export potential

In 2021, the Cambodia-Australia Agricultural Value Chain Program (CAVAC) conducted a study on high value crops with export potential as part of the Cambodian Government's drive to diversify the country's agriculture portfolio. Different from most existing value chain studies, this study looks at the demand in key markets. After applying a set of filters, nine crops/products were selected as having the best prospects for future development and export. The report assesses the characteristics of each crop in the context of market intelligence, global trade of certain varieties, technical requirements, standards, and opportunities for Cambodia to penetrate global markets as a new player.

Nine export crops/products - mango, dried banana chips, longan, avocado, cashew, sweet potato, chilies, sesame and palm sugar - were shortlisted using the methodology above. The crops/products selected are in very strong demand globally, driven by powerful marketing campaigns and supported by effective sector marketing.

Insider's View: Agriculture



LEXMIN

Lexmin Pty Ltd is an Australian affiliated company based in Cambodia specializing in producing dietary supplements and nutritional food crops to international food safety standards. They have a pioneering approach and cultivate moringa and other products organically, combining ancient Indian Vedic agricultural methods with state-of-the-art, ultra-high density cultivation techniques. *Robert Chelliah*, the founder of the company, had a long career working in social fields in Australia and saw an opportunity to invest in Cambodia's agricultural sector and take advantage of its fast developing agricultural trends.

"Food security is a growing concern globally while at the same time, the demand for better nutrition is increasing. Food supplements represent a market of USD 54 billion in the US only. Cambodia offers an interesting perspective in this field: the quality of soil is very rich, particularly in the mountains, the country has manpower and great natural resources, and it is easy to set up a company. There are some challenges linked to the climate and the need to improve agricultural practices, capacity to export and to add value. It is not easy to compare with countries like Vietnam, but Cambodia retains some competitive advantage in the field of organic products in comparison with large commodities like rice. Horticulture offers many niche opportunities that can be seized. Australian investors should nonetheless be prepared. Despite some progress done on corporate governance and bureaucratic aspects, Cambodia is still a developing country with skills gaps in many areas, including the capacity to deal with higher stress generated by sustainable practices. Nonetheless, the Lexmin example shows that it is possible to be internationally certified, to produce at international standards and export successfully."



Tourism

Cambodia's tourism sector has been rebounding quickly since the reopen of its borders in November 2021, presenting more opportunities for investors to fill in gaps, and explore untapped locations and potentials such as sustainable tourism and ecotourism. Before the COVID-19 pandemic, tourism was one of the fastest growing sectors in Cambodia. The number of tourist arrivals reached its peak at seven million in 2019. As Cambodia was the first ASEAN market to fully reopen its borders to foreign tourists, it has been reaping benefits from the renewed interests in leisure and business travel as seen in the surge of inbound tourists over 1000 per cent, and with the increase of the domestic tourism by approximately 200 per cent in 2022 (*source: Ministry of Tourism*). The main needs for this sector are to diversify its offerings, to enable tourists to stay longer and spend more, and to promote Cambodia as a destination in its own right rather than as a satellite destination of its neighbours.

Table 3: Key investment opportunities in tourism

	Hotel, resorts accommodation, restaurants	Tour companies, holiday packages	Skills-based training
Opportunities 	<ul style="list-style-type: none"> Invest in hotels, resorts, and guest houses or equivalent. Operate medium-to-high end restaurants in potential tourist destinations. 	<ul style="list-style-type: none"> Develop attractive ecotourism or cultural tourism packages. Link tour packages with ASEAN tourist destinations. 	<ul style="list-style-type: none"> Provide training services such as foreign languages, hospitality, and hotel management skills.
Rationale 	<ul style="list-style-type: none"> In 2019, Cambodia's average hotel occupancy rate was 70 per cent indicating there is still room for growth. Increasing tourist arrivals and spending. 	<ul style="list-style-type: none"> Cambodia has rich cultural, historical, and natural resources which are still unknown and unexplored. 	<ul style="list-style-type: none"> Lack of human resources with professional service experience and skills that meet international standards.



Logistics and supply chains

Cambodia's geographic location is extremely beneficial for regional logistics. With growing trade activities, Cambodia will have increasing demand for logistics expertise, international and regional logistics activities and warehouses and distribution centres. Cambodia's location is strategic, bridging trade between the two largest GMS economies, Thailand and Vietnam. The country's road network is potentially the most lucrative route in ASEAN, namely the Southern Economic Corridor connecting three key ASEAN economies - Bangkok, Phnom Penh and Ho Chi Minh City. It also links two international deep seaports - the Saigon Port and the Dawei Deep Seaport in Myanmar, which is currently under development.

Cambodia aims to become a 'sub-regional hub for logistics', bolstering its economic growth and integration into the global supply chain. To support these ambitious plans, the Cambodian government plans to invest approximately USD 30 billion to implement 150 projects aimed at modernizing key logistics infrastructure. These investments are crucial to ensure the success of the supply chain for farmers and garment exporters.

Table 4: Key investment opportunities in logistics

	Logistics consultants	International and regional logistics services	Warehouses and distribution centres
Opportunities 	<ul style="list-style-type: none"> Bring know-how in logistics management (practitioners). 	<ul style="list-style-type: none"> Provide efficient and effective logistics services for regional and international trade activities. 	<ul style="list-style-type: none"> Invest in warehouses and distribution centres especially along the main road corridor between Thailand and Vietnam.
Rationale 	<ul style="list-style-type: none"> Lack of professionals in the logistics sector. Inadequate education/training in logistics. 	<ul style="list-style-type: none"> Limited infrastructure but considerable growth in containerized exports especially between Cambodia and neighbouring countries. 	<ul style="list-style-type: none"> Warehouse demand would increase in tandem with expanding trade volume.





Digital tech and innovation

Cambodia's technology ecosystem is predominately centered in Phnom Penh, with some hubs in Battambang, Kampong Cham, Sihanoukville and Siem Reap. However, the country is still at a very early stage of digital transformation in comparison to other countries, due to several factors including sparse internet coverage, an ICT skills gap and limited use of digital services. Unlike other middle and low-income countries, the price of internet services is not an inhibiting factor and is one of the lowest regionally for mobile data.

The ICT sector is relatively young and emerging. In a study from 2020, UNDP highlighted that Cambodia lags behind its ASEAN counterparts in terms of digital transformation readiness. It also said that ICT firms were predominantly micro and small enterprises in operation for three to five years. Many ICT firms lack resources, including financial and human capital, which makes their expansion and adoption of digital technologies difficult.

There are three emerging technology priority areas in Cambodia: **(1) advanced materials and manufacturing; (2) AI, digital, robotics and smart machines; and (3) energy and environment technologies.** An ambitious economic growth agenda is the main driver for the Royal Government of Cambodia (RGC) to invest in these areas and pursue policies to accelerate the country's digital transformation. The Cambodia Digital Economy and Society Policy Framework 2021-2035, was formulated to outline the vision of developing a vibrant digital economy and society, fostering new growth, and promoting social well-being in the era of the "new normal". This vision aims to be realised within a 15-year timeframe, in line with three key principles: **(i) building digital foundations, (ii) digital adoption, and (iii) digital transformation.** The ultimate goal of digital transformation is to achieve a digital economy and society by extensively leveraging digital technologies among economic agents and across all economic activities, creating interlinked and complementary systems. Despite this interest, the technology landscape is only emerging. This is due to several factors, including but not limited to lack of relevant skills and limited technology adoption by micro, small and medium-sized enterprises (MSMEs), and limited government coordination on technology initiatives, creating bottlenecks for advancement.

Table 5: Key investment opportunities in digital technologies

	Advanced materials and manufacturing	AI, digital, robotics and smart machines	Energy and environmental technologies
Opportunities 	<ul style="list-style-type: none"> • A need for advanced materials and manufacturing in the construction sector. • Incorporate Internet of Things (IoT) in products and systems. 	<ul style="list-style-type: none"> • Uptick in demand for smart machines and robots as companies look to increase their efficiency. • Robotics continues to play a key role in the demining activities in Cambodia. 	<ul style="list-style-type: none"> • Cambodia's commitment to developing policies and stimulating clean technology use to ensure energy security. • Demand in agricultural processing, planting and ploughing products.
Rationale 	<ul style="list-style-type: none"> • The manufacturing sector is a priority for the RGC, being the main source of government revenue and biggest employer. • The sector is facing significant global competition and needs to reduce costs but is constrained by limited efforts to innovate and digitalize. 	<ul style="list-style-type: none"> • Limited absorptive capacity or research of AI tools in the Cambodian market. • Robotics is still new to the country and there are fewer suppliers. 	<ul style="list-style-type: none"> • Energy and environmental technologies focus both on climate resilience and improved agricultural activity. • Despite the agriculture sector's role in the Cambodian economy, many small and medium-sized companies are not adopting technology.



Education and training

Skills shortage is often cited as the biggest challenge for investors in Cambodia, with the need for qualifications and training increasing every year. Other challenges include the lack of equal access to education, the need to improve the quality of training, including teacher training and professional development. There are many opportunities for Australian companies to provide affordable quality education and specialized education services. Additionally, there are high needs in language training (particularly English) and professional training courses (finance and accounting) to equip workers with the requisite skills for employment. Skills development centers, offering specialized courses and training for priority sectors in Cambodia (such as information technology, agriculture, financial services, and infrastructure) are very much needed for the country to transition from a labour-based to a knowledge-based economy. There is also potential in digital training (online platforms for digital and distance learning) and in educational content creation for public and private schools.

Insider's View: Education



ACE (AUSTRALIAN CENTRE FOR EDUCATION)

At the recent Pioneer Awards held in London, the Australian Centre for Education (ACE) based in Phnom Penh, Cambodia won Language Educator of the Year ahead of language schools from all over the world. It was the first school from Southeast Asia to win this prestigious award. After a twenty-year career in corporate banking, *Ashley Irving* has been working with ACE for over ten years, and now regards Cambodia as home.

When asked what was the key to success, Ashley said: *"there is no secret formula to setting up a successful educational business in Cambodia. The steps are, on the surface, relatively simple.*

- *Know your market. e.g., who are you aiming to service? what is the competition in that space? what is the demand for your service? what are the government requirements?*
- *Establish which key stakeholders you need to build relationships with.*
- *Be very clear on the period you are prepared to invest before returning sustainable profits.*

If you are prepared to invest time in building relationships and market presence, the possibilities of being well rewarded are high. The profit margins, particularly in the short term, may not be as high as many businesses want or require. If that is the key driver, then you are in the wrong business. Education, as a commercial entity, will always be a balancing act between providing the best service possible to your students, with the need to maximize profits. At the heart of all is the needs of the students.

Running a successful business in education requires a long-term commitment to people (both students and staff). Building this takes time, there are no shortcuts. My own school, the Australian Centre for Education (ACE) has been operating in Cambodia for 30 years. We are a leader in the provision of English language teaching services in Cambodia and in the Southeast Asia region. We are an initiative of IDP Education. We have seen our enrolments increase from 6,000 students per term in 2012 to over 25,000 pre-COVID and are now close to returning to these levels. Our focus is on providing a quality English language experience for our students at affordable prices. I'm often told how lucky we are to have such scale. It's amazing how hard work over many years, building relationships with families (three generations of students in some cases), building relationships with governments in Cambodia and Australia, and continually looking for ways to innovate and develop our services such as online learning has enabled us to be so "lucky".

I wish you the best of luck in your journey in Cambodia. It is an amazing place!"



Resources (mining)

Another specific sector of interest for Australian investors is the extractive industries.

Insider's View: Mining



LIBERTY MINING

Richard Stanger is a seasoned investor in the mining industry. He arrived in Cambodia in 2004 with Liberty Mining, which was then acquired by Angkor Resources, and is currently involved in international consulting as well as exploration in Cambodia and Australia.

Richard is a strong believer in the opportunities that Cambodia can offer in mining, and also in oil and gas exploration.

"Cambodia has unexplored potential in minerals. Some Australian investor perceive Cambodia as a risky market however it has great features and opportunities that should be highlighted. Cambodia's mining and oil and gas laws are relatively new and well-constructed. The capacity of the Ministry of Mining and Energy is also improving, and the recent new Law on Investment and the Law on Public Private Partnerships are also very positive to attract investments. More specifically regarding the mining sector, taxation on extractive industries is marginally attractive (30 per cent) and royalties for minerals are internationally competitive. For sizeable projects to be considered under QIP, the Government and particularly the CDC is always welcoming discussions.

Political stability is another great competitive advantage of Cambodia, particularly when relatively large and long-term investments are needed as in the mining industry. The public-private policy dialogue is well established and well organized. Overall, the Government is very business friendly and has well established policies to protect investors from discrimination and expropriation. Foreign investors have access to political risk insurance at very competitive rates.

Cambodia rates as a very safe country in terms of personal safety. The Government handled the COVID-19 pandemic in a very organized manner. More than 94 per cent of the total population is vaccinated (2nd highest rate in ASEAN) and business recovery has been rapid. The quality of life here is generally very good for expats with an active business community".

Richard has considerable experience working and travelling around the world and rates Cambodia very highly as a place to do business. For all new investors, his best advice is:

"Simply do your homework and do it seriously. Come prepared with relevant information and talk to people in the relevant Ministries. Crosscheck your information and do not blindly follow any random advice. Rather, seek professional support from recognized legal firms. Unlike Australia, it will not be possible to do everything online and not all information is available easily. Nonetheless, do not cut corners as things will happen but it may take time. In addition, Australian mining companies have a real competitive advantage in Cambodia as they are praised and recognized by the Government for their high standards and their sustainable practices. Take advantage of it, you will be welcome in this country!"

2. On-going development cooperation projects funded by Australia

Australia played a key role in bringing peace and stability to Cambodia through the Paris Peace Accords and UNTAC in the early 1990s. Since then, Australia has continued to provide development assistance to Cambodia, amounting to around AUD 1.6 billion. This assistance has been focused on three pillars: health security, stability, and economic recovery, with the aim of uplifting Cambodia's socio-economic status quo.

Recently, the Australian government, in its effort to support Cambodia's economic recovery and promote the attraction and retention of quality investment in the agri-food sector, has assisted the CDC in launching the Agri-food Investment Desk (AFID). This is a one-stop portal that provides information and assistance to investors to maximize the uniquely untapped opportunities of Cambodia's agricultural resources and leverage the attractive investment incentive scheme stipulated in the Law on Investment and its Sub-decree.

Box 2: CDC's Agri-food Investment Desk (AFID)



In tandem with modernisation of agriculture in Cambodia to increase competitiveness, the Australian Government through the Cambodia-Australia Agricultural Value Chain Programme (CAVAC) has supported the Council for the Development of Cambodia (CDC) and Ministry of Agriculture, Forestry and Fisheries (MAFF) to attract more foreign and domestic investment in agri-food sector, including processing for export. This initiative aims to help build a more resilient agri-food sector in Cambodia, by diversifying sources and types of foreign investment, introducing innovations and technologies into the sector, and creating higher value-added jobs with new foreign capital. With CAVAC's support, the Agri-food Investment Desk has so far achieved the following:

- Development of AFID sub-webpage with an embedded case studies of successful investors in agri-food (<https://afid.cdc.gov.kh/>)
- Data collection relating to agri-food production and foreign direct investment.
- Training the AFID taskforce on standard operating procedures and recording the investment pipeline.
- Producing two promotional videos explaining the attractiveness of agri-food investment in Cambodia and the functioning of the AFID.

With the implementation of the above activities until June 2022, AFID taskforce has developed capacity to serve and talk the agri-food language to domestic and foreign investors to facilitate the investment to Cambodia. The AFID is timely, given CDC's efforts to promote buy-in from the private sector. This enhanced one-stop service is one way of improving investment facilitation and promotion in this sector.

The agricultural sector is the key driver of Cambodia's economy. 80 per cent of Cambodia's population resides in rural areas. According to the World Bank, the agricultural sector still supports the livelihood of most of the population, especially in rural areas. It contributed 22 per cent of Cambodia's total GDP in 2022 and, employed around 32 per cent of the total workforce. In 2021, Cambodia exported 8.6 million tons of agricultural products worth nearly USD 5 billion.

The Royal Government of Cambodia recognizes the importance of agriculture in achieving priorities such as food security, poverty reduction, employment, economic growth, and environmental sustainability. The primary agricultural commodity is rice.

Other major crops include cassava, mango, cashew nut, banana, pepper, corn, mung bean, avocado, and vegetables. *For more details see figure 3, page 24.*

The following strategies for development have been adopted to harness the untapped potential of Cambodia's agricultural resources. The Rectangular Strategy Phase IV (2018-2023) is the overarching strategy document for Cambodia. It aims to strengthen agricultural production and the implementation of the law on contract farming in Cambodia as well as improve the quality and standard (including sanitary and phytosanitary) of agricultural products. Key components are the development of the "Master Plan for Agriculture Sector Development towards 2030" and the "Agriculture Sector Strategic Development Plan 2019-2023". The Industrial Development Policy (IDP) 2015-2025 has set forth five priority industrial sectors based on the country's competitive advantage, and one priority among the five is to increase agro-industrial production for export and domestic markets. The draft Master Plan for Crop Production by 2030, developed by Ministry of Agriculture, Forestry and Fisheries (MAFF), prioritizes eight value chains that could be drivers of FDI until 2030. The eight main crops are: rice, corn, cassava, mung bean, mango, cashew nuts, pepper and vegetables. Rubber is not selected, showing the Government's focus on Agri-food products capable of generating high-value, multiple outputs, and high growth potential.

Putting these together, the Government's objectives for agriculture can be summarized as: (1) improving agricultural productivity; (2) crop diversification; (3) increasing agro-processing capability; (4) improving the investment environment; and (5) enhancing logistics for the agricultural sector.

The “Cambodia-Australia Partnership for Resilient Economic Development” (CAP RED)

Funded from 2022 to 2027, CAP RED is Australia’s flagship bilateral economic development program in Cambodia, focusing on supporting economic recovery and boosting resilience over the next five years. The program is focused on economic recovery and resilience, and is supporting Cambodia to undertake a range of economic reforms targeted towards encouraging more productive and inclusive public and private investment to promote sustainable and resilient growth. The program focuses on three pillars: (1) agriculture and agro-processing, (2) infrastructure services, (3) trade, investment and enterprise development. Gender equality, disability and social inclusion (GEDSI), and climate adaptation and mitigation will be incorporated into all CAP RED activities. CAP RED draws on Australia’s comparative advantages in areas that are central to Cambodia’s successful diversification efforts such as agricultural modernisation, infrastructure financing, water and renewable energy transition.

Figure 4: CAP RED priorities



Agriculture and Agro-Processing

Goal: assist farmers and agribusiness to sell more high value agri-foods, while building climate resilience and sustainability.

Initiatives:

- Support to establish an Agri-food Industrial Park (AIP).
- Establish quality standardization for agri-food products through the National Quality Policy (NPQ) and the Quality Declared Seed System (QDS).



Infrastructure Services

Goal: expand essential water and electricity services into rural and remote area.

Initiatives:

- Support the development of innovative financing and policy and regulatory approaches to encourage more public and private investment.
- Focus on solar energy, logistics and on minimising obstacles to moving goods and services.



Trade, Investment & Enterprise Development

Goal: support policies to create a more diversified and competitive investment market.

Initiatives:

- Establish the Agri-food Investment Desk (AFID).
- Support the implementation of the Law on Investment and develop of a roadmap to attract quality investors, including diaspora.
- Support the Government in their export, branding and investment strategies to meet new trade opportunities for RCEP, AANZFTA and other FTAs.
- Support SMEs, particularly women-led ones, to upgrade their skills, access to finance and export readiness.



II

PREPARING TO INVEST (IN AUSTRALIA, IN CAMBODIA)



1. What information is needed, when it is needed, who to contact

Table 6: Preparing your investment (phases)

When	What to do	Who to contact
Before making a decision to invest in Cambodia	<ul style="list-style-type: none"> Country background check e.g., culture, location, economic and political structure and decision mechanisms, business climate, laws and regulations, tax landscape, infrastructure, workforce, market access, local business partners and suppliers, reputation. Develop business plan/investment project plan considering the type of foreign investment/ business, sector, capital required, Cambodian and other government (e.g., Australian) regulations, product, organizational structure, location, financial management and competitors. Speak to other investors in Cambodia about their experience. 	<ul style="list-style-type: none"> Cambodian Commercial Attaché in your country. Royal Embassy of Cambodia in your country. Australian Embassy in Cambodia. Department of Public Relations and Promotion of Private Investments at the Council for the Development of Cambodia (CDC). Experienced foreign investors in Cambodia. Trade promotion officers in your country and in ASEAN (e.g., Austrade in Australia). Relevant Chambers of Commerce (e.g., Auscham in Cambodia, Cambodia Chamber of Commerce).

When	What to do	Who to contact
After making a decision to invest in Cambodia	<ul style="list-style-type: none"> • Check if eligible for QIP, noting: <ul style="list-style-type: none"> - Types of QIP. - Investment incentives for QIP. - 19 prioritised sectors. - Negative list. - Minimum capital or land size requirement. - Investment guarantee scheme. - Benefits offered in the SEZs. • Prepare scoping mission to Cambodia. 	<ul style="list-style-type: none"> • CDC for one-stop service for investors. • CDC for QIP registrations • Provincial-Municipal Investment Sub-committees (PMIS) for QIP registrations.
Applying for QIP registered business status	<p>If eligible for QIP</p> <ul style="list-style-type: none"> • Apply for QIP status through a one-stop service provided by the CDC, provincial or municipal sub-committees. • Look at business registration procedures. They can be obtained through Ministry of Commerce (MoC), General Department of Taxation (GDT), & Ministry of Labour and Vocational Training (MoLVT) Cambodia Data eXchange (CamDX) • Check documents required for the QIP registration on https://qip.cdc.gov.kh/home-page. 	<ul style="list-style-type: none"> • CDC for one-stop service for investors. • CDC for QIP registrations • Provincial-Municipal Investment Sub-committees (PMIS) for QIP registrations. • MEF for online business registration. • MoC, GDT, MoLVT for business registration.
Registering a business	<p>If not eligible for QIP</p> <ul style="list-style-type: none"> • Normal business registration procedures apply and can be obtained through MoC, GDT, & MoLVT/CamDX. • Documents required for business registration are available at: www.registrationservices.gov.kh/en/home/. 	<ul style="list-style-type: none"> • MEF for online business registration. • MoC, GDT, MoLVT for business registration.
Investing/operating in Cambodia	<ul style="list-style-type: none"> • Check for after-care and other investment/business facilitation services. • Streamlined process for import duty exemption application through Master List online live.nsw.gov.kh 	<ul style="list-style-type: none"> • CDC/PMIS and business providers (depending on the size of investment capital).

2. Preparing to invest in Cambodia

Understand the environment

It is essential for investors to be well-prepared before deciding to invest in Cambodia. There are several important considerations. Investors should familiarise themselves with the broader Cambodian context, including culture, geographic location, macroeconomic and political stability, legal environment, business climate, diplomatic relations with the investor's country, infrastructure development and the human capital development index.

Such information can be obtained from various sources as outlined below.

In **Cambodia**, investors can reach out to the Australian Embassy in Cambodia for general information. They can also seek information from Cambodian Government agencies who are responsible for attracting and facilitating foreign investment, particularly the Council for the Development of Cambodia (CDC), and the Provincial-Municipal Investment Sub-committees (PMIS). The CDC can provide on-the-ground information about investment opportunities, priority sectors, incentives, investment guarantee schemes and investment laws and regulations. The Ministry of Foreign Affairs and International Cooperation (MFAIC) can provide information about Cambodia's economic diplomacy strategies, e-visa applications, and diplomatic, trade and investment relations with the investor's country.

Investors based in **Australia** can contact the Royal Embassy of Cambodia to Australia and New Zealand. Within the embassy, potential contacts include the Commercial Counsellor or Commercial Attaché, each from Cambodia's Ministry of Commerce with a mandate to promote Cambodian products and foreign investment into Cambodia and promote networks between Australian and Cambodian investors and business.

Advice can also be obtained from the Australian Trade and Investment Commission (Austrade). Austrade is an Australian Government agency that promotes opportunities for Australian business overseas and foreign investment into Australia. It helps Australian foreign investors by providing practical advice about markets in countries of interest, including Cambodia. Austrade's overseas network provides specific investment support in respective investment destinations. For inquiries about investment opportunities in Cambodia, Australian investors can contact Austrade's office in Vietnam which is also responsible for supporting Australian business in Cambodia.

Australian investors can also learn about the Cambodian investment context by building good networks with existing experienced investors or local businesses. The Australian Chamber of Commerce (Auscham) in Cambodia can help to facilitate these, given its extensive local network of Australian and Cambodian businesses.

Insider's View: Legal Services



DFDL

Chris Robinson is an Australian lawyer and partner at DFDL, a leading regional law firm, specializing in frontier markets with a presence in Cambodia since 1995. Chris has more than 25 years of experience in mergers and acquisitions, capital markets, restructuring and corporate advisory matters, including over nine years in Cambodia.

"The Cambodian market has evolved significantly over the past decade. Through efforts to liberalize the market by allowing foreign investment in almost all sectors, Cambodia has attracted consistently strong levels of foreign direct investment, particularly in the manufacturing, real estate and construction, agriculture, and service sectors. With relatively low barriers to entry, we have seen a huge uptick in mergers and acquisitions related activity over the past five to six years for those now seeking to enter the Cambodian market, particularly in the more mature sectors, such as financial services, telecommunications, and manufacturing.

While the greatest investment interest in Cambodia has originated from North Asia and ASEAN neighbours in recent years, we have seen promising signs for increased investment from Australian companies in select industries, particularly in mining, education, tourism, logistics, supply chain management, property management and healthcare.

Having worked with Australian companies seeking to invest in Asia for over 20 years, prospective entrants tend to be sensitive to corporate governance, rule of law and transparency.

To mitigate perceived risks, we encourage investors to take time to gain a high-level appreciation of cultural differences, develop relationships with key regulators and business partners (as strong relationships do matter) and understand the business environment and regulatory framework. In particular, given the increasing sophistication of the Cambodian tax authority, it is important to appoint experienced tax professionals from the outset to mitigate the risk of tax audits and formulate a corporate structure that accommodates future growth and accesses benefits under applicable double tax agreements. It is also recommended to learn from the experience of long-term market participants (accessible via the AusCham) and be guided through the investment process by reputable professional advisers with long term in-country experience and an appreciation of compliance obligations in both Cambodia and Australia. Such contacts will not only provide valuable insights into the Cambodian market (and help navigate local nuances, such as the 10 per cent foreign employee quota and the application process for standard and industry specific licenses) but also assist in expanding your network on the ground.

Finally, it is important to approach an emerging market like Cambodia with a degree of flexibility (and patience) in terms of timeline as the regulatory process is not as streamlined and integrated as in Australia. While many Australian investors may consider the Cambodian market to be too small or bureaucratic, the reality on the ground is that Cambodia is evolving into a fast growing, dynamic economy, which is highly integrated with developed and emerging markets across Asia. With the right preparation and support, Cambodia remains a market with immense potential."

Business Plan

Once the decision to invest has been made, investors should prepare a business plan for their investment which covers issues such as the type of business, sector, products, capital, organizational structure, location, financial management and key competitors.

Table 7: Contacts for inquiries about Cambodia and investment opportunities

Contacts in Cambodia	Contacts in Australia and ASEAN
The Council for the Development of Cambodia Government Palace, Sisowath Quay, Wat Phnom, Phnom Penh Email: helpdesk@cdc.gov.kh , info@cdc.gov.kh Tel: +855 99 799 579 +855 98 799 579	Royal Embassy of Cambodia, Australia and New Zealand 5 Canterbury Crescent, Deakin ACT 2600, Australia Tel: +61 262 738 064 www.embassyofcambodia.org.au Email: cambodianembassy@ozemail.com.au , camemb.aus@mfaic.gov.kh/
Ministry of Foreign Affairs and International Cooperation, Cambodia (MFAIC) Samdech Hun Sen Street, Sangkat Tonle Bassac, Khan Chamkamon Phnom Penh, Kingdom of Cambodia Tel: +855 23 214 441 Email: mfaic@mfaic.gov.kh	Commercial Counsellor or Attaché Royal Embassy of Cambodia Australia and New Zealand 5 Canterbury Crescent, Deakin ACT 2600, Australia Tel: +61 262 735 867

Contacts in Cambodia	Contacts in Australia and ASEAN
<p>The Australian Embassy, Cambodia Department of Foreign Affairs and Trade 16B, National Assembly Street, Sangkat Tonle Bassac, Khan Chamkamon, Phnom Penh, Cambodia Tel: +855 23 266 500 Fax: +855 23 266 588 Email: australian.embassy.cambodia@dfat.gov.au Website: https://cambodia.embassy.gov.au</p>	<p>Austrade www.austrade.gov.au/australian/howaustrade-can-help/investing-overseas Tel: 13 28 78 (local rate number, nationwide)</p> <p>Austrade's offices in Australia www.austrade.gov.au/australian/howaustrade-can-help/offices</p>
<p>AusCham Cambodia, Phnom Penh. Tel: +855 99 505 441, Email: info@auschamcambodia.com Website: www.auschamcambodia.com</p> <p>The Australian Chamber of Commerce in Cambodia has an active and engaged local network of Australian and Cambodian businesses.</p>	<p>The Australia-ASEAN Chamber of Commerce (AustCham ASEAN) 25 Napier Rd, Building, Level 3 Australian High Commission, Singapore 258507 Tel: +65 673 87 917 info@austchamasean.com https://austchamasean.com/</p> <p>AustCham ASEAN is a 'chamber of chambers' with its membership base being the officially registered Australian chambers and business councils from across ASEAN.</p>
<p>Austrade in Cambodia vietnam@austrade.gov.au</p>	<p>Austrade Hanoi Chancery Australian Embassy No. 8 Dao Tan Street Ba Dinh District Hanoi Vietnam Tel: +84 24 3774 0300</p> <p>Austrade Ho Chi Minh 20th Floor Vincom Centre 47 Ly Tu Trong Street, District 1 Ho Chi Minh City, Vietnam Tel: +84 28 3827 0600 The Austrade offices in Vietnam oversee business in Cambodia</p>
<p>Other useful resources</p> <ul style="list-style-type: none"> • Invest in Cambodia, (Eurocham Cambodia). • Why Cambodia (CDC). • Doing Business in Cambodia (MFAIC). • Investing in Cambodia - seize the opportunity - 2022 and beyond (KPMG). 	<p>Cambodia Chamber of Commerce (CCC)</p> <p>CCC Representative Office in Melbourne 41 Letcon Dr, Bangholme VIC 3175 Melbourne, Australia Email phil@team-consultancy.com Tel: +61 421 528 213</p> <p>CCC Representative Office in Sydney 139 5th Avenue, Llandilo NSW, Australia</p>

3. Commencing an investment project in Cambodia

Registration

Once a business plan is in place, investors can commence the investment process. Under the Law on Commercial Enterprises of Cambodia, a business must be registered to operate legally in Cambodia. In general, a business can register to operate as a company, foreign company, sole proprietorship, or partnership company. The registration process may need to be conducted through multiple ministries or by using an online registration platform. Before registering a business, it is important to check if your business qualifies as a Qualified Investment Project (QIP). If so, it will be entitled to incentives under the Law on Investment (LOI) and its Sub-decree. You must obtain a registration certificate through the Council for Development of Cambodia (CDC) or the Provincial-Municipal Investment Sub-committees (PMIS) to access the incentives of QIPs. The eligibility criteria for QIPs and the incentives available are outlined in more detail in the “Investing in Cambodia” chapter.

If eligible for Qualified Investment Project (QIP) Status

When checking QIP eligibility for your project, it is essential to learn about the mechanics of QIP, including definitions, investment sectors and activities entitled to incentives, the negative list, the investment guarantee scheme and incentives scheme. These aspects are comprehensively described in Chapter IV - Investing in Cambodia. After confirming that your investment project is eligible for QIP status, you can start to submit your investment project application for registering as a QIP to the CDC or the PMIS.

If your investment capital exceeds USD 5 million, submit your investment project application to the Cambodian Investment Board (CIB) of the CDC. This can be done either in-person at the CDC's One-Stop Service or on the online platform developed for QIP registration lodgements (cf. address in Table 9).

If your investment capital is less than USD 5 million, submit your investment project application to the PMIS through a provincial or municipal One Window Service facility depending on the location of your investment project.

Box 3: Documents needed to register a new project as QIP

Registering a new investment project as a QIP requires investors to **prepare the following documents:**

1. Company Memorandum of Association.
2. Feasibility study.
3. Application form.
4. Copy of passport or ID card.
5. Criminal record (Letter of Good Behaviour).
6. Photograph of each shareholder.
7. Documents showing location(s) of investment (property, leasing contract, concessional contract, plan, and indicative map).
8. Certificate to prove money deposit of at least 25 per cent of the registered capital issued by domestic bank.
9. Maps of buildings and equipment.

10. If a shareholder is the designated legal representative, the following documents are to be provided:
- Certificate confirming the commercial registration.
 - Letter of appointment assigning the person as the legal representative.
 - Copies of ID card/passport of the representative of the legal person.
 - Photograph of the representative of the legal person.

If your investment project application meets all the criteria and requirements for a QIP, you will receive a registration certificate confirming QIP status issued by the CDC or PMIS within 20 working days after lodgment. The registration certificate will be affixed with a technological identification code or number such as a barcode or QR code that contains primary investment data which can be used for business registration purposes at other relevant ministries.

Table 8: Registering for Qualified Investment Project status

Investment capital exceeds USD 5 million	Investment capital less than USD 5 million
The Council for the Development of Cambodia Cambodian Investment Board (CIB) One-Stop Service Address: Government Palace, Sisowath Quay, Wat Phnom, Phnom Penh Email: helpdesk@cdc.gov.kh info@cdc.gov.kh Tel: +855 99 799 579, +855 98 799 579	Municipal Investment Sub-committee Phnom Penh Capital Hall One Window Service Address: #69, Preah Monivong Blvd, Sangkat Srah Chak, Khan Daun Penh, Phnom Penh Tel: +855 23 722 054 Fax: +855 23 725 626 Email: info@phnompenh.gov.kh Website: https://phnompenh.gov.kh/en/
The online platform for Qualified Investment Project Registration (QIP Online) https://qip.cdc.gov.kh/home-page	Provincial Investment Sub-committees Provincial One Window Service Unit at provincial administrations

If not eligible for Qualified Investment Project status

If your investment project is not eligible for QIP status, you will have to undertake a business registration process which involves multiple line ministries as required by the Law on Commercial Enterprises. Generally, you must go through three main ministries to register your business, namely the Ministry of Commerce (MoC) for reservation of a company's name and business registration, the General Department of Taxation (GDT) for Certificate of Tax Registration, and the Ministry of Labour and Vocational Training (MoLVT) for a notice for enterprise opening. Hence, before registering your business, you should identify whether it is a company, a foreign company, a sole proprietorship, or a partnership as this will be relevant to the registration process at MoC and GDT. In addition, new business should apply for the licences applicable for their sector, which are provided by the relevant authorities.

The Royal Government of Cambodia has also developed an online business registration portal that allows investors to register businesses at the MoC, the GDT and MoLVT using a single online platform available at <https://www.camdx.gov.kh>.

Re-define the way you start a business in Cambodia in just

7 steps

Online Business Registration

1



Visit **www.registrationservices.gov.kh** and click on "Register Your Business".

2



Create an account on CamDigiKey. Skip it if you have one.

3



Login with CamDigiKey App.

4



Fill in required information and upload required documents.

5



Pay for the service using available online payment methods.

6



Obtain decision in 8 working days maximum. You may be asked for additional documents.

7



If approved, download and print 5 digital licenses/certificates and patent tax.

Table 9: Contacts for business registration

Business Registration	Contact
Reservation of a company's name and business registration	Ministry of Commerce Department of Business Registration 3rd Floor, Lot 19-61 MOC Road (113B Road) Phum Teuk Thla, Khan Sen Sok Phnom Penh. Hotline: +855 96 9 632 363, 88 6 083 082 Website: www.businessregistration.moc.gov.kh
Certificate of Tax Registration	General Department of Taxation Address: Corner Russian Federation and Mao Tse Tong Blvd. Sangkat Toek Laak I, Khan Tuol Kork, Phnom Penh Tel: +855 23 266 668 Email: gdt@tax.gov.kh Website: www.tax.gov.kh
Announcement on opening all forms of enterprise	Ministry of Labour and Vocational Training Address: Russian Federation Blvd (110), Phnom Penh Tel: +855 23 999 989, +855 12 999 489 Email: support.services@mlvt.gov.kh Website: https://lacms.mlvt.gov.kh

Online Business Registration

Cambodia Data eXchange (CamDX)

Online Business Registration, a Single Portal

Address: Ministry of Economy and Finance

St.92, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia

Hotline: +855 81 888 296

Email: camdx@mef.gov.kh

Website: www.camdx.gov.kh

Useful resources:

- 7 steps to start a business in Cambodia
- How to register your business online

Fee and Tax for New Business Registration



● Ministry of Commerce

Company	1.01M KHR
Foreign company	1.01M KHR
Partnership	1.01M KHR
Sole proprietorship	180K KHR

● Ministry of Labour and Vocational Training

Fee on announcement on opening all forms of enterprise	120K KHR
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● General Department of Taxation

● Patent Tax per Business Activity (for first year only)

Small taxpayer	200K KHR
Medium taxpayer	600K KHR
Large taxpayer	1.5M KHR (If 4B KHR < turnover ≤ 10B KHR)
	2.5M KHR (If turnover > 10B KHR)

● Tax Registration Fee

Small taxpayer	20K KHR
Medium taxpayer	400K KHR
Large taxpayer	400K KHR

"K" stands for thousand
 "M" stands for million
 "B" stands for billion
 "KHR" stands for Khmer Riel



Contact us

Hotline : (+855) 81 888 296
 Email : registrationservices@mef.gov.kh
 Website : www.registrationservices.gov.kh

4. Business culture

The business environment in Cambodia is based on **hierarchy and respect**. Cambodia is governed by principles of tradition and deference which affect the way in which business is conducted.

Business relationships are about **mutual trust**, which can require investing time in getting to know one's counterparts. The concept of "**saving face**" is everywhere, especially in the business world. Although it can be frustrating for expats, Cambodians prefer subtlety and indirect communication in order to resolve a problem and this approach should be respected.

The business culture in Cambodia tends to be **conservative**. Business people are expected to dress formally and their conduct is expected to be always professional. Punctuality, mutual respect and deference to seniority are all valued principles and widely practiced.

Expats should be **careful not to criticize, embarrass or insult** a Cambodian counterpart as this can cause them to lose face. Pushy behaviour is not tolerated and therefore if there is a disagreement over an idea, Cambodians will usually remain silent. Expats should be aware of the importance of face, in order to avoid conflict in the business or work environment.

For greetings, handshakes are commonplace. However, with a Cambodian female counterpart, it is best to see if she extends her hand first. If not, you can salute her with raised joined hands, along Cambodian customs. Cambodians address people with the honorific title "Lok" for a man and "Lok Srey" for a woman, either with the first name alone or the first name and surname.

In meetings, prior to the discussion of work-related matters, small talk is always employed. Expats will find that meetings do not stick to any schedule or agenda, but tardiness is always frowned upon.

Box 4: Do's and don'ts for doing business in Cambodia

Be prepared:

Good preparation is essential before doing business in Cambodia. Get to know the country and its culture, as well as the economic and political climate. Make good use of the knowledge and services available to new investors. Talk to entrepreneurs with experience doing business in Cambodia. The easy going, warm welcome and the possibility of meeting many people, including high ranking officials, should not fool you. More than anything, you should first and foremost do your homework.

Build relationships:

Building and maintaining personal relationships is essential for doing business in Cambodia. A reliable local partner can speed up the preparatory work considerably and provide market knowledge and access to established networks.

Understand business etiquette:

English is the business language. However, reliable interpreters are useful for key business discussions with SMEs. The safe dress code is to go formal and use conservative colours.

Handshakes are common when Cambodians greet foreigners. Show up exactly on the agreed time, especially at meetings with the authorities and introductory business meetings. Do not show your anger and avoid conflict. Be patient, very often things will not move at the same pace as in the West.

Know your challenges:

Cambodia has a lot to offer, but there are some challenges for doing business. Firstly, understand where to expect challenges such as culture and language, laws and regulations, trade barriers, and bureaucracy. Secondly, develop a solid business plan and undertake market research, set clear goals and ambitions, know your market and your competitors. Thirdly, make sure you undertake due diligence prior to entering contracts or other commercial arrangements.

Act responsibly:

Corruption can pose a serious barrier for doing business in Cambodia. Businesses are expected to integrate social, environmental, ethical, and human rights concerns into their business strategy and operations.

Insider's View: Construction**RED FURNESSE**

Paul Redfern visited Cambodia in 1992 and decided to explore the opportunities that the country had to offer. He worked on various construction projects before launching RED FURNESSE, his own company in 2000. He now employs around 130 to 150 staff (depending on projects). Red Furnesse offers turnkey construction solutions for commercial projects, with a specialization in interior fit-outs.

With 30 years' experience in the country, Paul has a lucid yet positive stance on Cambodia:

"The Government continues to be very supportive of SMEs like ours, the cost for launching a company is limited and the registration is quite simple. Maybe a small point to mention is the difficulty to open a bank account to operate when you are not yet officially registered but banks usually try to help in this situation. Having a local person to assist, whether it is a staff member or a consultant during the registration process is very helpful.

Regarding taxes, there are no major issues for SMEs. Things are slowly normalizing with the development of the country.

Skills development is more problematic. Internal training is the norm, and it is very difficult to find skilled workers or even workers willing to be part of the industry. There is a deficit in vocational training centres but overall, the problem of skills and long-term staff is a problem shared by all companies in all sectors.

In addition, the recent regulations on Labour Law put more pressure on compliant companies. That said, it is important to find the right people when doing business in Cambodia. They can save you precious time dealing with administration. As an Australian company, it is also important to acknowledge the fact that not every client is the right client for your company. It is a market where it is worth choosing who you want to deal with sometimes. One positive aspect is that Australians are very popular in Cambodia. They have very strong relationships, a positive image, they are appreciated by the local population and the Government. Cambodia is often perceived as a difficult country and corruption is one concern. This perception is exaggerated, particularly for SMEs that received a lot of support from the Government. Overall, you can find many opportunities for your company here."



AUSTRALIAN INVESTORS IN CAMBODIA



Australia's trade relationship with Cambodia is modest but growing quickly. In 2022, according to GDCE data, bilateral trade between Cambodia and Australia reached USD 523 million compared to USD 325 million the year before. Exports from Cambodia to Australia rose by 84.6 per cent to USD 379 million from USD 205 million, while imports increased by 20.3 per cent to USD 144 million from USD 120 million in 2021. Cambodia's trade surplus with Australia amounted to USD 234 million in 2022.

The Regional Comprehensive Economic Partnership (RCEP) agreement which came into effect on January 1, 2022, should provide additional opportunities between Australia and Cambodia.

Australia's existing commercial interests are focused on education services, food and beverage, financial services, mining and resources, hospitality, and garment sourcing. According to CDC data, only 49 Australian companies or companies with Australian shareholders registered as investors in the period 1994-2022. The table below shows the main Australian companies currently operating in Cambodia including Cambodian companies with Australian managers.

Table 10: Key Australian investors in Cambodia

COMPANY NAME	SECTOR	URL
Acclime	Services (investment advisory)	https://cambodia.acclime.com/
ALS	Services (laboratories)	https://www.alsglobal.com/en/locations/asia-pacific/asia/cambodia
Auskhmer	Services (food, wine and beverage importer)	https://www.auskhmer.com/
Australian International School	Services (education)	https://aispp.edu.kh/

COMPANY NAME	SECTOR	URL
Cambodia Investment Review	Services (media)	https://cambodiainvestmentreview.com/
Chris Robinson / DFDL	Services (investment advisory)	https://www.dfdl.com/about-us/
Dynamic Group	Multi (tech, agro, energy)	https://www.dynamic.com.kh/
Future	Services (architecture)	https://www.future.archi/
GEI Mekong Ltd.	Manufacturing (waste to energy)	https://www.geimekong.com/
Highland Group	Services (real estate and construction)	https://www.facebook.com/highlandgroupcambodia/
IDP	Services (education)	https://www.idp.com/cambodia/
Lexmin Pty Ltd Cambodia	Agriculture	https://www.lexmin.com/
Liberty Mining	Mining	http://libertymining.com.kh/
LINFOX (registered, not operating yet)	Services (logistics)	https://www.linfox.com/aboutlinfox/locations/
Matthew Rendall Sok Siphana & Associates	Services (investment advisory)	https://www.soksiphana.com/people/matthew-rendall/
Mekong Strategic Partners	Services (investment advisory)	https://www.mekongstrategic.com/
MGA Asia Insurance Brokers Co. Ltd.	Services (insurance)	https://www.facebook.com/MGAAsia/
Phnom Penh Beer	Manufacturing (beverages)	https://opencorporates.com/companies/kh/00013369
Realestate.com.kh	Services (real-estate)	https://www.realestate.com.kh/
Red Furnesse	Services (constructions)	https://www.facebook.com/people/Red-Furnesse-Co-Ltd/
Renaissance Minerals (Cambodia) Ltd	Mining	https://www.emeraldresources.com.au/renaissance-minerals-cambodia-limited
Scenic Tours	Services (tourism)	https://www.scenic.com.au/rivercruises/mekong/cambodia
Secure Parking Cambodia	Services (transport)	http://secureparking.com.kh/
Tetra Tech International Development	Services (consulting)	https://intdev.tetrateshiapacific.com/projects/australiaawardscambodia/
Urban Design Studio	Services (design)	https://www.urbandesign.asia/

Insider's View: Business Association**AUSCHAM CAMBODIA**

The Australian Chamber of Commerce (Auscham Cambodia) is dedicated to developing an active and engaged local network of Australian and Cambodian businesses with an interest in Australia. Membership with Auscham strengthens the links between businesses and the community, stimulating growth and projecting a positive image of Australia in Cambodia.

Kenneth Tang, President of Auscham, summarized the main advantages and pitfalls of investing in Cambodia as an Australian investor :

"Cambodia is a country with low barriers to entry, people are welcoming, and it is fairly easy to obtain relevant visas for work or business. Registering your company at the Ministry of Commerce and at the Tax Department is also straightforward, and there are numerous accounting and tax firms who can do it on your behalf. Operating costs are much lower (staff and rental fees) than most other Asian countries and the business community is generally friendly and approachable. Joining relevant business chambers is definitely a good way to learn faster and access useful information. In addition, some recent Australian programs (CAP RED) and trade agreements (RCEP) could potentially bring more opportunities for Australian companies in Cambodia such as producing or manufacturing in Cambodia and exporting back to Australia.

Tang identifies lack of preparation as a main risk for investors : *"Cambodia is not like Singapore, you need to do your homework and learn about the environment that you will work in, that is cultural differences, local customary behaviour and business practices..."*

On a more personal level, Kenneth shares his perspective as a "returnee". He is truly enjoying his journey back to Cambodia and re-learning his own culture. *"I love learning from locals and sharing our different perspectives. I'm thinking of how we can better connect with local communities and businesses, whilst also impacting women through empowerment or helping to bridge the perception gap some investors have about Cambodia."*

One piece of advice he would like to give to aspiring investors : *"Adapt to your local environment, experience elsewhere is valued. However, Cambodia is a different place to Australia. Be open and curious, do not hesitate to seek help when needed."*



IV

INVESTING IN CAMBODIA



1. Law on Investment

Cambodia first adopted its Law on Investment in 1994, which was later amended in 2003. The law and its amended version have provided the basis for both national and foreign investors who wished to invest in Cambodia. This legal framework stipulated the fundamental provisions regarding market access, investment approval procedures, investment incentives, guarantees and protection, as well as restrictions. These provisions are crucial for investors to understand when considering investment opportunities in Cambodia.

After more than two decades of successful implementation of the law and its amended version to attract foreign direct investments, the Royal Government of Cambodia deemed in 2015 that it was time to draft a new Law on Investment. This new law would contribute to the government's vision of transforming and modernizing Cambodia's industrial structure from a labour-intensive industry to a skill-based industry by 2025. The goal is to link with the global value chain, integrate into regional production networks, and develop clusters while strengthening competitiveness, improving productivity of domestic industries, and develop modern technology and knowledge based industries. The realization of this vision will broadly contribute to national economic development by supporting and promoting sustainable and inclusive high economic growth, creating jobs for Cambodian workers, increasing value-added goods and services for the economy, and ensuring reasonable income growth for the Cambodian people.

The drafting of the new Law on Investment (LOI) was completed in 2020, followed by its enactment by the National Assembly and the Senate, and its promulgation on 15 October 2021.

The new LOI stipulates provisions necessary to attract more investments into Cambodia, ranging from market access/entries of investment, simplified procedure for registration of investment, guarantees and protection of investment and other attractive elements to facilitate investment.

Investment projects eligible for incentives

The new LOI provides generous incentives for a wide range of sectors and investment activities:

- High-tech industries involving innovation or research and development;
- Innovative or highly competitive new industries or manufacturing with high-added value;
- Industries supplying regional and global production chains;
- Industries supporting agriculture, tourism, manufacturing, regional and global production, and supply chains;
- Electrical and electronic industries;
- Spare parts, assembly, and installation industries;
- Mechanical and machinery industries;
- Agriculture, agro-industry, agro-processing industry, and food processing industries serving the domestic market or export;
- Small and medium-sized enterprises in priority sectors, small and medium-sized enterprise cluster developments, industrial parks, and science, technology, and innovation parks;
- Tourism and tourism-related activities;
- Investment in special economic zones;
- Digital industries;
- Education, vocational training, and productivity promotion;
- Health;
- Physical infrastructure;
- Logistics;
- Environmental management and protection, biodiversity conservation and circular economy;
- Green energy and technology development, contributing to climate change adaptation and mitigation;
- Other sectors and investment activities not listed by the LOI but deemed by the Royal Government of Cambodia to have potential for socio-economic development.

Categories of incentives

The incentives are classified into three categories, namely basic incentives, additional incentives, and special incentives.

Basic incentives

Basic incentives are granted to those investment activities within the sectors listed above, but only if those investment activities are not within the negative list of the Sub-decree on the implementation of the Law on Investment.

Investors of investment activities registered as Qualified Investment Projects (QIPs) are entitled to choose basic incentives under the following two options:

Option 1:

- Income tax exemption for three to nine years, depending on the sector and investment activities, from the time of earning its first income. Sectors and investment activities, as well as the period of income tax exemption, shall be determined in the Law on Financial Management and/or the Sub-decree. After the income tax exemption period has expired, the QIP is entitled to pay income tax at a progressive rate proportional to the total tax due as follows:

- 25 per cent for the first two years;
- 50 per cent for the next two years; and
- 75 per cent for the last two years.
- Prepayment tax exemption during the income tax exemption period;
- Minimum tax exemption provided that an independent audit report has been carried out;
- Export tax exemption, unless otherwise provided in other laws and regulations; or

Option 2:

- Deduction of capital expenditure through special depreciation as stated in the tax regulations in force;
- Eligibility of deducting up to 200 per cent of specific expenses incurred for up to nine years. Sectors and investment activities, specific expenses as well as the deductible period, shall be determined in the Law on Financial Management and/or the Sub-decree;
- Prepayment tax exemption for a specific period of time based on sectors and investment activities to be determined in the Law on Financial Management and/or the Sub-decree;
- Minimum tax exemption provided that an independent audit report has been carried out;
- Export tax exemption, unless otherwise provided in other laws and regulations.

Incentives for other QIPs

In addition to the incentives mentioned above:

- **Export QIPs** and **Supporting Industry QIPs** are entitled to customs duty, special tax, and value-added tax exemptions for the import of construction materials, construction equipment, production equipment, and production inputs.
- **Domestically Oriented QIPs** are entitled to customs duty, special tax, and value-added tax exemptions for the import of construction materials, construction equipment, and production equipment.

The incentives for production inputs shall be determined in the Law on Financial Management and/or the Sub-decree.

It should also be noted that a QIP located in Special Economic Zones is entitled to the same incentives and protections as other QIPs set forth in this Law.

Box 5: Basic QIP definitions

There are several types of **QIPs**:

- **Export Qualified Investment Project:** a QIP which sells or transfers any proportion of its products to purchasers or recipients located outside of Cambodia.
- **Supporting Industry Qualified Investment Project:** a QIP in which any proportion of its products is supplied to export industries.
- **Domestically Oriented Qualified Investment Project:** a QIP that does not export or supply to exporters.

Additional incentives

The basic incentives are designed to promote and attract investment activities in at least 18 specific sectors and investment activities indicated in *Box 1: List of sectors receiving incentives for FDI*, while additional incentives are strategically offered to **promote backward linkages and encourage additional investments by existing investors in research and development, human capacity building and the welfare of the Cambodian employees.**

These additional incentives are:

- Value-added tax exemption for the purchase of locally made production inputs for the implementation of the QIP.
- Deduction of 150 per cent from the tax base for any of the following activities:
 - Research, development, and innovation;
 - Human resource development through the provision of vocational training and skills to Cambodian workers/employees;
 - Construction of accommodation, food courts or canteens where reasonably priced foods are sold, infirmaries and other facilities for workers/employees.
 - Upgrade of machinery to serve the production line; and
 - Provision of welfare facilities for Cambodian workers/employees, such as comfortable means of transportation to commute from their homes to factories, accommodation, food courts or canteens where foods are sold at reasonable prices, infirmaries and other facilities.
- Entitlement to income tax exemption for the expansion of QIP will be determined in the Sub-decree.

The Sub-decree on the Implementation of the LOI

The Sub-decree on the Implementation of the Law on Investment, which was recently issued on 26 June 2023 (referred to as the "Sub-decree"), is a tool to complement and fully implement the LOI. For example, while the LOI specifies the income tax exemption period for the original QIP and its expansion (ranging from three to nine years for the original QIP), it does not stipulate which specific investment activities registered as QIPs are entitled to the minimum of three years or the maximum of nine years of income tax exemption. The Sub-decree provides clear-cut lists of investment activities in the following manner:

- Investment activities **not qualified as QIP** are not entitled to basic incentives, including income tax exemption. This list is referred to as the **negative list or List 1**.
- Investment activities entitled to **basic incentives**, are classified into three groups: Group 1 (entitled to a nine-year income tax exemption), Group 2 (entitled to a six-year income tax exemption), and Group 3 (entitled to a three-year income tax exemption). This list is referred to as **List 2**.
- An investment activities that only qualify for customs duty, special tax and value-added tax exemption for the import of construction material, construction equipment, and production equipment, are **not entitled to income tax exemption**. This list is called **List 3**.

The Sub-decree also stipulates the provisions regarding the detailed procedures for filling and reviewing **the expansion of a QIP** and its entitlement to income tax exemption which are not covered by the LOI.

Moreover, the Sub-decree remarkably sets forth specific investment activities that fall under the scope of Article 24 of the LOI and will be entitled to basic incentives with three different types of income tax exemptions, as classified in each group mentioned above. These activities were not previously addressed in existing laws and regulations. For example, investment activities in the manufacturing of aircraft and spacecraft and related machinery, railway locomotives and rolling stock, machinery and equipment, and solar panels or parts of a solar energy system.

Furthermore, investment activities that contribute to **climate change adaptation or reduction**, investment activities related to the management, protection, or **preservation of the environment**, biodiversity, or circular economy, as well as investment activities in environmental management and protection such as remediation activities and waste management, are potentially entitled to a nine-year income tax exemption.

The Sub-decree has also included some important **services that support agriculture**, entitling them to a nine-year income tax exemption. These services include plant protection services, phytosanitary services, services for agricultural crop mapping, and laboratory services for soil testing, biopesticide testing, pesticide formulation testing, pesticide residue testing, and seed quality testing.

To fulfill the provisions stated in Article 24 of the LOI, investment activities in the production of **renewable energy, cold storage and cold chains, as well as packaging activities** in support of industries and agro-industries, are entitled to a six-year income tax exemption under the Sub-decree.

Last but not least, a number of investment activities in **digital industries** including data center establishment and cloud service, have the potential to receive substantial income tax exemptions under the Sub-decree.

It is also important to note that the Sub-decree also covers the stipulations on the detailed procedures for the review, registration, and implementation of **investment projects**, the scope and procedures for offering after-care services, the acquisition, sale, or merger of investment projects, and the nullification or deregistration of investment projects.

Special incentives

Aside from the basic and additional incentives offered to QIPs, the LOI precisely stipulates that **any specific sector and investment activity with high potential to contribute to Cambodia's national economic development may receive specific special incentives**. However, the extent and nature of these incentives are subject to the provisions of the Law on Financial Management, which is amended annually.

Restrictions and requirements

The list of restricted QIPs, sectors and investment activities are described in "Investment Incentives".

Other restrictions and requirements investors should consider under the LOI are:

- **Nationality requirements for land ownership and use of land:** land acquisition for the purpose of carrying out a QIP is only permitted for individuals and entities with Cambodian nationality. However, land concessions and long-term leases are permitted for foreign investors.
- **Limitation on use of foreign employees:** investors are only allowed to employ persons with qualifications, skills, and expertise not available among the Cambodian workforce. In this case, if foreign employees are needed, a "foreign employee quota" is required from the Ministry of Labour and Vocational Training.

Custom duty exemptions

Aside from the investment incentives mentioned above, tax exemptions and partial tax exemptions exist for the import of certain goods listed in the Law on Customs.

Limitations

The tax incentives and exemptions described above are limited to income taxes and customs duties. Other limitations are guided by the Law on Financial Management (LOFM 2020). The LOFM modifies Article 23 of the Law on Taxation and with it, the removal of the tax on income claw-back that previously existed.

Additional profit taxes on dividend distribution

Advance Tax on Dividend Distribution (ATDD) does not apply to retained earnings derived during the tax exemption period of a QIP. When a dividend is distributed, tax on income cannot be clawed back under the ATDD mechanism.

Salary taxes and withholding taxes

There is a chapter on withholding taxes in Prakas 098 and a dedicated Prakas on tax salary. Both taxes are deducted from payments at source and a self-assessment taxpayer acts as a withholding agent for both. But they can be classified as different classes of payments which is why accounting firms have a separate monthly filing for tax on salary and a separate monthly filing for withholding taxes.

Specific taxes on goods and services

The new LOI exempts specific taxes, as per Article 26.

Value-added taxes are excepted for investors who operate in an SEZ

As per Article 26 of the LOI as well.

Refund of VAT inputs

Companies with QIPs may qualify for refunds of VAT inputs paid during the setting up of their business if the QIP-related business has no taxable output.

As per Prakas 576, Article 4 (Requirements for refund request): based on Article 72 of the Law on Taxation, Article 40 and Article 41 of Sub-decree on VAT, taxpayers who have the right to request a refund of VAT must meet the following requirements:

- Have monthly excess input tax credits for the taxpayers whose primary activity is exports or who are registered as investment enterprises.
- Have excess input tax credits that continue for three or more consecutive months for other taxpayers.

The refund of VAT for companies shall take approximately 40 working days or earlier for enterprises that have received a tax compliance rating of "Gold".

Supporting industry QIPs

Supporting industry QIPs that directly supply to the export-oriented QIPs are entitled to the incentives and guarantees which are stipulated in the LOI and its Sub-decree.

2. Special Economic Zones

Definition

Special Economic Zones (SEZ) are special areas for the development of the economic sectors which bring together all industrial and related activities and may include General Industrial Zones and/or Export Processing Zones. Each SEZ shall have a production area and may also have a free-trade, service, residential and tourist area. Some SEZ provide a cluster of administrative services, making it easier for investors to deal with the various requirements of public institutions such as taxation or customs. Investment incentives and guarantees prescribed by the LOI and its Sub-decree are applicable to SEZs. Additionally, all investors in a SEZ are exempted from VAT on imports, but only in relation to the goods they export.

List of investment incentives for zone developers and investors in Special Economic Zones:

A "Zone Developer" refers to a Cambodian or/and foreign natural or legal person who implements a QIP in an SEZ and is permitted to invest in the development of physical infrastructure in the SEZ, in organization of business, services and as well as ensuring the safety and security of the Zone Investors.

Zone developers are entitled to:

- An exemption on profit tax for a maximum of nine years.
- An exemption on import duties on the import of equipment, construction materials, and machinery for the construction of public infrastructure within the SEZ.
- Tax incentives and guarantees as set out in the LOI and its Sub-decree.

QIP Investors located in SEZs are entitled to:

- Tax incentives and guarantees as set out in the LOI and its Sub-decree.
- Cluster of administrative services.

3. Qualified Investment Project Registration Procedures

In order to obtain QIP status, investors need to register their investment projects with either the CDC or the PMIS, depending on the amount of investment capital involved. For projects with an investment capital less than USD 5 million, investors shall apply to the relevant PMIS.

Step 1: Application

The application process starts with the submission of an investment proposal to either the CDC or a Provincial-Municipal sub-committee.

Application with the CDC¹

Investors must submit a written application form, available online.

- Signed by the applicant, or on behalf of the applicant with appropriate power of attorney.
- The application fee is KHR 15 million (around USD 3,658.5 with an exchange rate of 1 USD 1=KHR 4,100).
- In the case where various investment activities are to be carried out as one QIP, separate investment proposals must be lodged for each activity.

¹ The application process with the Provincial-Municipal investment Sub-committees is determined by a separate sub-decree.

Checklist

The following list of documents will be required for a QIP application:

- Company memorandum of association.
- Feasibility study.
- Application form.
- Copy of passport / ID card.
- Criminal record (letter of good behaviour).
- Photographs of shareholders.
- Documents showing the location of investment, leasing contract, concession agreement, plan, and indicative map.
- Certificate issued by a domestic bank proving money deposit of at least 25 per cent of the registered capital.
- If shareholder is the designated legal representative of the investor, the following documents are also required:
 - Certificate confirming commercial registration of such a legal person;
 - Letter of appointment assigning the person as the legal representative;
 - Copy of ID Card/Passport of the representative of the legal person;
 - Photograph of the representative of the legal person.
- Maps of buildings and equipment.

Step 2: Approval or denial of registration

After the investor has submitted its investment project application, the CDC or the Provincial-Municipal Investment Sub-Committee will issue the registration certificate to the applicant within 20 working days, if the proposed investment project conforms to the registration procedures as determined in the Sub-decree and the laws and regulations in force.

The CDC or the Provincial-Municipal Investment Sub-Committee has the right to postpone or refuse the investment registration and issue the written notification to the applicant clarifying the specific reason for postponement or refusal under the following conditions:

- The investment project application does not conform to the registration procedures as determined in the Sub-decree; or
- The applicant failed to submit complete documents as required under the LOI or the Sub-decree; or
- The Proposed investment project has high sensitivity, requiring prior consultation from the Council of Ministers or the Royal Government meeting.

Step 3: Issuing the registration certificate¹

Delays in issuing such permits by ministries, institutions, provincial-municipal administrations, or competent authorities, without proper justification, will not impede the implementation process of the investment project."

Step 4: Implementation

The date of the issuance of the Registration Certificate is the date of the commencement of the investment project.

Other actions

The following may occur during the registration process and after the registration certificate is issued:

- **Changes to the investment proposal:** investors must request approval from the competent authority to make changes to the investment proposal, or the status of the investor (for example, change of head office address, place of business, company name, shareholders).
- **Revocation of the registration certificate:** the competent authority may revoke the registration certificate at any time for the following reasons:
 - fraud or misrepresentation.
 - the investment activity has not started within six months of the certificate being issued (except for concession contracts with specified contractual periods).

The investor has the right to appeal a revocation decision within a 20-working day period.

- **Cancellation of registration certificate:** investors may request the CDC or the PMIS to cancel the registration of their investment project.

Audit, reporting and other compliance requirements

To benefit from investment incentives under the LOI and its Sub-decree (see above), investors must receive a yearly compliance certificate from the CDC or the PMIS. The CDC or the PMIS also ensure legal compliance through monitoring and on-site inspections when it deems necessary, or upon complaint. To receive the compliance certificate, investors are subject to the following audit requirements and other requirements prescribed by the Sub-decree:

- Annual financial statement;
- Customs Duty Exemption Reporting;
- Certificate of Tax Obligation satisfaction from GDT;
- Quarterly report on the effective import of production equipment and inputs for production;
- Quarterly report on the effective export of the QIP's finished products;
- Annual inventory list of immovable properties;
- Investment information form;
- Independent audit report for certain tax incentives.

¹ Note this information is subject to change as the sub-decree is in force until the promulgation of a new sub-decree.

4. Property ownership

Cambodia generally restricts foreign ownership of land. Private land and building ownership can only be registered to Cambodian citizens or legal entities, with a few exceptions (described later). However, compare with other countries in the region, it is relatively easy to set up a company with 100 per cent foreign ownership. Cambodian law distinguishes Cambodian companies from foreign companies according to the following criteria:

- **Cambodian companies:** entities with a registered office in Cambodia with 51 per cent ownership by Cambodian national(s) or legal entities.
- **Foreign companies:** legal entities formed under the law of a foreign country, with a place of business and business activities in Cambodia.

Land ownership

Ownership, registration, and transfer regimes for immovable properties are determined by the 2001 Law on Land administered by the **Ministry of Land Management, Urban Planning and Construction**.

Types of land ownership

The Law lists and recognizes the following types of land ownership:

- **Public land ownership**, which is divided into two sub-categories:
 - *State public land*: land of public interest which cannot be sold to private sector, although under limited circumstances, it can be acquired by someone through leasehold possession for a period no longer than 15 years. Note that such land can be reclassified as private land after it loses its public interest nature.
 - *State private land*: land that is not considered as state public land and not legally possessed by an individual or community. This land can be exchanged, leased, granted on concession, and sold to private individuals or legal entities. However, these transactions are governed by special laws and regulations.
- **Private land ownership**: land legally owned by an individual or a private legal entity.
- **Collective ownership**: immovable property of monasteries or indigenous communities.

Ways foreigners can buy or acquire land or property

Despite the general restriction against foreign ownership of land, the government recently allowed foreigners to own up to 70 per cent of private residential units, through **strata titles**. Strata titles in Cambodia are a relatively new type of property ownership and the only type granted to foreign nationals. This type of property title is currently restricted to condominiums, and more recently, office buildings, since foreign nationals are not allowed to own landed properties in the country. Foreign buyers, local buyers, foreign buyers with Cambodian citizenship, and companies must satisfy slightly different requirements to purchase a strata title.

Foreigners can also **sign long-term leases**. The downside of such leases is that the land remains under the ownership of a Cambodian citizen and the (foreign) lessee does not have the right to resell the property for capital appreciation. However, perpetual leases can be assigned, sub-leased, mortgaged or transferred through succession.

Box 6: Other ways foreigners can hold property

Note: It is advised to contact an independent law firm, registered real estate agency or expert before pursuing these options or otherwise acquiring land or property in Cambodia.

1. **Designated Khmer Nominee:** This refers to the nomination of a Cambodian citizen to be the legal owner of purchased land. Through a trust agreement, the nominee agrees to hold the property in the name of the foreign entity.
2. **Licensed trust company:** It is possible to set up a licensed trust company to buy land and provide usage of ownership rights and assets to foreigners, who act similarly to freehold owners.
3. **Land holding company (LHC):** A land holding company can be formed by a foreigner through a joint venture with a Cambodian citizen. By law the foreigner can hold a minority stake of up to 49 per cent while the Cambodian partner holds 51 per cent. Control of the LHC may be fully granted to the minority stakeholder through the company bylaws, special power of attorney or other legal instruments.
4. **Government concession (ELC):** Foreign investors who seek to use land for long term for their investment may consider getting land use through economic land concession from the government up to 50 years. Investors may submit proposal to government and the evaluation on whether or not to grant the concession will be based on the following criteria:
 - increase in agricultural and industrial-agricultural production by using modern technology;
 - creation of increasing employment;
 - promotion of living standards of the people;
 - perpetual environmental protection and natural resources management;
 - avoidance or minimizing of adverse social impacts;
 - any linkages and mutual support between social land concessions and economic land concessions;
 - processing of raw agricultural materials, to be specified in the concession contract.

By law, no person may be deprived of their ownership, unless it is in the public interest. An ownership deprivation must be carried out in accordance with the forms and procedures provided by law and its regulations and after a payment of fair and just compensation is considered.

List of eligible owners of land in Cambodia

- Cambodian citizens.
- Public territorial collectives.
- Public institutions.
- Cambodian communities or associations.
- Public enterprises.
- Cambodian civil or commercial enterprises.
- Any Cambodian organization which is recognized by law as a legal entity.

5. Investment protection and standards of treatment

All investors who have successfully registered their investment project as a QIP under the LOI can benefit from the following guarantees and protections:

- **Discrimination protection:** Foreign investors will be protected against any discriminatory treatment under laws or regulations based on their nationality. The law guarantees nondiscrimination in relation to economic remedies (e.g., restitution, compensation) in the event of investment losses.
- **Nationalization protection:** The State shall not undertake any nationalization actions which may affect the assets of the investors in Cambodia.
- **Expropriation protection:** The State will not undertake any expropriation, except for the purpose of public interest and such expropriation will meet the following conditions: non-discriminatory, fairly compensated, and compliant with laws and procedures.
- **Price control protection:** The Government will not fix the price of products or services created or rendered by the investment project.
- **Free purchase and repatriation of foreign currency:** In accordance with applicable laws and regulations, investors are entitled to freely purchase foreign currencies and to repatriate those foreign currencies to settle financial obligations associated with their investment through authorized intermediary banks.
- **Intellectual property:** Investors are protected in accordance with the laws and regulations related to the intellectual property of Cambodia.
- **Right to use land:** Investors have the right to use land through economic land concessions or perpetual leases or leases for a fixed duration in accordance with the laws and regulations in force.

Further rights for investors include:

- **Hire foreign employees:** Investors can employ foreign employees with qualifications, skills, and expertise not available among the Cambodian workforce. The investors must obtain approval on foreign employee quotas from the Ministry of Labour and Vocational Training.
- **Obtain temporary long-term stay permits** for foreign employees and their spouses and minor children during the valid period of the employment contract.
- **Obtain a work permit** and employment book for oneself and foreign employees.

6. Exchanging and remitting funds

Cambodia is essentially a cash-based society, but recent years have seen a surge of e-payment systems and credit cards. The national currency is the Khmer Riel, but the US Dollar is commonly used and traded throughout the country (mainly in major cities). Foreign exchange and remitting policies are determined by the 1997 Law on Foreign Exchange and the 2021 Law on Investment.

According to the laws, there are no restrictions on foreign exchange operations, transfers, capital flows and international settlements, as long as they are performed through authorized financial institutions. Foreigners are also allowed to hold foreign currency freely and loans can be freely contracted, as long as they are processed by an authorized bank.

Cambodia is accommodating regarding foreign exchange operations and the remittance of profits. With the digitalization of banking systems, it is very easy to manage and access money in personal bank accounts globally. Since 2021, the LOI has reinforced protections for the repatriation of foreign currency, allowing investors to freely purchase and repatriate foreign currencies, if settled by authorized intermediary banks.

7. Standards

All types of standards, labelling and licenses which guarantee the quality of products, services, and management, and enhance consumer protection, public safety and welfare are regulated by the Law on Standards.

Key competent authorities in charge of standardization

- **The Institute of Standards of Cambodia (ISC)** which is responsible for developing and certifying conformity to national standards, labelling and certification of products, services, practices, and operations. It also oversees the drafting of the regulatory frameworks and provides technical support and training to help companies register and certify their products.
- **The National Standards Council (NSC)** which oversees quality and standard conformity with national and international standards and oversees and certifies standards proposed by technical line ministries.

Alignment with regional and international standards

To ensure alignment with regional and international industrial and trade development, the ISC is registered at the International Organization for Standardization (ISO), and is a member of the International Electro Technical Commission (IEC), as well as the ASEAN Consultative Committee on Standards and Quality (ACCSQ). Cambodia has also adopted international standards in national standards and technical regulations (using ISO/IEC Guide 21-1 and 2:2005).

8. Fiscal and financial incentives

Tax incentives for listed companies

Aside from the aforementioned tax exemptions under the LOI, the following tax incentives apply listed on the Cambodian Stock Exchange (CSX):

- A 50 per cent reduction in annual Corporate Income Tax (CIT) liability for the first three years from the first tax year (upon listing) or for any period approved by the Ministry of Economy and Finance (MEF).
- Tax liability waivers of full CIT, Withholding Tax (WHT), Value-added Tax (VAT), specific tax on certain merchandise and services, Accommodation Tax, and Public Lighting Tax.
- A 50 per cent reduction of the WHT payable on interest and/or dividends received from holding and/or trading in government, equity, or debt securities.

Waivers in (i) and (ii) above are not applied to QIP companies during the tax holidays. Other companies/enterprises that were listed on the CSX before the LOI came into effect and have not received tax incentives are also entitled to tax incentives as mentioned above.

Other tax incentives

The Ministry of Economy and Finance has issued Prakas to provide additional tax incentives (e.g., VAT) to enterprises in the business of rice farming, paddy rice purchase, and the export of milled rice as follows¹:

- Domestic supplies of paddy rice or milled rice: zero per cent.
- Export of milled rice: zero per cent.
- Supply of milled rice or milled rice production services to rice exporters (subject to specific conditions): zero per cent.
- Input VAT related to rice farming, paddy rice purchase, and export of milled rice is creditable or refundable.
- Input VAT related to import of production inputs and equipment to produce milled rice for export is borne by the government (subject to specific conditions).

The zero-rate VAT applies also to the following goods and services:

- Goods and services supplied by Supporting Industry Qualified Investment Projects (QIPs).
- Services performed within Cambodia but used outside of Cambodia directly or entirely by a non-resident entity.
- Services performed outside of Cambodia or used outside of Cambodia for a non-resident entity.
- Domestic supplies of specific agricultural products, including all types of fertilisers, plant seeds, animal medicine, animal food, animal species and agricultural machinery and tools.
- Cut, Make and Trim (CMT) services – CMT services are provided by garment factories in Cambodia.
- Supply of international transportation services.
- Supporting industries that supply export-oriented garments, textile and footwear industries.

These enterprises are also entitled to a tax holiday period in which they are exempted from a requirement to pre-pay one per cent of CIT.

Tax Credits for resident taxpayers

Residents who received income from foreign sources and who have paid taxes according to foreign tax laws can receive a tax credit which is applied against the Tax on Profit to be paid in Cambodia.

Customs incentives for SMEs

There are currently two incentives for SME, issued in separate sub-decrees: one on customs, by Sub-decree number 50 in 2019, and one on tax incentives, by Sub-decree number 124 dated 2nd October 2018.

SMEs may obtain a customs duty exemption on imports for production equipment, construction equipment and raw materials or other production inputs if a business enterprise falls into a promoted list of producers: suppliers of clean water, export-oriented enterprises, supporting industries for export-oriented enterprises, domestic sellers, enterprises engaged in research and development related to information technology (R&DI), and SMEs operating in an industrial zone.

¹ <https://taxsummaries.pwc.com/cambodia/corporate/tax-credits-and-incentives>

9. Double taxation agreements

Cambodia has signed and is currently negotiating various double taxation agreements (DTAs) which are expected to reduce barriers on cross-border investment and trade with second parties.

Table 11: Economies which have signed a double tax agreement with Cambodia:

Signed DTAs ratified and in effect	Currently negotiating DTAs
<ul style="list-style-type: none"> • Republic of Korea • Malaysia • Hong Kong • Vietnam • Indonesia • Brunei Darussalam • Thailand • China • Singapore • Macau special administrative region (in effect in 2024) • Turkey (signed in Feb 2022) 	<ul style="list-style-type: none"> • Philippines • Japan • Laos • UAE • Myanmar

Resident taxpayers in Cambodia wishing to benefit from a DTA must apply for a pre-approval from the Department of Legal Affairs, Taxation Policy, and International Tax Cooperation Department of the General Department of Taxation (GDT).

Taxes covered under the DTAs include:

- Income Tax;
- Withholding tax on dividends, interest, and royalties;
- Additional tax on dividend distributions;
- Capital gains tax.



V

OPERATING IN CAMBODIA



1. Economic environment



The Cambodian economic environment from 1998-2019

Cambodia underwent a significant transformation, characterized by accelerated yearly GDP growth of above seven per cent, macroeconomic stability with financial stability and a controlled fiscal deficit, increased trade openness, growing inflows of foreign direct investment (FDI), capital investment for infrastructure, export-oriented growth, and the development of labour-intensive manufacturing during this period. All of this occurred within a context of political stability.



During the COVID-19 crisis

The sustained economic progress has distinctly decelerated due to the pandemic's impact and Government's mitigation and preventive measures in response to the sudden community outbreaks, which resulted in a significant GDP decline of 3.1 per cent in 2020. Tourism, manufacturing exports, and construction were greatly impacted – prompting concerns for national development, given that these sectors represented more than 70 per cent of national economic growth in 2019. The Government provided economic and financial relief for vulnerable households, workers, and businesses through tax breaks, more accessible cash transfers, loans, and economic stimulus.



Cambodia's economic rebound

Cambodian authorities, development agencies and international financial institutions unanimously forecasted a gradual but strong recovery in 2022 and 2023, along with an increase in merchandise exports, FDI inflows, and tourist arrivals following the “reopening” of the country. Private sector stakeholders are also optimistic about the future. According to a 2021 Business Confidence Survey¹, most existing foreign investors plan to further invest in Cambodia. In addition to the Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in New Normal 2021-2023, the newly introduced legal and policy frameworks incidental to socio-economic development plus Cambodia's market access expansion (through the Cambodia-China Free Trade Agreement (CCFTA), Regional Comprehensive Economic Partnership Agreement (RCEP), and Cambodia-South Korea Free Trade Agreement (CKFTA) are substantial indicators of a steady development and growth in coming years.



Recovery amid global crisis

Cambodia's economy continued to recover in 2022 with positive projections for the future. Downside risks include a marked slowdown in external demand, further global financial tightening and a renewed oil price shock. On the upside, China's reopening presents an opportunity for Cambodia to boost its travel and tourism industry and to attract FDI inflows.

The Government and the National Bank are prepared to address the potential adverse effects of the global crisis and to take necessary measures with regards to inflation but also rising private debt. Nonetheless, with energy and food prices stabilized and despite remaining uncertainties, the recovery is projected to continue.

Table 12: Key indicators and projections from the World Bank

YEAR	2019	2020	2021	2022	2023 Est.
PERIOD	Pre COVID-19	COVID-19 (restrictions period)		COVID-19 (recovery period)	
Nominal GDP (billion USD)	25.88	25.77	26.60	28.64	30.72
GDP Growth (%)	7.1	-3.1	3.0	5.2	5.6
GDP Per Capita (USD)	1,671	1,577	1,625	1,784	1,896
Exchange Rate (Riel per USD)	4,077	4,109	4,154	4,100	4,100
Export (billion USD)	14.99	17.71	19.46	22.48	24.06
Import (billion USD)	20.27	19.11	30.72	29.90	28.22
Inflation (%)	3.1	2.9	2.9	5.8	3.5

Source: IMF, Government, World Bank

¹ EuroCham Cambodia Business Confidence Survey 2021

2. Visa rules

Visa types

Foreigners wishing to enter Cambodia can apply for the following visa types depending on their travel purpose:

E-CLASS VISA (<i>Ordinary visa</i>)	Number of entries: single Stay period: 30 days (renewable) Validity: 3 months before departure
	Extension of Stay (EOS) E-visas can be renewed after entry (at Cambodian Immigration Department) E-visa extensions of more than 30 days change into multiple entry visas.
	EB - BUSINESS visa extension^{1 10} Foreigners working in Cambodia. Foreigners wanting to start a business. Freelancers. Foreigners' spouse and children. Foreigners wishing to work must also apply for a work permit and foreign employment card. (https://www.fwcms.mltv.gov.kh/)
	EB (Business), ER (retirement), ES (student) can be renewed indefinitely (1,3,6 or 12 months' option) but the renewal of a business visa for a long period is subject to having a work permit.
T-CLASS VISA (<i>Tourist visa</i>)	Number of entries: single Stay period: 30 days Validity: 3-months before departure Renewal: 1 time
	Note: If you are planning on staying in Cambodia, start with a renewable ordinary visa.
A-CLASS VISA (<i>Diplomatic visa</i>)	Only for Diplomatic passport holders Can only be obtained through the Ministry of Foreign Affairs and International Cooperation (MFAIC) via a Cambodian Embassy
B-CLASS VISA (<i>Official visa</i>)	Only for Official passport holders.
C-CLASS VISA (<i>Courtesy visa</i>)	Only for employees of international NGOs that have a memorandum of understanding (MoU) with the MFAIC.
K-CLASS VISA	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.
D-CLASS VISA	Transit Visa.
ACMECS VISA	Single visa application for Cambodia and Thailand. Validity: 90 days (60 days in Thailand + 30 days in Cambodia)

¹ During the first six months or one year, you can apply for the EB visa without a work permit, in case you are still looking for work. However, you will need to submit your work permit or proof of business when it is the second six months or one year. (Source: <https://cambodia.acclime.com/guides/immigration-guide/>)

ASEAN member countries traveling with a valid national passport are exempt from needing a visa in Cambodia for a period of 14 to 30 days. More information about the visa application process and form for Australians can be found at: <https://www.embassyofcambodia.org.au/copy-of-courtesy-visa-c-class-1>.

According to the LOI, foreign investors and foreign employees are also entitled to a temporary long-term stay permit for their spouse and children within the period the investment project that is in operation and/or the period of the employment contract.

Online visa application

Foreign visitors can apply online through an e-Visa portal on the MFAIC webpage to obtain a tourist visa. (www.evisa.gov.kh)

The online visa can be obtained following a three-step process:

1. Create an online account on the e-Visa portal.
2. Fill in the application form (it is possible to submit multiple applications at once) and pay online.
3. Download the e-Visa certificate in pdf format and print.

Visa service fees

A list of visa-related fees is available on the website of the MFAIC. Overstay penalties are USD 10 a day.

Entry and exit ports

Cambodia has three international airports: Phnom Penh International Airport; Siem Reap International Airport; and Sihanoukville International Airport. It also has two international seaports – Sihanoukville Autonomous Port and Phnom Penh Autonomous Port.

COVID-19 visa and travel update¹

Updates on COVID-19 travel measures are available on the website of the MFAIC (<https://www.mfaic.gov.kh/covid-19>). In October 2022, Cambodia removed all Covid-19 restrictions and requirements for inbound travelers on all modes of transport. There is no need to produce health certificates or show proof of vaccination upon arrival.

¹ Travelers are advised to consult the (closest) Cambodian Embassy and airlines for accurate and updated information before travelling.

3. Infrastructure and utilities

This section provides an overview of the country's main infrastructure, including telecommunication and energy utilities.

Infrastructure

Inland and coastal waterways

The Mekong River System is the focus of inland waterways and ports development. The total length of the nation-wide inland waterways is around 1,750 km. However, ships can only operate in 780 km of the inland waterways. Sources of shipping line connections to and from Cambodia are mostly from regional hubs, such as Singapore, Hong Kong, or Shanghai. International shipping is mostly carried out at the two international autonomous ports: the Sihanoukville Autonomous Port which is the country's current largest deep-sea port; and the Phnom Penh Autonomous Port. The construction of a USD 1.5 billion deep-sea port in Kampot has begun in 2022. The construction of the 180 km-long Funan Techo Canal was just approved and will boost waterways by linking the Mekong river to the sea. The cost of the canal is estimated at USD 1.7 billion. Cambodia has a total of 103 ports including 26 seaports, 77 riverports, 5 major domestic ports and two international ports. The Ministry of Public Works and Transport announced plans to implement an online-only electronic data exchange system in Cambodia's ports in August 2022 to facilitate a more efficient management of ship transport and transfer activity. The Port Electronic Data Information (EDI) system aims to modernize entry-exit controls in Cambodia to an online-only system. Currently, all entry-exit procedures are manually processed, often causing significant delays. While shipping costs remain higher than in the region, there are massive plans to expand the Sihanoukville Port and create additional facilities.

Railway infrastructure

Despite the establishment of a railway master plan in 2014, transport volumes via railway lines in Cambodia remain insignificant. Cambodian railways have not yet been used as a major transport mode because of long travel times and high costs. Cambodia has two railway lines: the Northern Line (Phnom Penh-Poipet) connected with Thailand and the Southern Line (Phnom Penh-Sihanoukville). The Northern Line is planned to be upgraded to become the first high-speed railway.

Roads

The Cambodian road network has been significantly upgraded and improved by the Government with the support of various international institutional and private donors resulting into the successful completion of the Phnom Penh-Sihanoukville Expressway. The Phnom Penh-Bavet Expressway will follow soon, with other road projects in the pipeline such as the Phnom Penh-Siem Reap-Poipet Expressway. However, there is still room to improve the 61,810 km of national and provincial roads. The road network is still in need of significant capital inflow to make travel to economic hubs easier and facilitate connections to the Asian Highways Network and the Greater Mekong Subregion's main economic corridors. The Government hopes expanding the road network will encourage factories and large businesses to relocate to the surrounds of Phnom Penh and subsequently encourage development and employment opportunities. The improvement of roads is also essential for the safety of road users which has notably increased.

Aviation

The rapid expansion of airfreight in Cambodia created a demand for airlines to link Cambodia to the rest of the world. Between 2013 and 2017, eight cargo airlines started operations in Cambodia, highlighting the dynamism of the sector. However, this dynamism has declined during the COVID-19 outbreak due to limited flights following extended border restrictions.

Cambodia has three international airports: in Phnom Penh, Siem Reap and Sihanoukville. Prior to COVID-19 enhancement plans were in progress to upgrade facilities and keep up with the rise of international arrivals. The Government and State Secretariat of Civil Aviation initiated the following airport projects: the new *Techo International Airport* project in Phnom Penh (a 4F-category airport) the new *Siem Reap Angkor International Airport* (a 4E-category airport), an airport in Koh Kong Province and potential projects in Poipet and Mondulkiri.

Insider's View: Infrastructure



GEI MEKONG

GEI Mekong is a waste management and renewable energy company, which holds the licenses for a leading patented Japanese and Australian Owned Waste to Energy pyrolysis technology, which economically converts a wide range of plastics and wastes to electricity, diesel, bio char and other useful products.

William Willis is a director and CEO of GEI Mekong. The company has four existing and commercially operated plants in Korea and want to bring the technology to Cambodia. It also has two projects in Laos and seven pipeline projects in Australia and New Zealand.

"There are massive needs in the field of waste management and opportunities to convert waste-to-energy, but improvements are needed at the pre-feasibility and feasibility assessment phases to facilitate access to information for potential investors. Expanding the one window service at CDC would allow new investors to better understand the government permits and licenses required, as well as the associated processes and costs, before submitting their project to CDC for formal registration. For new technologies such as pyrolysis Waste to Energy to treat Cambodia's 10,000 million tons of waste produced each year, information is difficult to access, especially from AEC, EDC and MME at the pre-feasibility and feasibility stages of project development. During the project development phase (pre-feasibility and feasibility), it is essential to understand the government's institutional arrangements and once feasibility studies are completed, it is critical to identify and collaborate with an experienced local partner who can help the investors save time and make investment decisions quickly. This should help to avoid potential long delays navigating complicated and unclear procedures required by multiple agencies that are currently not yet well coordinated, especially when it relates to new types of investment or technologies".

Utilities

Energy

Businesses operating in Phnom Penh benefit from a reliable electricity supply, compared with rural areas. Over the past decade, Cambodia has made significant progress in expanding electricity coverage and increasing its energy-generating capacity.

To increase the reliability and sustainability of the power sector, Cambodia has taken active steps to diversify its domestic power production through biogas, solar and hydro power. Currently, biomass (mainly charcoal and wood) and oil are the primary sources of energy in Cambodia. While Cambodia is mostly self-reliant, electricity is also imported from neighbouring countries (Thailand, Vietnam, and Laos) to cover shortfalls during the dry season.

Telecommunication

The development and outlook of the telecommunication sector is positive, boosted by large foreign and local investments. Mobile services are very affordable compared with other ASEAN countries and the internet can be accessed with fast speeds and reliable connections.

4. The financial sector and business support services

Banking sector

Cambodia has made remarkable strides in improving access to credit for both individuals and businesses, positioning itself as the 7th country in terms of Getting Credit in the Doing Business Report. This achievement has been accomplished through the implementation of new regulations that allow credit bureaus to collect and distribute both positive and negative credit information.

One of the key players in this progress is Credit Bureau Cambodia, which has established an industry-wide data system encompassing 7 million individuals and commercial entities. This extensive credit reporting system enables 190 Banking and Financial Institutions (BFIs) to conduct reliable assessments of creditworthiness for individuals, Small and Medium Enterprises (SMEs), and corporations by promoting transparency within the financial sector and facilitating wider access to finance. Additionally, it promotes cross-border credit report sharing in the region, further expanding opportunities for financial access beyond national borders.

Types of Banks

Based on the Banking Law, the following types of banks are allowed to operate in Cambodia:

- Commercial Banks (60) carry out a wide range of banking operations under the form of a public limited company and must have a minimum registered capital of USD 75 million.
- Specialized Banks and Financial Institutions (10) can engage in a limited subset of activities compared to the commercial banks. Specialized banks need to be locally incorporated and have a minimum registered capital of USD 15 million.
- Microfinance Institutions (82) are authorized to engage in credit services and savings.
- Microfinance Deposit taking Institutions (5) collect deposit from the public.

In addition, at end of 2022, there were 223 rural credit institutions, 16 financial leasing companies and 24 payment service providers.

Anti-corruption and money laundering

Under the 2007 Law on Anti-Money Laundering and Combating Terrorism Financing, banks, and other financial institutions together with real estate professionals, casinos, lawyers, and accountants must report entities or individuals when they engage in certain finance-related activities. In 2012, a National Coordination Committee on Anti-Money Laundering and Combating the Financing of Terrorism was established to supervise the implementation of laws and compliance with international standards. The Cambodian Financial Intelligence Unit (CAFIU) is responsible for analysing suspicious activities and advising law enforcement authorities. Recently, Cambodia has been officially removed from the Financial Action Task Force (FATF) grey list.

The rise of mobile payment

Covid-19 pandemic, together with the rise of Fintech has driven a sharp growth in mobile payments in Cambodia and the fast adoption of digital financial services. The National Bank of Cambodia is leading the way with several innovations such as the Bakong system introduced in 2019, the first central bank backed payment system in the world using Blockchain technology, to allow electronic transactions interoperability across banks in Cambodia. To illustrate this rapid increase, total transactions reached 900% of GDP in 2022 according to NBC data. The unique Khmer QR Code (KHQR) accepted by more than 1.9 millions merchants in Cambodia, can also be used in Thailand with its 7.6 millions merchants. The integration with other countries such as Laos, Vietnam, China and India are in the pipeline, expecting to complete by 2023. A testimony to the dynamism of this emerging industry, the young Cambodian Financial Technology association has been growing steadily with more than 100 members in 2023.

Insurance

The 2000 Insurance Law strengthens the protection of rights of parties under insurance contracts and the supervision and control of insurance professionals. Insurance companies, agents and brokers must be authorized to operate in Cambodia and are regulated by the MEF.

Business services (legal, accounting, audit)

There are many qualified accountancy, legal agents and businesses operating in Cambodia who can support foreign investors abroad and in Cambodia. For certain services, handling agents need to receive accreditation from the relevant ministry. Cambodia also has several sectoral business associations, who provide sector-related information, regulatory updates, training/workshops, and networking events¹.

Cambodia Stock Exchange

The Cambodia Securities Exchange (CSX) plays an important role in promoting good governance in Cambodia and is poised to have an increasing role as an alternative source of financing. Recent positive developments include the growing interest of private companies, including major ones like ACLEDA or Cellcard, in seeking funding through listing or bond issuance. However, at present, trading on the exchange is still predominantly dominated by institutional investors, which limits liquidity.

5. Competition policy

The 2021 Competition Law is applicable to any natural or legal persons, whose business activities or actions supporting business activities significantly prevent, restrict, or distort competition in the Cambodian market, regardless of whether the activities take place inside the country or not. The law substantively prohibits acts such as anti-competitive agreements, abuse of dominance, and anti-competitive mergers. Though some areas still need further clarification and numerous details are left for future regulatory instruments and decisions, this law represents a big step in promoting fair and honest competition in the Cambodian market.

Prohibited activities under the Competition Law

- **Horizontal agreements** - agreements between persons who operate or are likely to operate at the same level in production and distribution chains, which directly or indirectly affect market competition.
- **Vertical agreements** – agreements between persons who operate or are likely to operate at different levels in the production and distribution chains, which (in)directly require a purchaser to resell goods/services at a fixed minimum price as determined by the seller or to accept all the conditions of this nature as determined by the seller.

The implementation of vertical agreements that have or may have the object or effect of significantly preventing, restricting, or distorting market competition are also prohibited.

- **Abuse of dominant market position** which provides individuals the power to act in a market for any competing goods or services without any effective constraint from competitors.
- **Business combinations** that have or may have the object to significantly prevent, restrict, or distort competition in a market, or a business combination that has or may have such effect.

Exemptions on prohibition apply when:

- A prohibited agreement generates significant identifiable technological, economic, or social benefits;
- Without such agreement or activity, these benefits would not exist;

¹ See annex for the list of useful contacts in Cambodia.

- The detriment caused by the prevention, restriction, or distortion on the competition is significantly outweighed by the benefits; and
- The agreement or activity does not eliminate competition in any important aspects of goods or services.

6. Digital landscape

Cambodia's digital boom is evident and transforming public institutions, businesses, and individual lives. Phnom Penh, Battambang, Siem Reap and the coastal provinces are at the forefront of this technological revolution, with digital services in various sectors emerging. Notable examples are the surge of inner and intra-city transportation applications, booking platforms and digital payment apps, which are attracting local retail partners and are used for salary payments in some sectors. These multifunctional Business-to-Consumer platforms are very popular for everyday consumers, with many developed by international investors as well as local Khmer startups.

Digital payment has been the major driving force of digital adoption in Cambodia since its early introduction in 2008. Thanks to the high adoption rate of mobile phone in the country and widespread access to internet, many innovative solutions have been introduced. The Bakong payment gateway, initiated by the National Bank of Cambodia is a great example of Cambodia leapfrogging in certain areas of the digital economy, by bringing all payment service providers into a unified payment platform using blockchain technology, allowing easy affordable and efficient access to financial services for people living in rural areas. In addition, the 'Cambodia Digital Economy and Society Policy Framework 2021-2035 sets out a long-term vision to build a vibrant digital economy and society. This vision is complemented by the Cambodian Digital Government Policy 2022- 2035, which focuses on 'Building a Digital Government to improve the quality of life and confidence of the people through better public service.

Cambodia also fosters inclusive digitalization by introducing technological innovation in more rural sectors such as agriculture and manufacturing. Examples are AgriTech (agriculture technology) projects like the use of mobile artificial intelligence to detect diseases on plants and crops, apps offering electronic verification of contracts terms for farmers, and digital connectivity bringing more value chain transparency.



E-government services

To strengthen and facilitate access to public services, various ministries have introduced digital Government-to-Business (G2B) and Government-to-Citizen (G2C) platforms. While this modernization is welcomed by the public and private sector, public e-infrastructure is still in its early stages of implementation, and both the Government and users will need to get accustomed to it along with possible updates and adjustments.



Challenges

While digital services are thriving, especially tele-based systems, Cambodia's technical adaptation still has challenges. Efforts are needed in ensuring these services reach rural areas, drafting adapted regulatory policies (such as on data protection and cyber security), and improving digital literacy and job readiness. The lack of digital literacy has particularly been a struggle during the COVID-19 pandemic. The tech industry has pointed a lack of skilled workers. The education sector, which was forced to transfer to online classes during the pandemic, faced with low accessibility to ICT devices, stable internet, and skilled tech-savvy teachers, especially outside of Phnom Penh.



Outlook

In order to better respond to fast-rising internet penetration, mobile and social media use, the Government is actively building Cambodia's digital readiness. In 2018, the Government introduced the Rectangular Strategy Phase IV with ambitions to transform Cambodia into a digital economy by 2023.

7. Human resources

In recent years, the job market has improved with a significant shift from informal to formal employment, providing better protections and more stable earning potential for workers, while contributing to the country's regional competitiveness. Cambodia's economic stability and export-focused development, together with cross-sectoral efforts made by the Government such as boosting Household Enterprise productivity, SME expansion, and skills development programs have contributed to this positive change. Though these changes are encouraging, Cambodia still has untapped potential, and extra investments will be needed in coming years. Cambodia does not have yet a general minimum wage. Minimum wages are only imposed for the Garment, Footwear, Travel Goods and Bag sectors.

Labour Law extracts

The Labour Law requires that employers do not discriminate on the basis of race, colour, sex, creed, religion, political opinion, birth, social origin or union membership activities.

It prohibits compulsory labour and sets 15 as the minimum age for certain kind of work.

Listed below are some key provisions of the Labour Law.

- There are **two types of employment contracts**: fixed duration contracts of up to two years, and extendable and undetermined duration contracts.
- **Severance** payments: Employees on fixed duration contracts are granted severance pay of at least 5 per cent of the total wage paid over the length of the contract.
- **Seniority** payments: Since 2019, seniority payments must be made to employees with undetermined duration contracts equivalent to a total of 15 days of wages and yearly fringe benefits. These are paid twice a year in replacement of the previous severance payment scheme.
- **Paid leave** is usually 1.5 days per month. Special leave is up to seven days for family matters. Other entitlements include paid holidays, a weekly day off (24 hours normally on Sunday), sick leave and maternity leave.
- **Minimum wage**: a minimum wage of USD 200 per month for workers in the garment, footwear, travel goods, and bag sectors is applicable from 1 January 2023. Quantity-based remuneration is still allowed but only if remuneration exceeds the 2022 minimum wage. Discussions about the adoption of cross-sectoral minimum wage have been ongoing for a few years and it may be established in the future.
- Amendment to the Labour Law related to **work shifts**: three work shift schedules with a maximum of eight hours per shift and a maximum of 48 hours per week.
- Amendment to the Labour Law related to **dispute resolution**: the Law expands the jurisdiction of the Labour Arbitration Council.
- **Pension scheme**: employers and employees must jointly contribute for the first five years to 4 per cent of the contributable wage (set between USD 100 to USD 300), each paying 2 per cent. The contribution rate will then increase after five years.

Work permits

Work permits are issued by the Ministry of Labour and Vocational Training. Most work permits are valid for one year (until 31 December of the year of issuance) and can be renewed before 31 May. Work permit applications can be made through a specialized agency or online. All workers are required to have an employment card and have a right to access the National Social Security Fund (NSSF).

Foreign employees

Companies can hire foreign employees subject to visa and work permit administrative procedures. Foreign employees must not exceed 10 per cent of the total number of Cambodian employees. However, employers can seek approval to go beyond this quota. Foreigners working in Cambodia need to meet the following requirements:

- Hold a valid work permit or employment card;
- Hold a valid passport or residence permit;
- Not have a contagious disease.

Administrative procedures for foreign employees can be managed through the Foreign Worker Centralized Management System, administered by the Ministry of Labour and Vocational Training.

In addition, in accordance with the 2021 Law on Investment, foreign investors with registered QIP can also:

- Hire foreign employees to manage or operate an investment project if it is not possible to find qualified Cambodian employees to manage or operate the investment project.
- Obtain a temporary long-term stay permit for oneself, spouse and minor children during the period when the investment project is operating.
- Request temporary long-term stay permits for foreign employees, their spouses and minor children during the period of employment contracts.
- Obtain a work permit and employment book for oneself and foreign employees.

Public holidays and annual leave

According to the Sub-decree on Holiday Calendar for Civil Servant, Workers/Employees for 2023, there are 21 holidays.

Insider's View: Professional services (architecture)



FUTURE

Future is a leader in the design, construction, and real estate industry in Cambodia, with partners in London, Hong Kong, and Sydney. They provide total end-to-end building and design solutions.

Ian Harry Mann is architect, founder and managing director of the company.

"Cambodia is facing a shortage of professional and quality-driven services providers. There are huge opportunities to tap in for Australian companies and professionals. In a booming and evolving construction sector, the supply of professionals based in the country is not matching the need of developers who continue to hire foreign architect and professionals abroad. Transparency, ethics, and integrity are Australian values that are highly appreciated by developers in a sector where the lack of quality and safety standards can potentially lead to deadly situations. In addition, Australia has a long history of close friendship with Cambodia, and Australian high standards of integrity are well recognized and can even be seen as a competitive advantage. There is a market for high quality work but a clear shortage of qualified human resources. Young professionals in architecture sector will be offered to work on substantial projects, and sometimes world class projects that they never imagine being able to access in their respective country."

8. Taxation

Cambodia corporate tax regime is competitive in comparison to other ASEAN countries, with a standard rate of 20 per cent for most activities. Article 20 of the Law on Taxation outlines the tax rates as follows:

- 20 per cent for taxable income realized by a legal person.
- 30 per cent for taxable income realized under an oil or natural gas production sharing contract and the exploitation of natural resources including timber, ore, gold, and precious stones.
- 5 per cent on the gross premium income for insurance companies and at a rate of 20 per cent on other income derived from non-insurance/reinsurance activities.
- Zero per cent for taxable income of a QIP during its tax exemption period as determined by the CDC.
- Progressive rates (from 0 to 20 per cent) for a physical person or sole proprietorship as determined by MEF Sub-decree.

Tax regime

Since 2016, Cambodia has a singular “self-assessed” tax regime under which all businesses pay tax on a self-declaration basis based on annual turnover.

Taxpayer classification

A revised taxpayer classification was introduced in January 2021 through the Prakas on the Reclassification of Taxpayers under the Self-Assessment Taxpayer Regime. This amends previous classification of taxpayers with the goal of ensuring that the collection of taxes is carried out in a transparent and equitable manner. The new system allows the GDT to redetermine the classification if the declared turnover does not reflect the actual turnover.

There is no yearly individual income tax in Cambodia, but the possibility of introducing one in the medium term is being considered.

Tax audit

Losses may be carried forward for a maximum of five years. Tax losses cannot be offset against previous years' profits. Tax losses are forfeited upon a change in ownership of the business, if there is a change in business activity, and in the event that a taxpayer is subject to a unilateral reassessment by the GDT.

The GDT has the power to carry out audits of a taxpayer's activities and reassess tax liabilities within three years of submission of a tax return. This period may be extended to five or ten years if there is evidence of tax evasion.

In January 2016, the Committee of Tax Arbitration (CTA) was established with the function to review, resolve and make decisions on complaints regarding tax and customs disputes. Since CTA's establishment, a taxpayer can appeal decisions made by the GDT during the course of tax disputes.

Table 13: Taxpayer classification system

NEW TAXPAYER CATEGORY	DESCRIPTION BASED ON THE NEW PRAKAS No. 09 on the <i>Reclassification of Taxpayers under the Self-Assessment Taxpayer Regime</i>
SMALL TAXPAYER	<ul style="list-style-type: none"> Annual assets valued from KHR 200 million (USD 49,000) to KHR 1 billion (USD 245,500) for the commercial, service, and agriculture sectors. or Annual assets valued from KHR 200 million (USD 49,000) to KHR 2 billion riel (USD 491,000) for the industrial sector.
MEDIUM TAXPAYER	<ul style="list-style-type: none"> Annual assets valued from KHR 1 billion (USD 245,500) to KHR 2 billion (USD 491,000) for the commercial, service, and agriculture sectors. or Annual assets valued from KHR 2 billion (USD 491,000) to KHR 4 billion riel (USD 982,000) for the industrial sector.
LARGE TAXPAYER	<ul style="list-style-type: none"> Annual assets valued at over KHR2 billion (USD 491,000) for the commercial, service, and agriculture sectors. or Annual assets valued at over KHR 4 billion (USD 982,000) for the industrial sector.

Tax types

Table 14: Types of taxes in Cambodia:

ANNUAL TAXES: Each taxable year (corresponds with calendar year), Self-Assessed Taxpayers are required to either pay Tax on Income or Minimum Tax, by the 31st of March of the following year, whichever tax is greater.

- Tax on Income
- Minimum Tax

MONTHLY TAXES

- Prepayment of Income Tax
- Withholding Tax
- Tax on Salary
- Value-added Tax

OTHER SIGNIFICANT TAXES

- Patent Tax
- Specific Tax on Certain Merchandise and Services
- Accommodation Tax
- Tax on Public Lighting
- Tax on Unused Land
- Tax on Immovable Property
- Additional Tax on Dividend Distribution

VAT on e-commerce transactions

A recent tax update useful for investors is the implementation of VAT on e-commerce transactions. This update is applicable to non-resident e-suppliers with no permanent establishment which meet the VAT revenue threshold. In the event of business-to-consumer transactions, e-commerce businesses must register for VAT, file a monthly VAT return, and pay a 10 per cent VAT rate on the value of their online transactions. For business-to-business transactions, resident taxpayers who purchase digital goods or services from non-residential e-commerce businesses must collect the 10 per cent VAT based on the reverse charge mechanism. Non-resident e-suppliers are recommended to do their tax registration process through a registered tax agent in Cambodia.

Tax administration

Investors are recommended to contact a registered tax agent in Cambodia before starting any tax procedure or process. The GDT website is a useful source of information.

9. Commercial Dispute Resolution

Cambodia has made significant progress in developing its commercial dispute resolution framework, particularly in the area of alternative dispute resolution. One notable development is the launch of the National Commercial Arbitration Centre (NCAC) in 2013. The NCAC offers businesses an alternative to the court system and provides a cost-effective option compared to other international or regional arbitral institutions.

Under NCAC rules, cases can be administered in Khmer or other languages, with the majority of cases being conducted in English. Additionally, the decisions issued by the NCAC can be enforced in over 160 countries.

APPENDIX: CONTACT INFORMATION FOR INVESTORS

ROYAL GOVERNMENT AGENCIES

Council for the Development of Cambodia (CDC)

Government Palace, Sisowath Quay,
Sangkat Wat Phnom, Phnom Penh
Tel: +855 99 799 579; +855 98 799 579
Email: helpdesk@cdc.gov.kh,
info@cdc.gov.kh
Website: <https://cdc.gov.kh/>

Office of the Council of Ministers

Friendship Building, 41 Russian Federation
Blvd (110), Phnom Penh
Tel: +855 23 212 494
Email:
Website: www.ocm.gov.kh

Ministry of Interior

275 Norodom Blvd, Phnom Penh 12010,
Cambodia
Tel: +855 23 721 905; +855 23 726 052; +855
721 190
Email: info@interior.gov.kh
Website: www.interior.gov.kh

Ministry of Foreign Affairs and International Cooperation

No 3, Samdech HUN Sen Street,
Sangkat Tonle Bassac, Khan Chamkamon,
Phnom Penh
Tel: +855 23 214 441; +855 23 216 141
Email: mfaic@mfaic.gov.kh

Ministry of Economy and Finance

Street 92, Sangkat Wat Phnom, Khan Daun
Penh, Phnom Penh
Tel: +855 23 890 666
Email: admin@mef.gov.kh
Website: www.mef.gov.kh

Ministry of Land Management, Urban Planning and Construction

Street 307, Sangkat Kmounh, Khan Sen Sok,
Phnom Penh
Tel: +855 23 886 999
Email: mlmupc.cabinet@gmail.com
Website: www.mlmupc.gov.kh

Ministry of Industry, Science, Technology & Innovation

45, Preah Norodom Blvd, Phsar Thmey III,
Daun Penh, Phnom Penh, 120203
Tel: +855 23 211 141
Email: Info@misti.gov.kh
Website: www.misti.gov.kh

Ministry of Public Works and Transport

Street 598 (H.E. Chea Sophara Street), Sang-
kat Chrang Chamres 2, Khan Russey Keo,
Phnom Penh
Tel: 1275
Email: info@mpwt.gov.kh
Website: www.mpwt.gov.kh

Ministry of Health

No: 80, Samdach Penn Nouth Blvd (289),
Sangkat Beoungkak 2, Tuol Kork District,
Phnom Penh
Tel: +855 23 885 970; +855 884 909
Email: webmaster@moh.gov.kh
Website: www.moh.gov.kh

Ministry of Mines and Energy

No. 79, 89 Pasteur Street (51), a new shopping
district 3, Khan Daun Penh, Phnom Penh
Tel: +855 23 219 574
Email: info@mme.gov.kh
Website: www.mme.gov.kh

Ministry of Tourism

Czech Republic Blvd (169), Phnom Penh
 Tel: +855 23 213 741
 Email: info@tourismcambodia.org; ad@tourismcambodia.org
 Website: <https://tourismcambodia.org/>

Ministry of Labour and Vocational Training

Russian Federation Blvd (110), Phnom Penh
 Tel: +823 884 375
 Email: info@mlvt.gov.kh
 Website: www.mlvt.gov.kh

Ministry of Commerce

No. 19-61, Confederation de la Russie Blvd
 (110) Phnom Penh
 Tel: +855 23 866 188
 Email: cabinet.info@moc.gov.kh
 Website: www.moc.gov.kh

Ministry of Environment

Morodok Techo Building (Lot 503), Tonle Basac,
 Chamkarmorn, Phnom Penh
 Tel: +855 213 908; +855 23 220 369
 Website: www.moe.gov.kh

Ministry of Post and Telecommunications

Building 13, Monivong Blvd, Sangkat Srah
 Chak, Khan Daun Penh, Phnom Penh
 Tel: +855 23 724 810
 Email: info@mptc.gov.kh
 Website: mptc.gov.kh

Ministry of Agriculture, Forestry and Fisheries

200, Norodom Blvd, Sangkat Tonle Basac,
 Chamkarmon, Phnom Penh
 Tel: +855 23 726 128; +855 23 726 129
 Email: info@maff.gov.kh
 Website: www.maff.gov.kh

National Bank of Cambodia

Street 102 Corner Street 19, Sangkat Wat
 Phnom, Khan Daun Penh, Phnom Penh
 Tel: +855 23 722 563; +855 23 722 221
 Email: info@nbc.gov.kh
 Website: www.nbc.gov.kh

General Department of Taxation

Corner Russian Federation & Mao Tsetong
 Blvd. Sangkat Toek La ak I, Khan Tuol Kork,
 Phnom Penh
 Tel: +855 266 668; +855 886 708
 Email: gdt@tax.gov.kh
 Website: www.tax.gov.kh

General Department of Customs and Excise

No: 6-8, Preah Norodom Blvd., Sangkat Phsar
 Thmei I, Khan Daun Penh, Phnom Penh
 Tel: Please go to: Focal Point of GDCE
 Email: info-pru@customs.gov.kh
 Website: <https://customs.gov.kh/>

Phnom Penh Capital Hall

69, Preah Monivong Blvd., Sangkat Srah
 Chak, Khan Daun Penh, Phnom Penh
 Tel: +855 23 722 054
 Email: info@phnompenh.gov.kh
 Website: <https://phnompenh.gov.kh/>

INDUSTRY ASSOCIATIONS**Cambodia Chamber of Commerce (CCC)**

Building No.7D, Russian Blvd, Sangkat
 Tek Laok 1, Khan Toul Kok Phnom Penh,
 Cambodia
 Tel: +855 23 880 795
 Email: info@ccc.org.kh
 Website: www.ccc.org.kh

Cambodia Women Entrepreneurs Association (CWEA)

Phnom Penh Center, Building H, (4th Floor),
 Room: 486/492, Sothearos Blvd corner Preah
 Sihanouk Blvd, Tonle Bassac District,
 Chamkarmon Commune, Phnom Penh
 Tel: +855 23 22 43 46, +855 78 96 20 20
 Email: info@cweacambodia.org
 Website: www.cweacambodia.org

Young Entrepreneurs Association of Cambodia (YEAC)

Building C2, 5Floor, Zone B, Olympia City,
Monireth Blvd (St. 217) Corner Tephorn Blvd
(St. 182), Sangkat Veal Vong, Khan 7 Makara,
Phnom Penh

Tel: +855 16 999 762, +855 70 263 864

Email: secretariat@yeacambodia.org

Website: www.yeacambodia.org

International Business Chamber (IBC)

Floor 3, ACAC Building, No. 23, Street 139,
Phnom Penh

Tel: +855 23 964 455

Email: info@ibccambodia.com

Website: www.ibccambodia.com

The Association of Banks in Cambodia (ABC)

Suite 0601, Level 6, Vattanac Capital Tower,
Monivong Blvd, Sangkat Wat Phnom, Khan
Duan Penh, Phnom Penh

Tel: +855 23 230 611

Email: secretariat@abc.org.kh

Website: www.abc.org.kh/

Cambodia Association of Financial Technology (CAFT)

2nd Floor, House 219Eo, Street 63, Phnom
Penh

Tel: +855 93 397 806

Email: admin@caftkh.org

Website: www.caftkh.org

Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC)

Phnom Penh Special Economic Zone
Phum Trapeang Kul, Sangkat Kantouk,
Khan Kamboul, Phnom Penh, Cambodia

Tel: +855 12 563 082

Email: info@taftac-cambodia.org

Website: www.taftac-cambodia.org

Cambodia Logistics Association (CLA)

No. 37A, Street 596, Sangkat Beoung Kak2,
Khan Toul Kork, Phnom Penh, Cambodia

Tel: +855 17 592 235

Email: secretary@cla.org.kh

Website: www.cla.org.kh

BANKS

Advanced Bank of Asia (ABA)

148 Preah Sihanouk Blvd, Sangkat Boeung
Keng Kang I, Khan Boeung Keng Kang,
Phnom Penh

Tel: +855 98 203 333

Email: info@ababank.com

Website: <https://www.ababank.com>

ACLEDA

#61, Preah Monivong Blvd., Sangkat Srah
Chork, Khan Daun Penh, Phnom Penh

Tel: +855 23 998 777, +855 23 430 999

Email: inquiry@acledabank.com.kh

Website: www.acledabank.com.kh

BRED Bank Cambodia

No. 30, Preah Norodom Boulevard Sangkat
Phsar Thmey 3, Khan Daun Penh, Phnom Penh

Tel: +855 23 999 222

Email: contact@bredcambodia.com

Website: <https://www.bredcambodia.com/>

Canada Bank Plc

No. 315, Ang Duong Street, (corner of Preah
Monivong Blvd.), Sangkat Wat Phnom, Khan
Daun Penh, Phnom Penh

Tel: +855 23 868 222

Email: info@canadiabank.com.kh

Website: www.canadiabank.com

J-Trust Royal Bank (Cambodia) LTD.

Royal Railway Building, 10 Russian Federation
Blvd (110), Phnom Penh

Tel: +855 23 999 000

Website: www.jtrustroyal.com

Vattanac Bank.

Level 2, Vattanac Capital

No. 66, Preah Monivong Blvd. Phnom Penh

Tel: +855 23 963 999

Website: www.vattanacbank.com

LAW FIRMS

BNG Legal

No.65B, Street 111, Sangkat Boeung Prolit,
Khan 7 Makara, Phnom Penh
Tel: +855 23 217 510, +855 12 76 36 16,
+855 23 212 671, +855 23 212 414
Email: info@bnglegal.com
Website: www.bnglegal.com

BUN & ASSOCIATES

#29, Street 294, Sangkat Tonle Bassac,
Khan Chamkarmon, Phnom Penh, Cambodia
120101
Tel: +855 23 999 567
Email: info@bun-associates.com
Website: www.bun-associates.com

DFDL

No. 30, Preah Norodom Boulevard Sangkat
Phsar Thmey 3, Khan Daun Penh, Phnom Penh
Tel: +855 23 210 400
Email: cambodia@dfdl.com
Website: www.dfdl.com

Sok Siphana & Associates

GI A Tower, floor 33A Sopheak Mongkul Street
Phnom Penh, 120101
Tel: +855 23 999 878
Website: www.soksiphana.com/

ACCOUNTING FIRMS

KPMG Cambodia Ltd.

35th Floor, GI A Tower, Sopheak Mongkul
Street, Diamond Island, Sangkat Tonle Bassac,
Khan Chomkarmon
Tel: +855 17 666 537 | +855 81 533 999
Email: kpmg@kpmg.com.kh
Website: www.kpmg.com.kh

PricewaterhouseCoopers (Cambodia) Ltd.

No. 58C, Sihanouk Blvd, Tonle Bassac,
Chamkar Morn, Phnom Penh
Tel: +855 23 860 606
Email: lim.kuy@kh.pwc.com,
heng.thy@kh.pwc.com
Website: www.pwc.com/kh

Ernst and Young Cambodia

5th Floor, Emerald Building, No 64 Norodom
Boulevard, Sangkat Chey Chumneah
Phnom Penh
Tel: +855 23 860 450, +855 23 860 451
Website: www.ey.com/en_gl/locations/cam-
bodia

MULTILATERAL CONTACTS

Asian Development Bank - Cambodia Resident Mission

No. 29, Suramarit Boulevard, Sangkat
Chaktomuk, Khan Daun Penh, Phnom Penh
Tel: +855 23 215 805, +88 23 973 200
Website: www.adb.org/countries/
cambodia/main

United Nations Development Programme (UNDP)

#53, Pasteur Street, Boeung Keng Kang I
P.O. Box 877, Phnom Penh, Cambodia
Tel: +855 23 216 167, +855 23 214 371
Email: registry.kh@undp.org
Website: www.undp.org/cambodia

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
Email: cambodia@worldbank.org
Website: www.worldbank.org/en/country/
cambodia

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TRADE AND FTAS

- <https://stats.customs.gov.kh/en>
- National Bank of Cambodia – Economic and Monetary Statistics
- GDCE International Merchandise Trade Statistics (i.e., total trade statistics of last 5 years, export and import statistics by top 20 commodities and countries). Link: <https://stats.customs.gov.kh/en>
- Free Trade Agreements (adb.org)
- <https://aanzfta.asean.org/>
- <https://www.tax.gov.kh/en/ir>
- GDCE website Customs procedure
- National single window <https://nsw.gov.kh/> (downloadable user guide – downloadable introduction and brief DEMO)
- ASEAN single window <https://asw.asean.org/> List of Contact points for more information.
- GDCE Strategy for Customs Reform and Modernization 2019-2023
- GDCE Customs strategy on compliance and law enforcement 2020-2023
- GDCE Handbook on Customs Clearance
- ASEAN Customs transit system (ACTS) Procedures manual

LOGISTICS AND INFRASTRUCTURE

- 2nd progress report on implementation of interim master plan on intermodal transport connectivity and logistics system of Cambodia 2020
- Source of new estimated launching, Phnom Penh post article: Capital's third ring road nearly 74 per cent finished | Phnom Penh Post
- Source World Bank Document
- MPWT website
- Royal Railway website
- KOICA 2014 Master Plan for Railway Network Development in Cambodia (source: Cambodia: Transport Sector Assessment, Strategy, and Road Map (adb.org))
- <https://www.phnompenhpost.com/business/electronic-port-data-exchange-system-set-august>
- PPAS link for statistic figures
- PAS link for statistics figures
- PPAS Tariffs/Fees link
- PAS Tariffs/Fees link
- Digital 2020: Cambodia — Data Report – Global Digital Insights
- 2020 annual report of National Bank of Cambodia
- The 2000 Insurance Law of Cambodia (link)

DIGITAL CAMBODIA

- E-commerce Acceleration and Formalization of MSMEs | United Nations Development Programme (undp.org)
- Observations made by 2020 UNICEF study survey of 15 000 students, caregivers and educators in 15 provinces Cambodia COVID-19 Joint Education Needs Assessment.pdf (unicef.org)
- <https://commerce-cambodia.com/2021/06/13/law-on-electronic-commerce-of-kingdom-of-cambodia/>
- https://drive.google.com/file/d/1E7o_JG8byCHzZoJJvliSRJzLb4rDaeD3/view
- Supporting Economic Transformation – fostering an inclusive digital transformation in Cambodia <https://set.odi.org/wp-content/uploads/2020/06/Fostering-an-Inclusive-Digitalisation-Transformation-in-Cambodia-Final.pdf>
- Benefiting from the digital economy Cambodia Policy Note World Bank Group 2018 <https://documents1.worldbank.org/curated/en/100841543598854492/pdf/128267-REVISED-Digital-Economy-web.pdf>
- Digital 2020: CAMBODIA Digital 2020: Cambodia — DataReportal – Global Digital Insights
- Needs assessment helps to understand the impact of COVID-19 on education stakeholders
Needs Assessment helps to understand the impact of COVID-19 on education stakeholders | UNICEF Cambodia






HUMAN RESOURCES

- Labour Law (ilo.org)
- National Social Security Fund (NSSF)
- Online Foreign Workers Centralized Management System (FWCMS)
- One-stop window services related to online application, quota and foreigner work permit.
- CAMFEB (Cambodian Federation of Employers and Business Associations)
- Cambodian Labour Law
- Public Holiday: www.nbc.org.kh/english/news_and_events/official_holiday.php (EN)

TAXATION

- GDT Website: www.tax.gov.kh/en
- Main office and branches address: www.tax.gov.kh/en/contact
- GDT website: www.tax.gov.kh/en/tax-payer and DFDL investment Guide 2020 Find documents and forms: www.tax.gov.kh/en/document-form
- Find upcoming due dates for tax filling: www.tax.gov.kh/en/upcoming-date.
- Find Tax Guideline videos (KH): www.tax.gov.kh/en/videos
- GDT Live Chat: Apps on Google Play IOS
- DFDL Legal Tax Update: Cambodia: Revision of Taxpayer Classification | DFDL Legal, Tax and Investment Expertise
- kh-tax-guide-to-taxation-in-cambodia-2020.pdf (deloitte.com)

TRADE-RELATED ENTITIES (PUBLIC SECTOR)

	<p>CAMBODIA NATIONAL TRADE REPOSITORY</p> <p>Online portal is hosted by MEF, managed by the National Trade Repository Secretariat located at the Department of Economic Integration and ASEAN of the Ministry, which contains the official regulatory information relevant to traders who wish to import goods into Cambodia or export to other countries.</p>
 CAMBODIATRADE	<p>CAMBODIATRADE</p> <p>E-commerce marketplace, located at CambodiaTrade.com, operated by the Ministry of Commerce of Cambodia to serve Cambodia's small and medium enterprises to sell their products online to potential clients in the domestic and cross-border markets. The marketplace is developed with financial support from the Enhanced Integrated Framework under the Go4eCAM project with the main objective in realizing the benefits of e-commerce for the SMEs.</p>
 KhmerSME	<p>KHMER SME</p> <p>Khmer SME is a National digital information platform for Micro, Small and Medium Enterprises (MSMEs) of the Kingdom of Cambodia.</p>
	<p>THE SUPPLIERS DATABASE WITH SUSTAINABILITY DIMENSIONS</p> <p>Database developed by the CDC which aims to both facilitate investment and contribute to significant development impact, by improving the linkage between foreign firms and domestic suppliers which provide quality goods and services.</p>
	<p>ASEAN ACCESS</p> <p>Free regional trade information portal for ASEAN SMEs and other businesses. Available trade and market information and access to support services necessary to penetrate new markets in the ASEAN region (i.e., online training, matchmaking, business services).</p>



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COUNCIL FOR THE DEVELOPMENT OF CAMBODIA



Australian Government
Department of Foreign Affairs and Trade

A partnership between
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