



ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ

INVESTMENT CLIMATE AND POLICIES

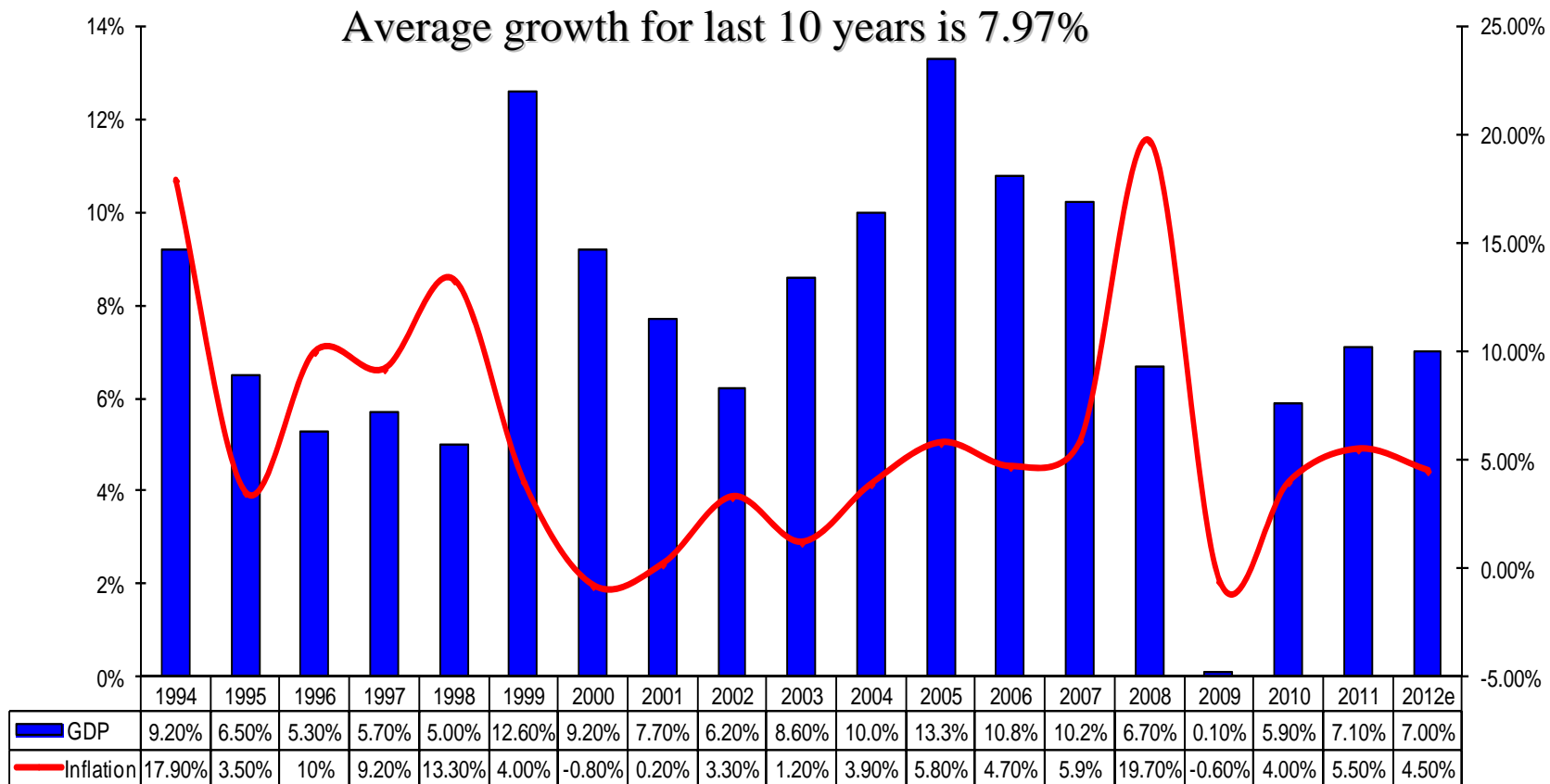
Presented by SUON SOPHAL
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Key Indicators



- ❖ Land area : 181,035 sq.km.
- ❖ Population: 14.1 Million
- ❖ Labor force (young) : 7,053,398
(Female: 3,608,345)
- ❖ Population growth rate : 1.54%
- ❖ GDP Growth (2011) : 7.1%
- ❖ GDP per capita in 2011 : \$909
- ❖ Inflation (2011) : 5.5%
- ❖ Exchange rate: USD 1= 4075 Riels

Economic Performance



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012e
GDP per capita	331	356	402	468	534	623	738	731	830	909	984

“Resilient exports, robust tourism, and a strong real estate recovery continue to support Cambodia’s economy despite the global slowdown. During the first half of 2012, garment exports expanded by 14 percent (y/y) and tourist arrivals by 27 percent (y/y). Overall GDP growth is projected at about 6½ percent in 2012. Over the medium term, Cambodia’s growth rate could reach a potential of about 7½ percent, provided there is continued improvement in the business climate, infrastructure, and public service delivery. Inflation, after decelerating through mid-year, is projected to average about 3½ percent in 2012 and 4 percent in 2013.

The current account deficit (including official transfers) is projected to peak at 10 percent of GDP in 2012, in part due to moderating exports and strong investment-related imports, but remains fully financed through strong foreign direct investment (FDI) and official loans. Over the medium term, the current account deficit is projected to narrow to 5½ percent of GDP. Gross official reserves have continued their steady rise, growing by US\$300 million during the first half of the year, and reaching US\$3.3 billion in July 2012 (four months of imports).

Per capita GDP has also steadily increased since 1998 when the Riel greatly depreciated against the dollar. Per capita GDP in 2011 reached USD 909, an increase of approximately 87% from 487 US dollars in 2005, and expected to reach US\$ 984 in 2012.

TREND OF FOREIGN DIRECT INVESTMENT



FDI inflows retreated in the first half of 2012

Global FDI inflows, by region and major economy,
2010:H1-2012:H1
(Billions of dollars)

Region / economy	2010		2011 ^a		2012 ^b		Growth rate over 2011:H1 (%)
	H1	H2	H1	H2	H1		
World	580.0	771.6	728.7	849.4	667.6		-8.4
Developed economies	256.4	397.1	329.2	462.0	298.1		-9.5
European Union	147.0	207.4	182.7	249.5	175.9		-3.8
United States	65.3	132.6	94.4	132.6	57.4		-39.2
Developing economies	286.8	336.3	352.8	340.3	336.0		-4.8
Africa	20.9	21.9	22.0	21.4	23.1		5.1
Latin America and the Caribbean	85.1	102.6	108.4	111.5	117.3		8.2
Asia	179.8	210.5	221.7	206.5	196.9		-11.2
ASEAN ^c	36.8	46.8	49.8	57.2	47.4		-4.9
Cambodia	0.3	0.5	0.3	0.6	0.9		165.7
Indonesia	6.3	7.4	10.3	8.9	8.2		-20.6
Malaysia	3.7	5.5	6.9	5.1	4.4		-36.6
Philippines	0.7	0.6	0.8	0.4	0.9		10.6
Singapore	20.2	28.8	27.9	36.2	27.4		-1.9
Thailand	5.6	4.0	3.4	6.1	5.6		62.1
Transition economies	36.8	38.2	46.7	47.0	33.5		-28.3

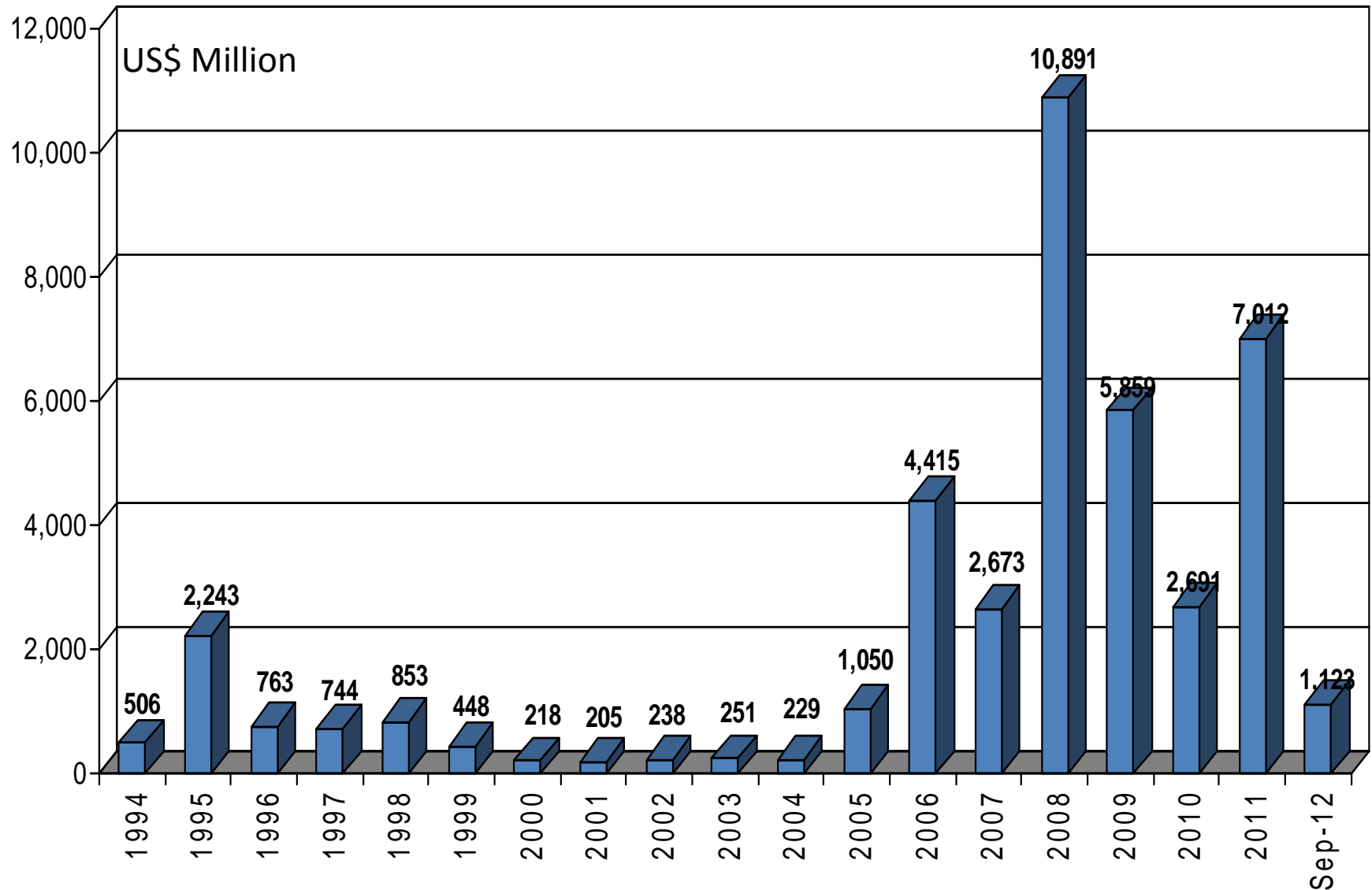
Source: UNCTAD.

^a Revised.

^b World and regional totals are estimated.

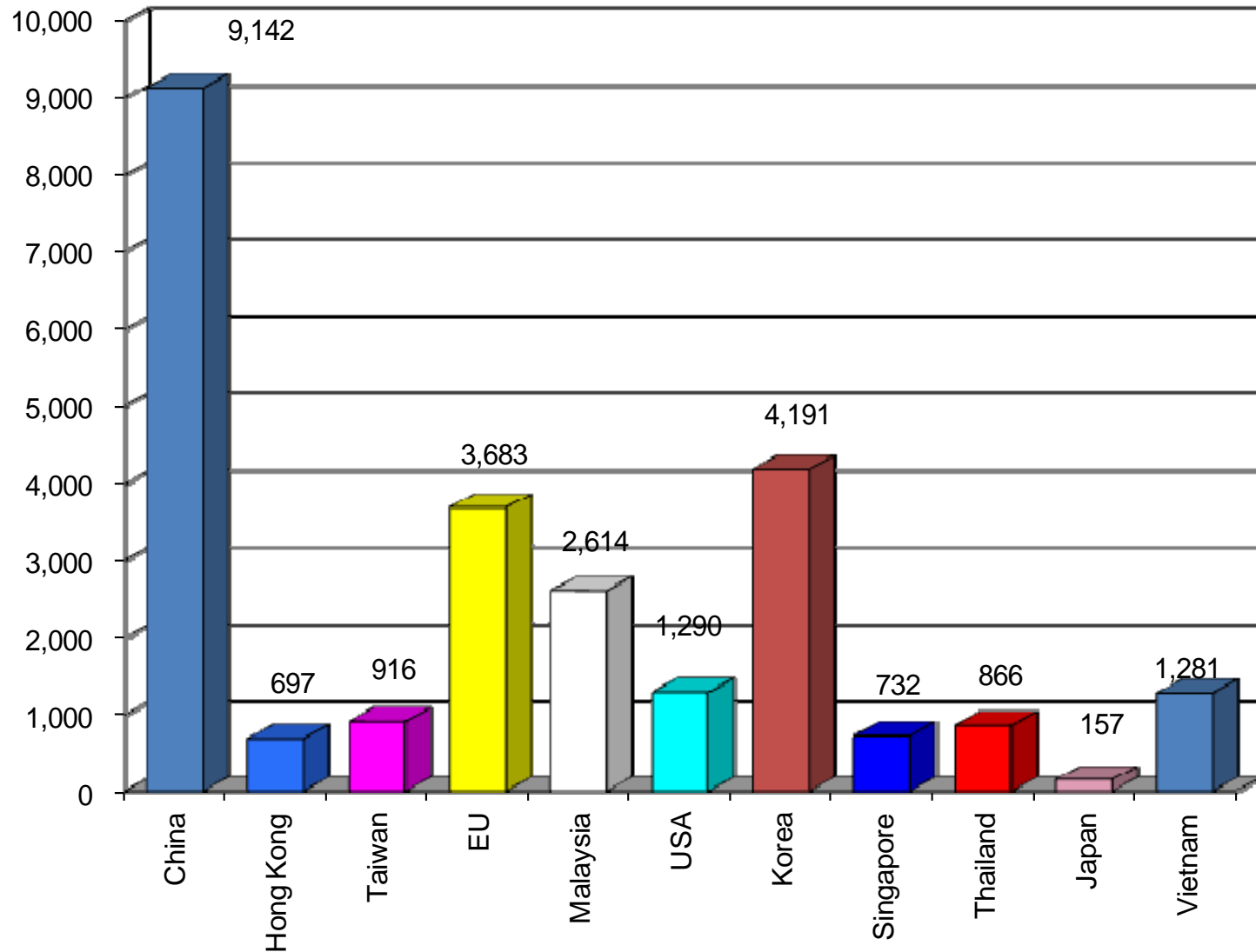
^c Total covers only 6 ASEAN countries for which data are available.

Approved Investment from 1994- Sept 2012

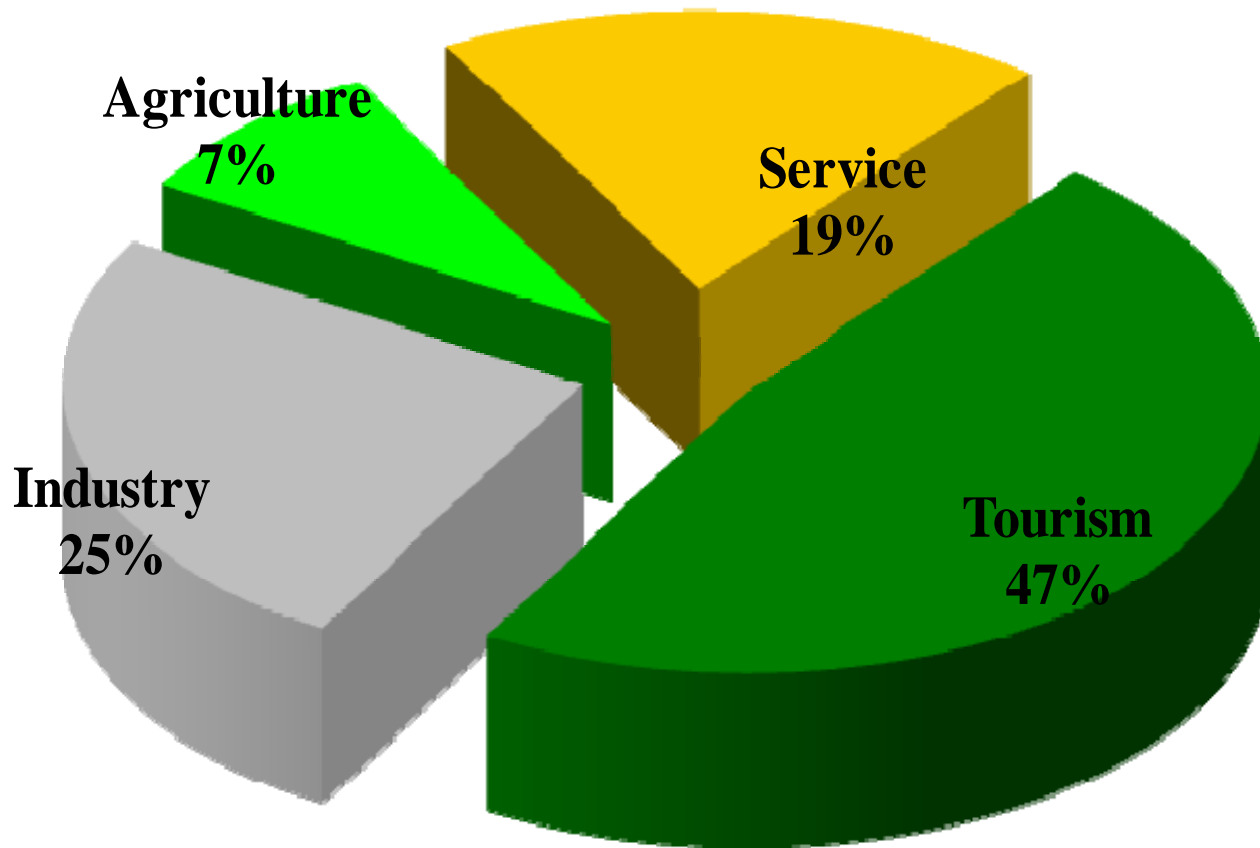


Approved Investment from 1994- Sept 2012

US\$ Million



Approved Investment from 1994- Sept 2012



Open Door Policy for Investment

- Liberal foreign investment regime
 - ❖ 100% foreign equity ownership investments are allowed except the ownership of land
 - ❖ Free remittance of foreign currencies abroad.
 - ❖ No price controls on products or services
 - ❖ Equal treatment of all investors
 - ❖ No nationalization adversely affecting the property of investors
 - ❖ No foreign exchange controls on current account transactions
- Clear Legal Framework for Investment
- Sovereign Rating = B+ by Standard & Poor's

Law on Investment

	QIPs electing profit tax exemption	QIPs electing special depreciation
Incentives 20% Corporate Tax	<ul style="list-style-type: none"> No prepayment of profit tax and minimum tax during the profit tax exemption period Profit tax exemption during the trigger period, the 3-year period following the trigger period, and the priority period 	<ul style="list-style-type: none"> Special depreciation of 40% of the value of the new or used tangible properties used in the production or processing can be deducted in the first year of the purchase of the properties or the first year of the use of the properties.
	<ul style="list-style-type: none"> All QIPs enjoy import duty exemption for production equipment, contraction materials and production inputs used in the production of exported products Export duty exemption is granted to all QIPs except some exports specifically indicated as subject to export duties 	
Guarantees	<ul style="list-style-type: none"> Equal treatment of all investors regardless of their nationality No Nationalization adversely affecting investors' properties No price controls on products or services No restriction on foreign equity participation No restriction on forex convertibility Remittance of foreign currencies abroad. 	

CIB's Operational Strategies

- Reactive -- providing generic information and responding to enquiries
- Proactive -- actively seeking our investors for investment in target areas
- Matchmaking -- aligning supply chain needs of investors with local suppliers
- Attraction and Facilitation Services -- working with investors to help their establishment successfully
- Policy advocacy -- acting as a conduit of investor concerns to identify reform opportunities
- Aftercare -- viewing investors as clients and maintaining an ongoing relationship

Why invest in Cambodia

- ❖ Open economy
- ❖ Sound Macroeconomic Environment
- ❖ Competitive Investment Incentives
- ❖ One Stop Service – Fast-Track Investment Approval Process (28 days)
- ❖ Low Labor Cost
- ❖ Strategic Location
- ❖ Preferential Trading Status
- ❖ Access to ASEAN and World Markets



Thanks

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