

A 3D digital illustration of a cityscape. In the foreground, a glowing blue tablet displays various financial charts, including bar graphs and pie charts. Overlaid on the tablet is a golden, wireframe model of the Angkor Wat temple complex. In the background, a modern city skyline with various skyscrapers is visible. The entire scene is set against a dark blue background with green diagonal lines and bokeh light effects.

Cambodia Country Profile

September 2025

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This report has been updated as of 26th October, 2025.

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Foreword by PROFITENCE

Welcome to the **2025 Cambodia Country Profile**. We are proud to present this expanded second edition of our country profile, an evolution of our inaugural 2023 publication. Building upon the strong foundation laid in the first edition, this year's report offers a deeper and more integrated analysis of Cambodia's dynamic and rapidly transforming economy.

This forward-looking report is designed to provide an in-depth view of Cambodia's evolving economic landscape. It presents a comprehensive overview on the country's trajectory, which is fueled by a resilient economy, a young and enterprising population, and an ambition for deeper international integration. Arriving at a critical juncture in Cambodia's development journey, this publication captures the momentum of a nation confidently embracing the future.

In this 2025 edition, we have moved beyond a single-sector lens to present a holistic overview of Cambodia's economic profile. The report explores macroeconomic trends, demographic shifts, and structural transformations that are shaping long-term national growth. It also provides granular insights into five priority sectors: Garment, Footwear, and Travel Goods; Agriculture & Agro-processing; Infrastructure & Construction; Tourism; and Financial & Banking Services. Additionally, we offer a forward-looking analysis of Cambodia's development in Industry 4.0, particularly the digital economy and e-commerce ecosystem, reflecting the country's readiness for future innovation.

At PROFITENCE, we firmly believe that an informed marketplace is a prosperous one. This publication represents our commitment to fostering transparency, collaboration, and evidence-based decision-making.

It is intended to empower businesses, policymakers, investors, and development partners to navigate complexity, seize emerging opportunities, and contribute meaningfully to Cambodia's inclusive economic advancement.

We extend our sincere gratitude to relevant Ministries, our institutional partners, and stakeholders across public and private sectors whose cooperation and insights have been valuable in shaping this report. We are especially thankful to our legal partner, Bun & Associates, whose expert guidance in drafting and reviewing content was instrumental in ensuring the depth and integrity of this publication.

In light of Cambodia's steady economic ascent, we remain committed to supporting the country in achieving its goal of achieving upper-middle-income status by 2030 and high-income status by 2050. We will continue refining our research and insights, ensuring that each edition of this report builds on the last; more relevant, more strategic, and more impactful.

We hope that the 2025 Cambodia Country Profile serves as a trusted guide and resource for all who are shaping and investing in the nation's vibrant future.



Subhadeep Chowdhury (Mr.)
Founder and Director

Executive Summary

At a pivotal moment of transition, Cambodia's economic and social landscape is being reshaped by a combination of internal drivers and external pressures. This report provides an in-depth analysis of these dynamics. It highlights the potential of Cambodia's youthful population, expanding infrastructure, and digital transformation initiatives, while also addressing significant challenges such as economic dependency, uneven development, and global uncertainties. Please find below an executive summary of the report's key sections.

1

Country Overview & Demographics

Cambodia, a constitutional monarchy with a parliamentary system, is home to 17.85 million people (as of the beginning of 2025), three quarters of whom live in rural areas. Life expectancy has climbed to 70.9 years, underscoring steady healthcare gains. A striking demographic advantage emerges from its youthful median age of 26.2 and 64% working age population, conditions ripe for productivity growth if matched by bold policies in education, healthcare, and employment. Yet, with a fertility rate of 2.5, there is the potential for increased pressure on public services and infrastructure.

Education: Youth literacy exceeds 93%, testament to progress despite education budgets averaging under 4% of GDP. Persistent rural infrastructure gaps, low teacher salaries, and reliance on informal tutoring constrain quality. The strategic imperative is clear: modernize curricula, expand digital literacy, and align vocational training with an evolving labor market.

Labor Force & Remittances: Labor force participation remains below pre-pandemic levels (80% in 2024). Overseas employment especially in Thailand, South Korea, Malaysia, and Japan, sent home approximately USD 2.95 Billion in remittances (6.1% of GDP), a lifeline for rural economies but also a sign of limited domestic job creation.

2

Macroeconomic Overview

GDP rebounded from 3.1% in 2021 to 6% in 2024, driven by industrial growth and services recovery. Industry's share of GDP rose to 40.5%, marking a structural shift from agriculture toward manufacturing and construction. Growth is projected to moderate to 4–5% as global headwinds and domestic capacity limits test resilience.

Trade Landscape: With a trade to GDP ratio of approximately 134%, Cambodia is deeply embedded in global supply chains. Exports, dominated by garments, footwear, and travel goods are heavily concentrated in the US and EU, while imports depend largely on China, Thailand, and Vietnam. This concentration exposes the economy to geopolitical shocks, and especially the effects caused America's policy shift, underscoring the urgency of diversifying markets and products.

3

Key Industries

Garment, Footwear & Travel Goods (GFT): Contributes to over 10% of GDP and employs nearly one million workers. Exports grew to USD 13.6 Billion in 2024, up 24% from 2021, with enterprise numbers rising 30% in three years. Highly resilient but 66% dependent on US and EU markets, leaving it exposed to demand shocks and trade preference changes.

Executive Summary (cont.)

3

Key Industries (cont.)

Agriculture & Agro-processing: Accounts for around 16.7% of GDP, with robust export growth (approx. 12 Million tons in 2024, CAGR 25.3%). Only approximately 10% of output is processed domestically; most cashew and rice exports remain raw. High costs, infrastructure gaps, and price volatility constrain competitiveness.

Infrastructure & Construction: Strong rebound with USD 5.4 Billion in approved projects in 2023 and a 130% surge in approved area in early 2025. Flagship projects include expressways, deep-sea port expansion, and the Funan Techo Canal under the Pentagonal Strategy.

Tourism: Welcomed 6.7 Million international visitors in 2024, generating USD 3.63 Billion and 9.4% of GDP. Recovery strategies focus on sustainable tourism, seasonal promotion, and diversification beyond Angkor.

Finance & Banking Services: Assets reached USD 91.1 Billion in 2024 with rapid digital payment adoption. Credit growth slowed to 3% as NPLs surged to 7.9%, mainly from real estate exposure, signaling systemic vulnerabilities. This trend continued into mid-2025.

4

Cambodia and Industry 4.0

Cambodia's two-pronged Industry 4.0 strategy, attracting high-value FDI and upgrading infrastructure, has spurred early-stage transformation. E-commerce revenues hit USD 1.51 Billion in 2024. However, Network Readiness Index scores reveal institutional and security gaps.

5

Law on Investments

The 2021 Investment Law offers generous incentives for Qualified Investment Projects in high-impact sectors. Special Economic Zones (69 registered, 29 operational) leverage geographic advantages for regional integration. Bilateral and multilateral trade agreements (e.g., RCEP, Cambodia-China FTA) deepen market access, while policy reforms target governance, green growth, and energy transition.

6

Ease of Doing Business in Cambodia

The One-Stop Online Portal streamlines incorporation, but investors face post-registration compliance in taxation, labor, and sector-specific licensing. The Government is progressively reducing red tape while tightening environmental and competition laws to align with global standards.

7

Conclusion

Cambodia is a country of immense potential, driven by a young population, expanding infrastructure, and digital advancements. However, this progress is tempered by significant challenges, including a reliance on a narrow export base, pronounced rural-urban divides, and institutional capacity constraints. Cambodia must prioritize strategic investments in digital transformation, human capital, and economic diversification to move beyond a model of simple growth and build lasting resilience to support its economic ascent on the world stage.



1. Country Overview

Country Overview



Official Name
Kingdom of Cambodia



Capital City
Phnom Penh



Official Language
Khmer



Currency
Khmer Riels (៛) & US Dollar (\$)



Population
17.6 Million (2024 est.)



Urban Population
26% (2025 est.)



Rural Population
74% (2025 est.)



Head of State
**His Majesty Preah Bat Samdech
Preah Boromneath NORODOM
Sihamoni**



Head of Government
Prime Minister **Samdech Moha
Borvor Thipadei HUN Manet**



Government Structure
**Constitutional Monarchy with a
Parliamentary system**



Gross Domestic Product (GDP)
46.4 Billion USD (2024 est.)



Key Economic Sectors
**Garments and textiles,
agriculture, tourism, and
construction**



GDP per Capita
2,657 USD (2024 est.)



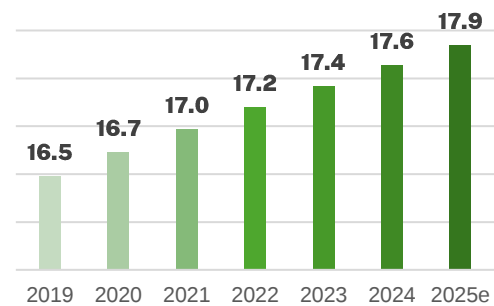


2. Key Demographic Highlights

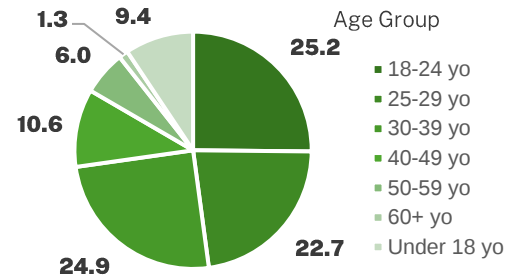
Population at a Glance

❖ Cambodia’s population **is estimated to be 17.85 Million in 2025**. As of the beginning of 2025, **approximately 26% of the population** resides in urban areas, **whereas 74% live in rural regions**. There has been a noteworthy improvement in overall life expectancy, which is currently estimated at **approximately 70.9 y/o, approximately 68.3 y/o for males and 73.5 y/o for females**, indicating consistent advancements in healthcare, quality of life, and longevity.

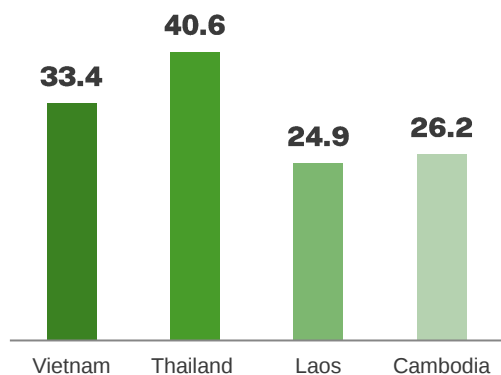
Total Population Growth, 2019–2025e (in Millions)



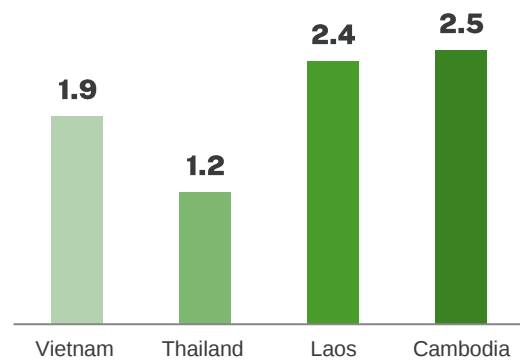
Age Structure, 2025e (% of Total Population)



Median Age of the Total Population in Selected ASEAN Countries, 2025e (in y/o)



Total Fertility Rate Comparison in Selected ASEAN countries, 2025e



- **Cambodia’s youthful and growing population positions it well for long-term labor force expansion.** The population is steadily rising from 16.5 million in 2019 to a projected 18.68 million by 2029, with a median age of just 26.2 in 2025. With 64% of the population in the working-age group (15–64), Cambodia holds strong potential for productivity gains and economic growth, if matched by investments in education, vocational training, and job creation.
- **A high fertility rate could strain essential services if not matched by infrastructure growth.** Cambodia’s Total Fertility Rate (TFR) of 2.5, higher than Vietnam’s 1.9 and Thailand’s 1.2, ensures continued population growth but increases pressure on healthcare, education, and maternal services. Without proportional investment, quality and access, especially in rural areas, may deteriorate.
- **The low median age indicates economic potential but demands youth-centered policies.** At 26.2, Cambodia’s median age is well below Thailand’s (40.6) and Vietnam’s (33.4), suggesting opportunities for innovation and digital participation. Yet, this also requires robust policies on youth employment, skills, reproductive health, and civic inclusion to avoid underemployment and ‘brain drain’*.
- **Compared to the region, Cambodia has a fairly young population.** Thailand’s low fertility and high median age show a mature population, and Vietnam is midway through. Cambodia’s continued high fertility and youthful structure require careful management to prevent a “youth bulge” whereby the young population outpaces institutional and economic capacity.

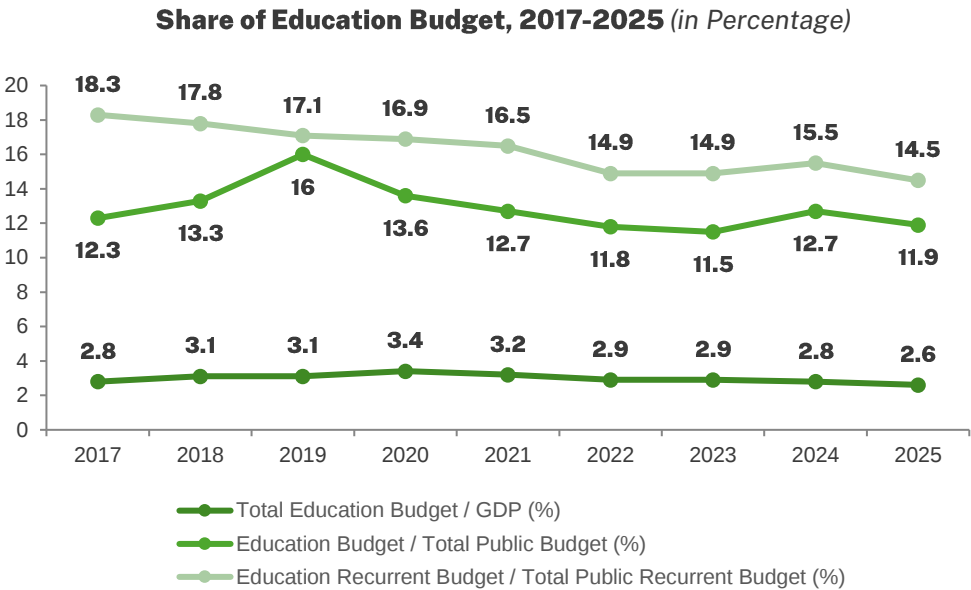
Expert Insights: Cambodia’s youthful and growing population presents a valuable opportunity for economic growth. However, challenges should be addressed to realize this potential. The 2023 ILO report highlights the urgent need to expand formal employment and better align skills development with labor market needs. Therefore, strengthening vocational training and digital literacy will be key to preparing the workforce for the digital economy. Additionally, disparities in rural healthcare and education, and the pressures of rapid urban migration require targeted policies that enhance rural service delivery, improve infrastructure, and manage urban growth sustainably to ensure inclusive development.

*Note: e = Estimated values

*Note: ‘Brain drain’ refers to the emigration of highly skilled individuals from their home country.

Population Literacy

❖ Cambodia’s education system has undergone significant transformations in the last decade. **The Education Strategic Plan (2024–28)** outlines substantial investment in human capital, within a social sector budget averaging **5.27% of GDP (2025–27)**.



- **Cambodia’s education budget between 2017 and 2025 shows fluctuation, but generally, the share of the education budget remained below 4% (% of GDP).** The budget peaked at 3.4% in 2020 before slightly declining to 2.6% by 2025. Similarly, the education budget as a share of the total public budget fell after its peak in 2019 (at 16% of the Total Public Budget).
- **While total education budget allocation declined, the share of recurrent education spending remained relatively steady around 15–16%.** This indicates that the government maintained its commitment to operational education costs such as teacher salaries and school maintenance, even during periods of fiscal tightening. However, the limited overall investment suggests constraints in expanding education access, upgrading infrastructure, or implementing broad curriculum reforms.
- **Despite modest funding, literacy rates in Cambodia have generally improved between 2019 and 2024.** Youth and young adults (ages 15–24) already exhibit high literacy rates (between 93–95%), with incremental improvements projected. These trends suggest that the country’s focus on basic education delivery has been relatively effective.
- **Literacy rates for Females aged 15-24 overall increased by 2024.** These improvements likely result from enhanced access to education, increased community-based learning, and broader societal efforts to promote gender equity in education.

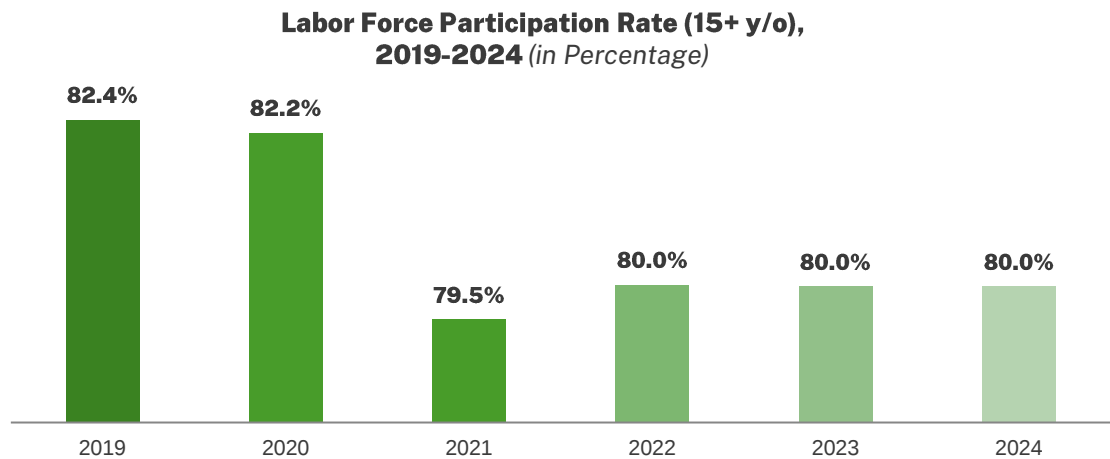
Literacy Rate by Age and Sex, 2019 & 2024

Age Group	2019 Both Sexes	2019 Male	2019 Female	2024 Both Sexes	2024 Male	2024 Female
0-15	87.7	90.9	84.8	85.9	89.7	82.4
15-19	95.9	95.5	96.3	96.5	95.7	97.2
20-24	93.4	93.2	93.5	94.7	93.6	95.8
25-59	87.5	90.3	84.8	86.1	89.3	82.9
60+	75.2	85.9	68.1	68.4	81.2	59.6

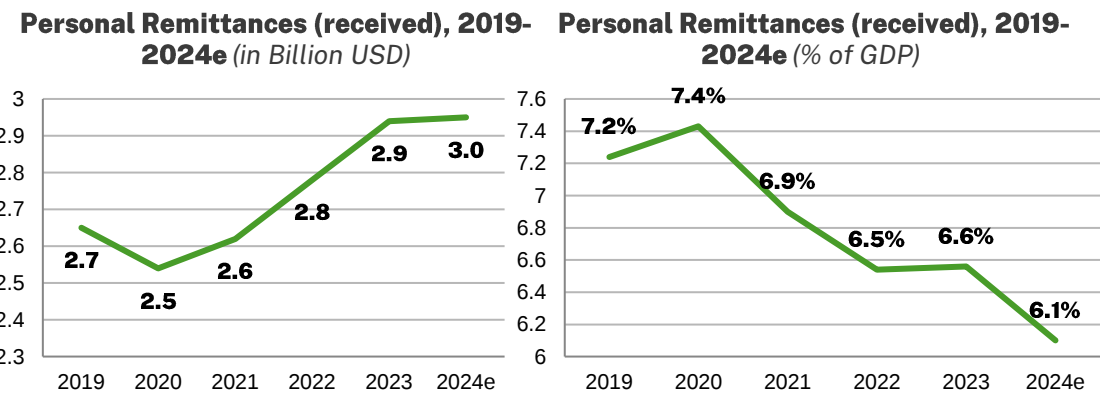
Expert Insights: As the government continues to champion education, particular attention to rural schools is essential, where they still face critical infrastructure gaps, including a lack of electricity, sanitation, and learning materials. Additionally, while teacher dedication remains strong, salaries, which are on average USD 400 per month (secondary school teachers, with primary school teachers earning slightly less), present challenges for retaining qualified educators and reducing dependence on informal tutoring. Modernizing the curriculum to emphasize digital skills, critical thinking, and creativity will align education outcomes more closely with Cambodia’s growing digital economy and labor market needs.

Labor and Remittances

❖ Cambodia’s economy benefits from both employment within the country and labor migration abroad. Many Cambodians seek work overseas due to structural economic disparities and limited livelihood opportunities in rural areas, often supporting their families through remittances. In 2024, Cambodians working primarily in Thailand, South Korea, Malaysia, and Japan sent home an estimated **USD 2.95 Billion** — equivalent to about **6.1% of the country’s GDP**.



- **Labor force participation remains below pre-pandemic levels, requiring targeted interventions.** Labor force participation among 15+ y/o’s have not recovered to 2019 levels, remaining at approximately 80% in 2024.
- **Rapid remittance growth indicates labor migration remains a critical economic pillar.** The sharp increase in personal remittances, from approximately USD 2.7 Billion in 2019 to approximately USD 3 Billion in 2024, shows that a significant portion of Cambodians continue to seek income opportunities abroad.
- **Declining remittance-to-GDP ratio points to early signs of economic diversification.** Although remittances increased in dollar amounts, it’s share of GDP fell from 7.2% to 6.1%. This suggests that Cambodia’s economy is growing at a faster pace than remittance inflows, hinting at the emergence of broader growth drivers such as manufacturing, services, or investment.



Expert Insights: Remittances are one of the key drivers of socio-economic development, especially for rural communities. By sending money home, migrant workers help strengthen household finances, improve access to healthcare and education, and boost local spending. In many provinces, particularly in the northwest, remittances often exceed local wages, as employment in Thailand and Malaysia is estimated to earn an average monthly wage of approximately USD 400.

However, the rise in remittances may also reflect limited domestic job opportunities, possibly raising policy concerns about employment and long-term economic sustainability.

*Note: e = Estimated values



3. Macroeconomic Overview

Macroeconomic Overview

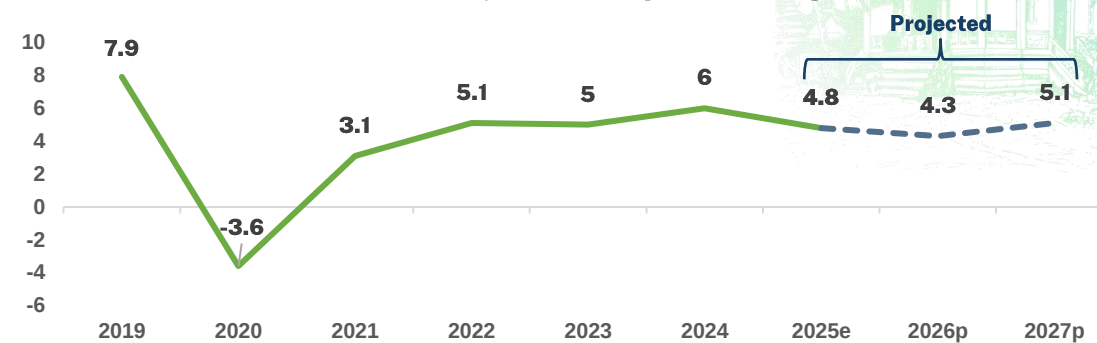
❖ Cambodia remains one of the most open economies in Asia, with a trade-to-GDP ratio of approximately 143% in 2024. The country's development trajectory has been shaped by a robust FDI- and trade-led growth strategy, underpinning an average annual GDP growth rate of 6–7% for over a decade prior to the COVID-19 pandemic. Post-pandemic growth has been a steady recovery, yet Cambodia's economic expansion is projected to slow to 4.8% in 2025 and 4.3% in 2026, as the country faces global and domestic challenges, including international uncertainty, shifts in trade policies, a prolonged downturn in the property sector, and a tightening credit cycle.

Selected Macroeconomic Indicators, 2019-2025p

Indicator	2019	2020	2021	2022	2023	2024e	2025p
GDP growth (annual %)	7.9	-3.6	3.1	5.1	5.0	6.0	4.8
GDP per capita (US\$, nominal)	2221	2090	2167	2298	2455	2657	2881
Inflation, consumer prices (annual %)	1.9	2.9	2.8	5.5	2.1	2.2	4.0
Merchandise Exports (% of GDP)	33.9	38.5	46.0	52.7	54.7	56.1	-
Exports of Goods and Services (US\$, annual % growth)	12.3	-12.2	6.1	21.3	-0.4	0.95	-3
Merchandise Imports (% of GDP)	40.3	48.9	67.7	68.6	54.8	57.5	86
Imports of Goods and Services (annual % growth)	17.4	9.7	47.8	37.2	-19.8	6.3	-
Trade (% of GDP)	115.7	122.1	146.2	145.9	134.2	143.5	-
Current account balance (% of GDP)	-5.9	-5.5	-29.1	-18.8	1.3	-1.1	-5.2
Foreign direct investment, net inflows (% of GDP)	9.7	10.0	9.2	8.7	8.5	8.7	-

*Note: "-" indicates unavailable data, e = Estimated values, p = Projected values based on World Development Bank analysis.

GDP Growth Rate, 2019-2027p (in Percentage)

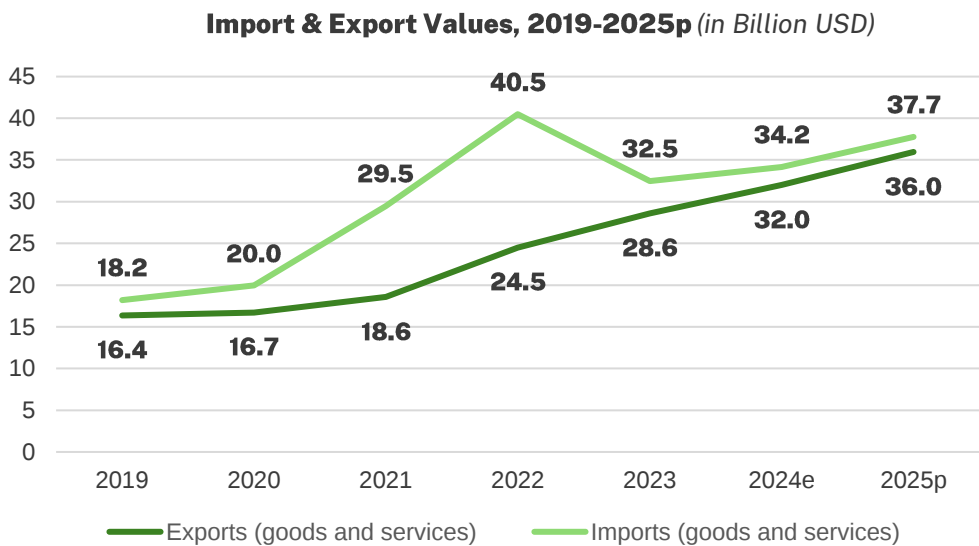


- **The economy is projected to grow by 4.8% in 2025, based on the latest projections from the World Bank.**
- **There was a shift in sectoral contributions from 2019 to 2023, reflecting a clear trend toward industrialization, with industry's share rising from 39.05% to 40.52%.** Cambodia's GDP was largely driven by industry (40.52%), followed by services (36.15%) and agriculture (17.08%), marking a clear structural transition.
- The rise of industry, anchored in garments, construction, and light manufacturing, signals deepening industrialization, while agriculture's shrinking share reflects long-term transformation, despite its continued role in rural livelihoods. Services, though robust, remain under-leveraged relative to regional peers. This accurate sectoral composition reveals both progress and imbalance. To fully harness growth, it must diversify its industrial base, modernize agribusiness, and unlock higher-value service sectors in industries like tourism, logistics, and digital finance.

Note: Other multilateral institutions, including the ASEAN+3 Macroeconomic Research Office (AMRO), initially projected a higher GDP growth rate for 2025, forecasting 5.8%. AMRO subsequently revised this figure to 5.2% (July 2025), acknowledging the increased global uncertainty and expected deceleration in external demand.

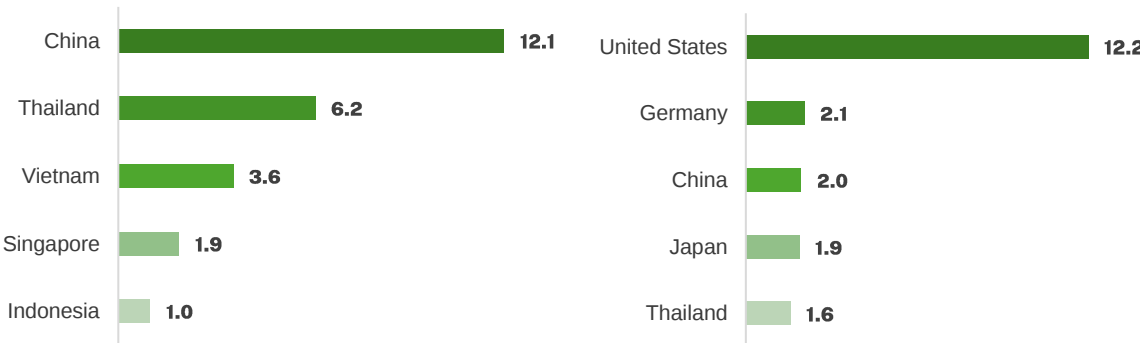
Cambodia's Trade Landscape

❖ Cambodia has steadily deepened its global trade integration since joining the WTO in 2004. Export of Goods rose from under **USD 7 Billion in 2014** to **approximately USD 23.5 Billion in 2023**. As an ASEAN member since 1999, Cambodia benefits from regional trade agreements with key partners like China, Japan, Korea, India, Australia, and New Zealand. The Regional Comprehensive Economic Partnership (RCEP), effective from 2022, further expands this market access. On the bilateral front, Cambodia has signed **FTAs** with China (2022), South Korea (2022), and the UAE (2024), supporting its growing role in regional and global trade.



- **In 2023, Cambodian exports continued to reflect its reliance on advanced economies, with the United States as its biggest trading partner accounting for USD 12.2 Billion worth of exports.** This was followed by Germany, China, Japan, and Vietnam. The composition reinforces Cambodia's dependence on developed consumer markets, particularly for garments, footwear, and travel goods.
- **On the import side, Cambodia remains deeply integrated with regional supply chains. China remains the dominant source of imports at USD 12.1 Billion, supplying raw materials, machinery, and consumer goods.** Thailand and Vietnam are also key partners, supporting Cambodia's infrastructure, manufacturing, and retail sectors. Singapore and Indonesia round out the top five, primarily contributing refined fuels, electronics, and industrial inputs.
- **Between 2019 and 2025, there has been a notable trade deficit, which peaked in 2022, with imports reaching USD 40.5 Billion in contrast to USD 24.5 Billion in exports.** This surge was likely driven by increased imports of capital goods and raw materials critical for post-pandemic economic recovery, alongside growing demand for energy and technology products. The estimated drop in imports to **USD 34.2 Billion for 2024** suggests improved trade balance control or a moderation in investment-driven demand.

Top 5 Import Partners, 2023 (in Billion USD) **Top 5 Export Partners, 2023 (in Billion USD)**



Expert Insights: Cambodia's trade has grown robustly but remains constrained by structural vulnerabilities, concentrated markets, heavy import dependence on China, and overreliance on the U.S. for exports. This narrow base heightens exposure to geopolitical tensions, supply chain disruptions, and policy shifts, while the focus on low-value textiles limits value-chain advancement and diversification. These weaknesses were exposed in April 2025, when U.S. tariffs jumped to 49%, threatening heavy losses*. Cambodia negotiated a cut to 19% through market access concessions and enhanced customs cooperation, offering temporary relief but underscoring fragility. Addressing these risks will require market diversification, industrial upgrading, and strict adherence to global trade standards to ensure sustained resilience.

**Note: No losses were realized during this period. Tariffs were subsequently reduced to 19% on July 31st 2025 as per a White House Executive Order, taking effect on August 7th, 2025.*

**Note: e = Estimated values. p = Projected values based on World Bank analysis.*



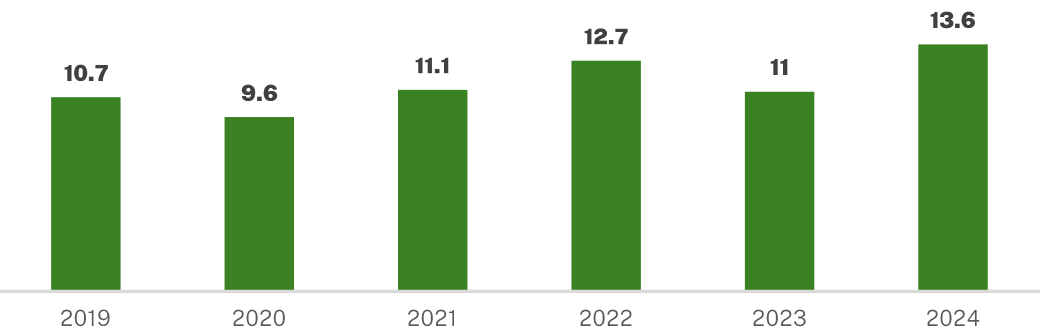
4. Industry Analysis

- Garment, Footwear, and Travel Goods Manufacturing
- Agriculture and Agro-processing
- Infrastructure and Construction
- Tourism and Hospitality
- Financial and Banking Services

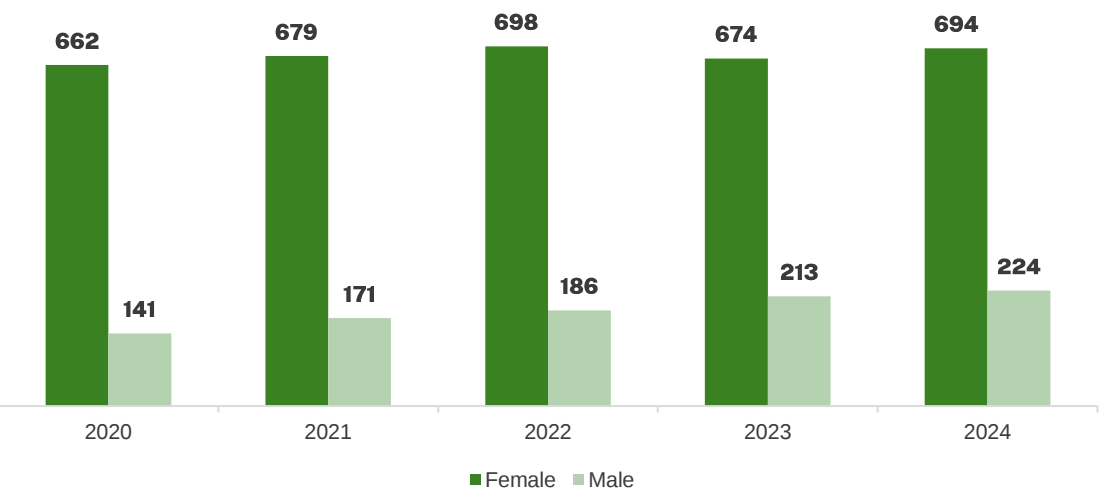
Garment, Footwear, and Travel Goods Manufacturing (GFT)

- ❖ Cambodia's Garment, Footwear, and Travel Goods (GFT) remains a foundational sector of its economic architecture, contributing over 10% of the GDP and providing employment to nearly one million individuals.
- ❖ GFT exports grew from **USD 10.7 Billion in 2019** to **USD 13.6 Billion in 2024**, despite a temporary dip in 2021 due to the COVID-19. This recovery (**24% growth from 2021 to 2024**) highlights the sector's resilience and Cambodia's ability to retain global market share, especially amid shifting global supply chains. The surge in 2024 suggests renewed demand and possible diversification in product lines or markets.

GFT Export , 2019-2024 (in USD Billion)

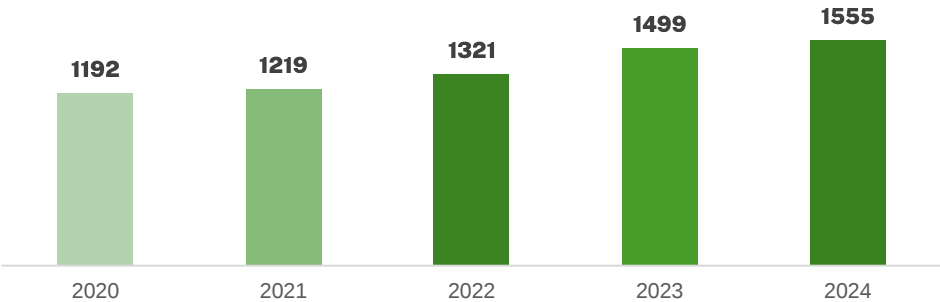


No. of Employees, 2020-2024 (in Thousands)



- **Export Performance (2019–2024):** GFT exports have demonstrated a steady trajectory of recovery and growth. The increase in 2024 suggests a potential surge in global demand or favorable shifts in market conditions, such as improved trade relations, increased production capacity, or a diversification of export destinations.
- **Enterprise Growth:** Between 2021 and 2024, the number of enterprises in the GFT sector grew by approximately 30%, increasing from 1,219 to 1,555. This notable expansion reflects a surge in domestic entrepreneurial activity, signaling growing confidence in the sector's profitability and long-term potential. Additionally, the increase may be attributed to rising levels of foreign direct investment (FDI) and joint ventures (JVs), likely encouraged by favorable trade agreements, improved infrastructure, and supportive government policies.
- **GFT Employment Trends:** GFT employment remains steady overall, but male employment grew significantly by **58.9%**, from **141 Thousand in 2020** to **224 Thousand employees in 2024**, indicating increased male participation in this sector.

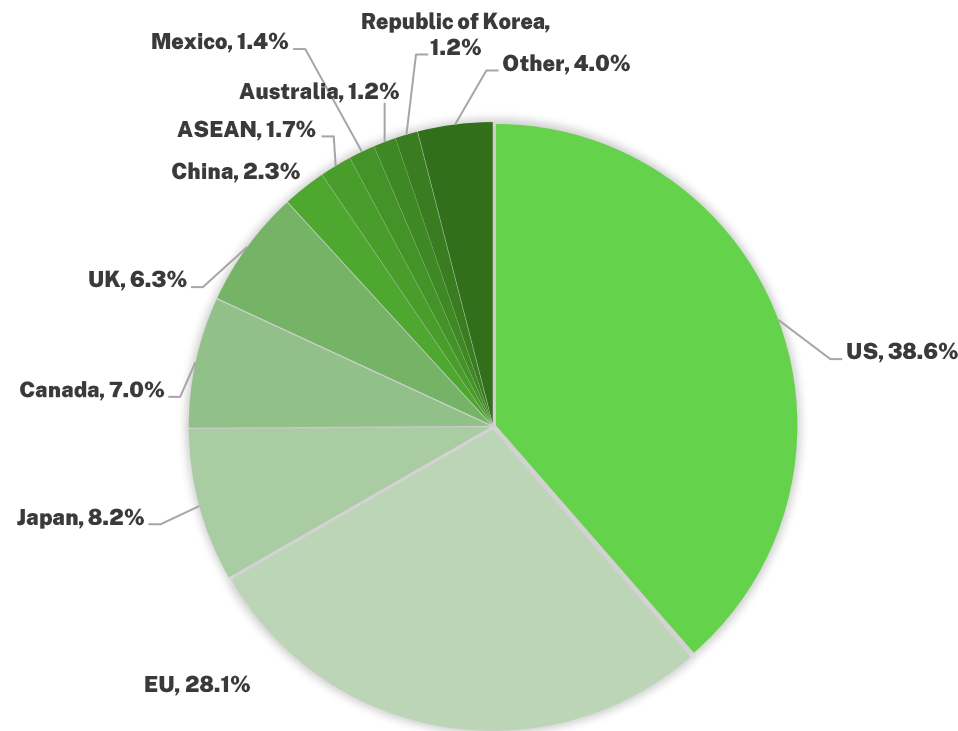
No. of Enterprises, 2021-2024



Garment, Footwear, and Travel Goods Manufacturing (cont.)

- ❖ Cambodia's GFT exports remain heavily concentrated in Western markets, with the **US (38.6%)** and **EU (28.1%)** making up over two-thirds of total exports. While trade preferences support this access, slowing demand in advanced economies poses short-term risks. Regional markets like China **(2.3%)** and ASEAN **(1.7%)** remain underdeveloped, despite their potential. This highlights a strategic need for diversification, especially amid global supply chain shifts.
- ❖ Cambodia's goal to **graduate from Least Developed Country (LDC) status in 2029** will play an increasingly important role as there will be a **loss in preferential trade** (both bi- and multi-laterally). GFT manufacturers remain wary of potential slowdowns in trade as trade preferences are expected to erode.

GFT Sector Export Share by Partner Country, 2024 (in Percentage)



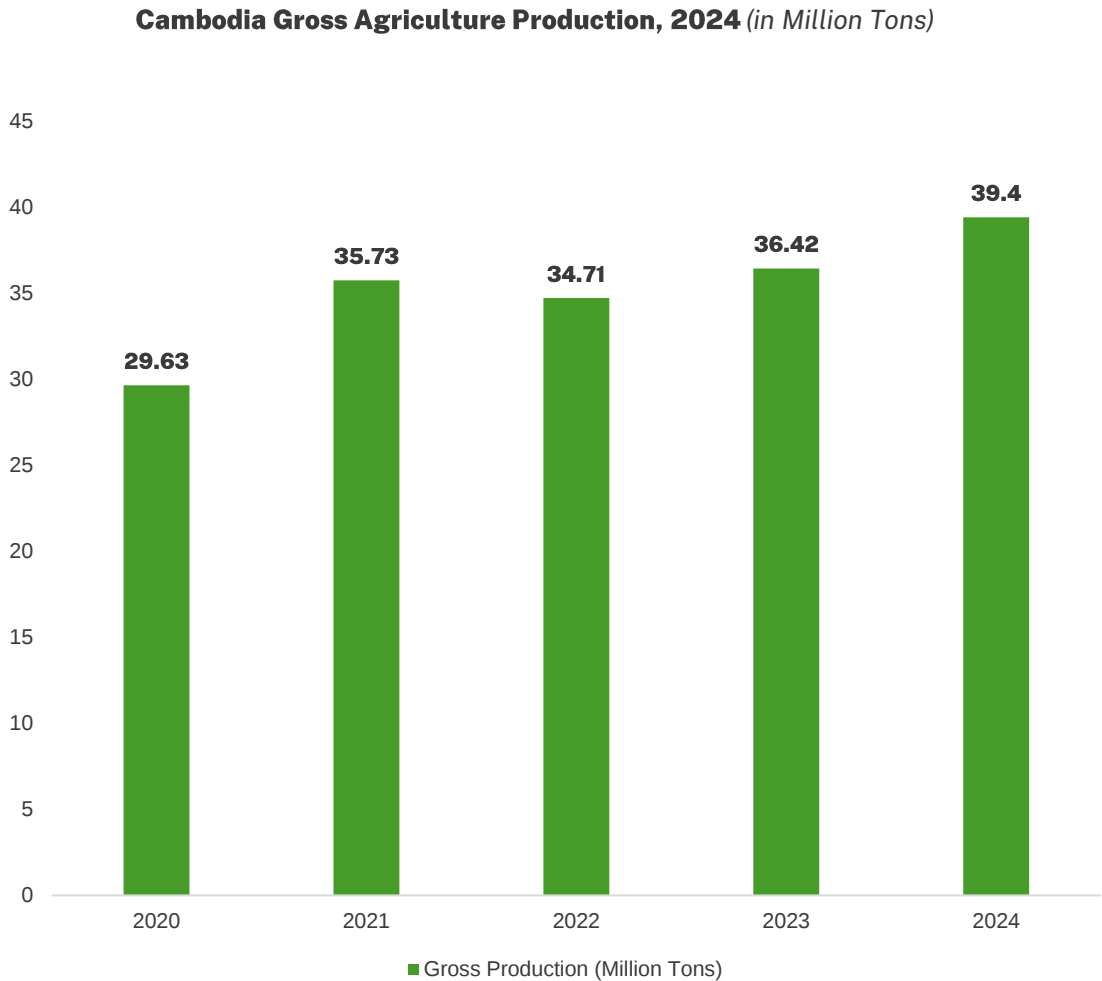
Risks & Structural Challenges

Risk Area	Description & Impact
Input Dependence	Over 95 % of textiles imported (mostly from China): weak backward linkage limits value capture
Rising Costs	Wage growth outpacing productivity, threatening margins unless upskilling/automation is adopted
Labor Vulnerability	Frequent heat/flood risk, issues related
Trade & ESG	EU's partial EBA suspension, brand ESG demands rising, US GSP lapse leaves tariff exposure
LDC Graduation	Specific trade preferences that accompany LDC status are expected to erode and eventually disappear.

- Expert Insights:**
- **Short-Term:** Export boom likely to hold into late 2025, driven by sustained FDI inflows from rising factory registrations and strong investor appetite, with growth boosted by capital shifting from unstable LDCs like Myanmar and Sri Lanka.
 - **Mid-Term (2–3 years):** The transition hinges on integration efforts, building fabric supply chains, securing FTAs, and managing ESG compliance.
 - **Risks to Monitor:** Western brand's order volatility impacting volume; further restrictions on EU trade preferences; climate disruptions risking production continuity; regional cost competition (Vietnam, Bangladesh).

Agriculture and Agro-processing

❖ The agricultural sector remains a vital pillar of Cambodia's economy. In 2024, it contributed to 16.7% GDP at current market prices. While there's a slight variation year-on-year (e.g. 17.1% at current prices in 2023, 14.9% at constant prices), the sector consistently provides a significant share of the national income. Similarly, it boasts a robust 7.38% compound annual growth rate in gross agricultural production from 2020 to 2024.



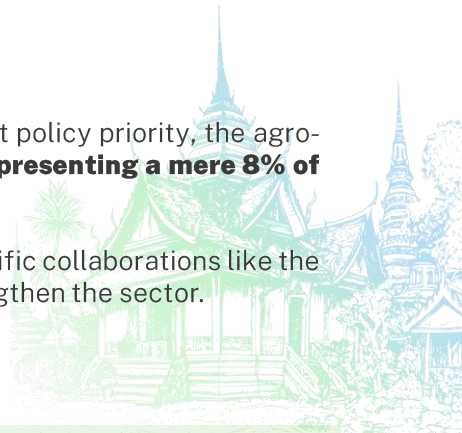
- **Growth in the Agricultural Sector:** A majority of growth can be attributed to a combination of factors, including ongoing government support programs, investments in rural infrastructure and irrigation, gradual adoption of improved agricultural techniques and technologies by farmers, efforts to improve market access, and the resilience of farmers.
- **Growth Reflects The Sector's Vulnerability To Challenges:** Most notably, there are natural and macro-level challenges such as climate change impacts (floods, droughts), pest and disease outbreaks, and fluctuations in global market prices for agricultural commodities.
- **Divergent Trends from 2020-2024:** Subsidiary food crops demonstrated an average annual production increase of 12.29%, alongside growth in cultivated area (2.50%) and harvested area (5.68%). Over the same period, industrial crops saw a larger expansion in cultivated area (8.48%) and harvested area (11.10%), but a more modest increase in production (7.36%).

Industrial Crops Production*, 2024 (In Tons)		Subsidiary Food Crops** Production, 2024 (In Tons)	
	Cassava 15,683,949		Cashew 885,565
	Red Corn 999,483		Rubber 407,209
	Sugarcane 1,555,755		Oil Palm 359,572
	Pepper 21,456		Vegetables & Others 1,368,538
			Mango 2,201,566
			Banana 1,004,262
			Longan 172,434
			Durian 118,727

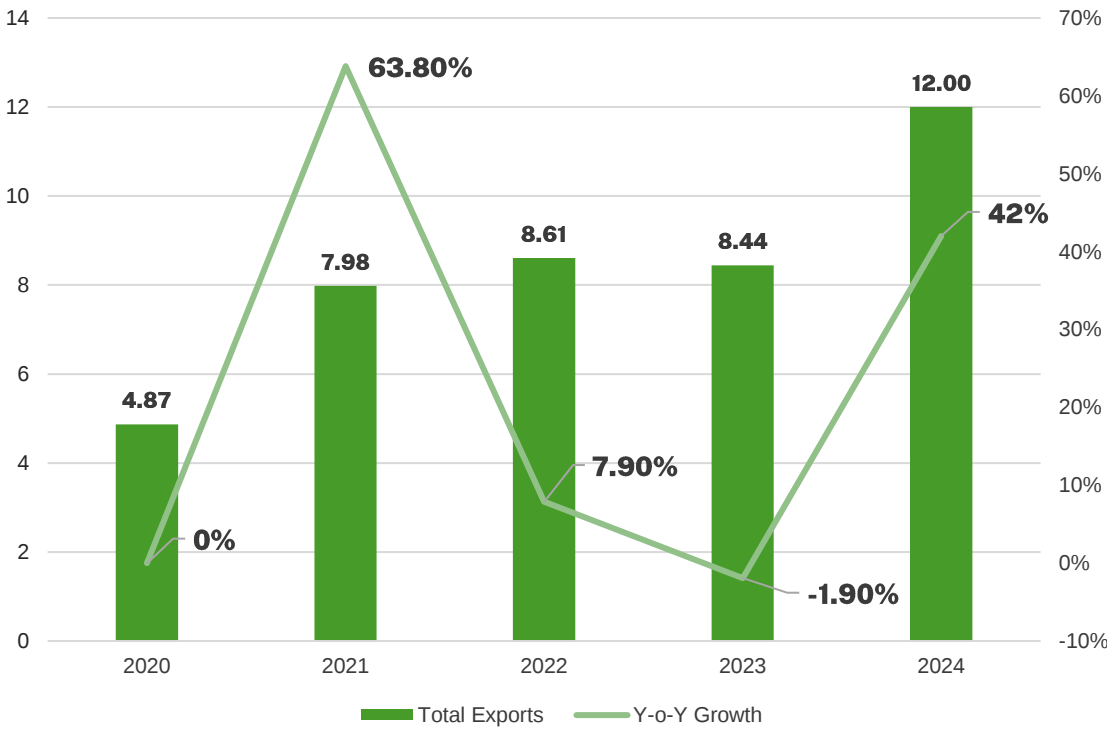
**Industrial Crops: "Economically Supportive Crops"; Crops grown primarily for commercial processing, trade, and as significant drivers of the economy.*
***Subsidiary Food Crops: Crops, primarily fruits and vegetables, that supplement the main staple diet (rice) and are grown for food consumption.*

Agriculture and Agro-processing (cont.)

- ❖ Cambodia's agricultural exports are growing rapidly, exceeding **12 Million tons in 2024** with a **25.3% CAGR** over four years. Despite being a government policy priority, the agro-processing sector is in its early stages, with **only about 10% of total agricultural output** processed domestically and **processed agricultural exports representing a mere 8% of the country's total export value**.
- ❖ The vast majority of key products like **cashew nuts (over 95%)** and **rice paddy (almost 88%)** are exported as raw, unprocessed materials.
- ❖ Main export destinations include neighboring countries like **Thailand and Vietnam**, as well as **China**, supported by Free Trade Agreements (FTAs) and specific collaborations like the Cambodia-China Cassava Alliance Association (CCCAA). Additionally, strategic partnerships with entities like IFAD and the EU are also in place to help strengthen the sector.



Total Agricultural Products Export, 2024 (in Million Tons)

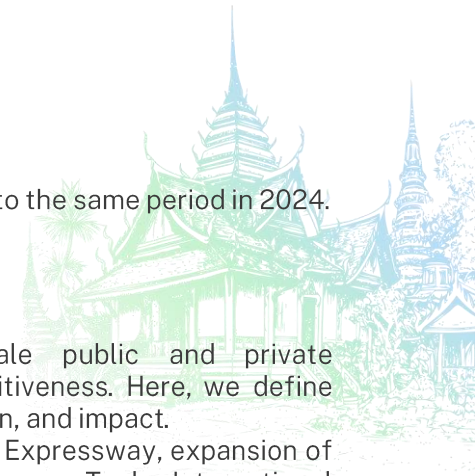


Challenges in Agro-processing

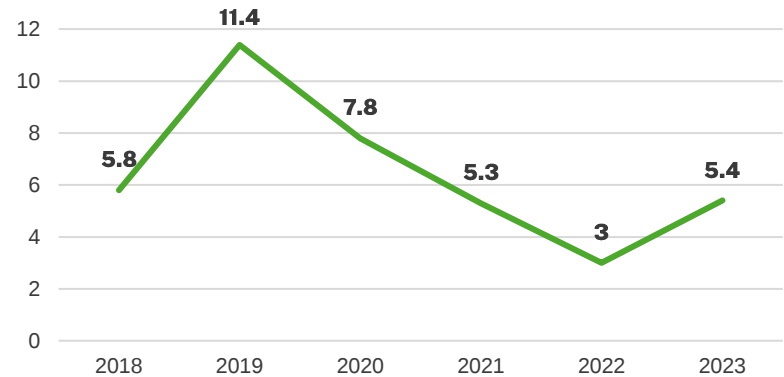
- **Limited Processing Capacity:** The ability to process raw goods remains limited. There is a specific mention of product congestion during harvest seasons due to insufficient storage and purchasing capacity.
- **High Production Costs:** The cost of production for both crops and livestock is high, particularly for small-scale farmers, due to the price of inputs like animal feed, seeds, and medicine. This makes it difficult to compete with the price of imported products.
- **Infrastructure Gaps:** There is a lack of supporting infrastructure for production, such as water-saving irrigation systems, greenhouses, cold storage, and cleaning/drying facilities.
- **Market Instability and Competition:** Prices remain unstable for agricultural products, leading to difficulties in competing across both domestic and foreign markets.
- **Illegal Imports:** The illegal import of live animals and animal products remains a persistent issue.

Infrastructure and Construction

- ❖ The construction sector, a major driver of Cambodia's economy, contributed to **KHR 6.11 Trillion (USD 1.5 Billion) of the nation's GDP in 2023**
- ❖ The sector showed strong signs of rebound in 2023, with the value of approved projects reaching **USD 5.4 Billion**.
- ❖ Approvals have accelerated since last year. In the first four months of 2025, **1,300 new construction projects** were approved, an **18% increase** compared to the same period in 2024.
- ❖ The total approved construction area **in the first four months** of 2025 surged by **130%** year-on-year, reaching **6.68 Million square meters**.



Total Value of Approved Projects (in USD Billion)



Key government plans for the next 5-10 years include:

Large-Scale Project Development: Prioritizing large-scale public and private infrastructure to enhance connectivity and economic competitiveness. Here, we define “large-scale” by 4 main metrics: capital cost, complexity, duration, and impact.

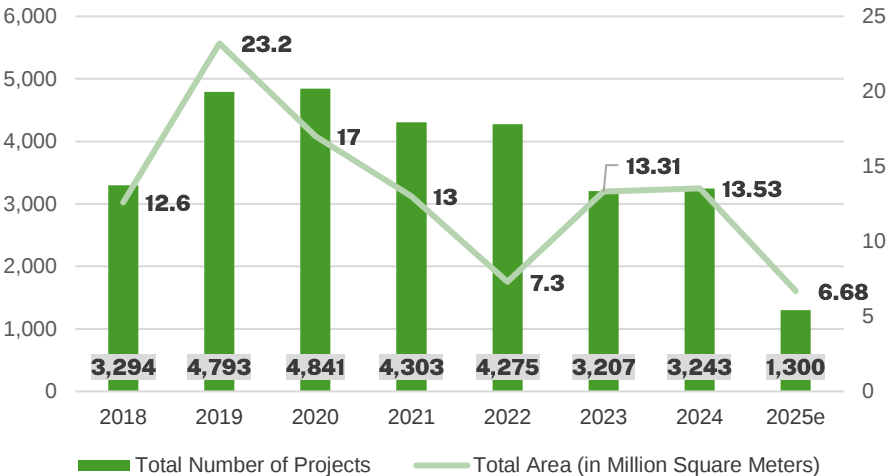
- **Transport Network:** Construction of the Phnom Penh-Bavet Expressway, expansion of the Sihanoukville Autonomous Port, and development of the new Techo International Airport (Phnom Penh).
- **Landmark Waterway:** Such as Funan Techo Canal project to create a 180-km waterway linking Phnom Penh directly to the coast, reducing logistics costs and reliance on neighboring ports.

Boosting Investment & Alleviating Slowdowns:

- **Favorable Investment Laws:** Actively promoting the 2021 Law on Investment, which provides significant tax incentives and protections for investors in priority sectors, including construction and infrastructure.
- **Regulatory Reform:** Streamlining procedures for obtaining construction permits and business licenses to improve the ease of doing business and attract more private sector participation.
- **Economic Diversification:** Shifting focus towards industrial infrastructure, manufacturing facilities, and affordable housing projects to create a more resilient and diversified construction market, moving beyond the previous concentration on high-end residential and commercial properties.

Note: A majority of approved construction-related projects are geared towards residential construction projects. In Q3 of 2024, we see that residential projects accounted for over 80% (estimated) of the entire approved projects.

Total Number and Area of Construction Projects, 2018-2025e



Expert Insights: The property market is currently experiencing a prolonged downturn, characterized by subdued construction activity and oversupply in the high-end sector. Consequently, developers are offering deep discounts that, in some segments, are approaching 60% compared to the market peak in 2023.

*Note: 2025e only represent Q1 of 2025

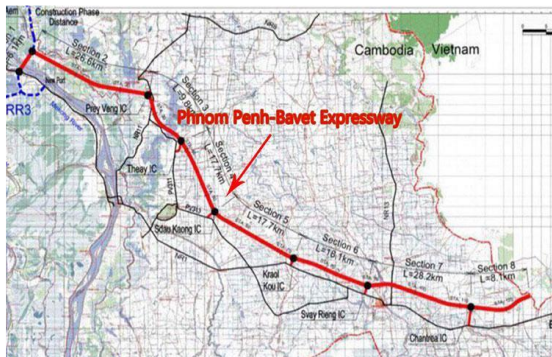
Major Infrastructure Projects



1. Techo International Airport

A new 4F-class international airport south of Phnom Penh, designed to handle 13 million passengers annually in its first phase. It will become the country's main international gateway.

- **Developer:** Cambodia Airport Investment Co., Ltd. (CAIC), a joint venture between the Cambodian government (SSCA) and Overseas Cambodian Investment Corporation (OCIC).
- **Estimated Cost:** \$1.5 billion (for Phase 1).
- **Construction Dates:**
 - **Start:** 2020
 - **Estimated End:** Official operation is set for September 9, 2025.



2. Phnom Penh-Bavet Expressway

Cambodia's second expressway, a 135-km route connecting Phnom Penh to Bavet on the Vietnamese border. It is a key part of ASEAN Highway No. 1, intended to boost trade and reduce travel time between the two nations.

- **Developer:** China Road and Bridge Corporation (CRBC).
- **Estimated Cost:** \$1.35 billion.
- **Construction Dates:**
 - **Start:** June 7, 2023
 - **Estimated End:** 2027



3. Phnom Penh-Siem Reap Expressway

The first phase of a larger expressway that will ultimately connect Phnom Penh to the Thai border via Siem Reap. This section will link the capital to the country's main tourism hub, enhancing connectivity for tourists and commerce.

- **Developer:** The feasibility study was completed by the China Road and Bridge Corporation (CRBC).
- **Estimated Cost:** \$2.5 billion.
- **Construction Dates:**
 - **Start:** Not yet started. The feasibility study has been completed and submitted to the government for review.
 - **Estimated End:** To be determined.

**Note: Click the relevant project for more information. This is not a comprehensive list.*

Major Infrastructure Projects



4. Sihanoukville Port Expansion

A project to expand and deepen Cambodia's only deep-sea port to accommodate larger cargo vessels from the Asia-Pacific region. This expansion aims to significantly increase the port's handling capacity and reduce shipping costs.

- **Developer:** Sihanoukville Autonomous Port (PAS), with major financing from the Japan International Cooperation Agency (JICA).
- **Estimated Cost:** The first phase is approximately \$243 million (covered by a 23.5 billion yen loan from JICA).
- **Construction Dates:**
 - **Start:** December 2023
 - **Estimated End:** 2027



5. Phnom Penh Logistics Centre

A state-of-the-art logistics complex designed to be a multimodal transport hub, improving connectivity for road, rail, and waterway transport. The project aims to create an efficient ecosystem, reduce transport costs, and promote regional economic growth.

- **Developer:** YCH Group (a Singaporean logistics provider) and WorldBridge Group (a Cambodian conglomerate).
- **Estimated Cost:** The sources do not provide a specific cost, but refer to it as a major national project.
- **Construction Dates:**
 - **Start:** The official launch was in November 2022 during the ASEAN Summits.
 - **Estimated End:** The project is being developed in phases, with no final end date specified in the articles.



6. Funan Techo Canal

A 180-km waterway connecting the Mekong River system directly to the sea at Kep, bypassing the traditional route through Vietnam. This strategic project is intended to reduce transport costs and enhance Cambodia's logistical independence.

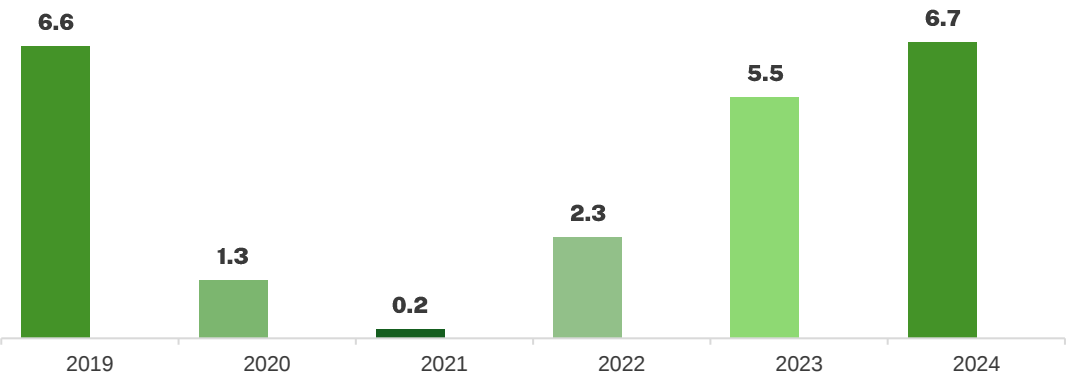
- **Developer:** This is a government-led project, with Chinese partners holding a 49% stake in the development.
- **Estimated Cost:** \$1.7 billion.
- **Construction Dates:**
 - **Start:** August 5, 2024
 - **Estimated End:** 2028

**Note: Click the relevant project for more information. This is not a comprehensive list.*

Tourism

- ❖ Cambodia's tourism sector is strategically positioned for robust and sustainable growth, driven by proactive market engagement, year-round travel promotion, significant infrastructure enhancements, and a focus on high-quality, sustainable tourism products like those championed by the Sacred Tourism policy.
- ❖ In 2024, Cambodia's tourism sector significantly contributed to its national economy with **6.7 Million international tourist arrivals**, generating approximately **USD 3.63 Billion in gross revenue and supporting 510,000 direct jobs**.
- ❖ Cambodia expects to attract **7.2 and 7.5 Million international tourists** in 2025, with hopes of surpassing pre-pandemic levels.

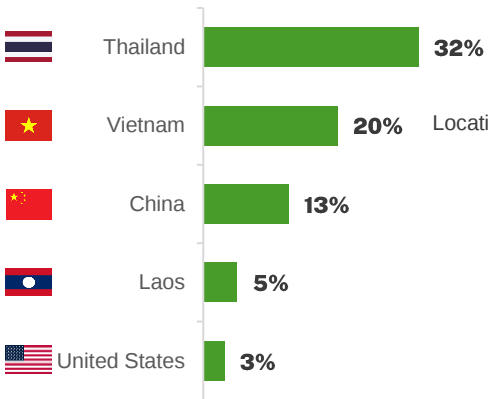
International Tourist Arrivals, 2019 – 2024 (in Million)



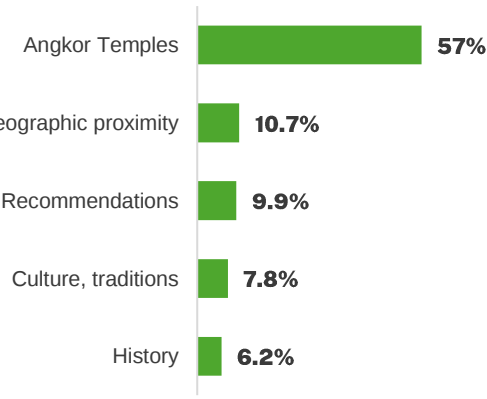
Industry Trends & Policy Updates

- **Angkor as Key Driver for Tourism:** The Angkor temples remain the top reason for visiting Cambodia, while the country's accessible location to other tourist destinations such as Thailand, Vietnam, and Laos also draws significant tourist interest.
- **Year-Round Tourism:** The Ministry of Tourism promotes the rainy season as the "Green Season" to stimulate off-peak travel and boost tourism during low-demand periods.
- **Infrastructure Development:** Ongoing projects include Techo International Airport (Phnom Penh) and the operational Kampot International Tourism Port, enhancing connectivity.
- **Sustainable Tourism Policy:** The 2025 Sacred Tourism policy aims to attract high-quality visitors and investments through sustainable and specialized products.
- **Increased GDP contribution:** The tourism sector contributed about 9.4 percent to Cambodia's GDP in 2024, which is an increase from 7.5 percent in 2023.

Top 5 Countries by tourist arrivals to Cambodia, 2024



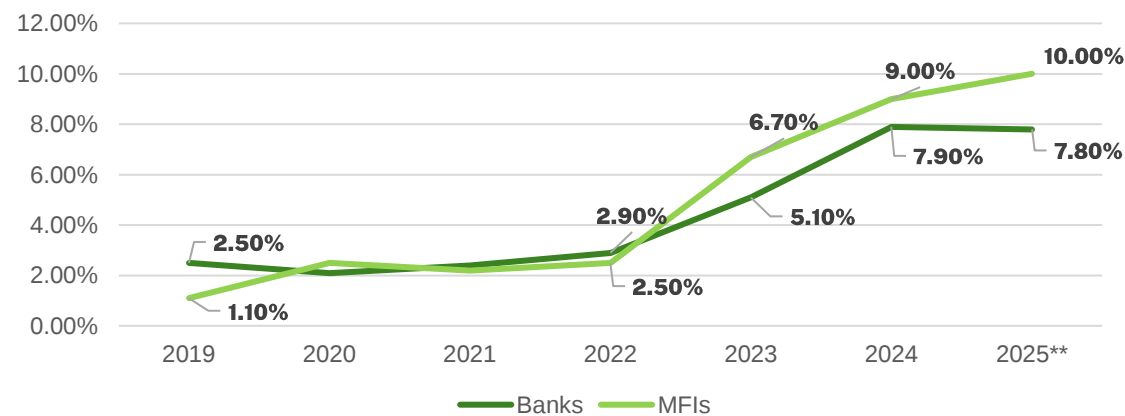
Top 5 Reasons for choosing Cambodia As a travel destination, 2023



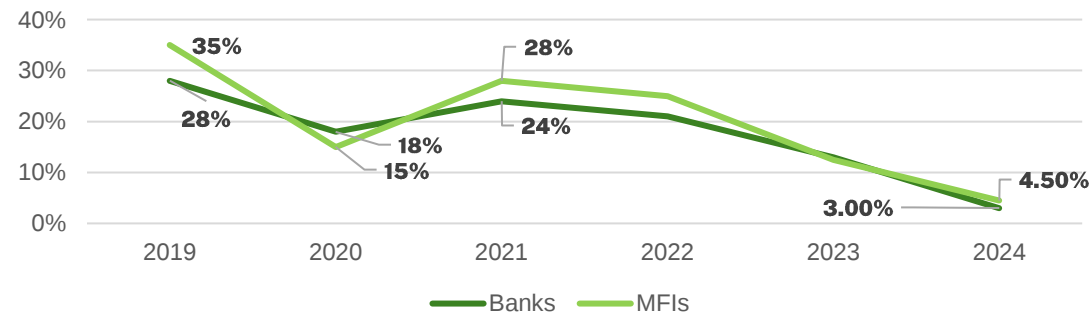
Financial and Banking Services

- ❖ By the end of 2024, **total assets in the system reached USD 91.1 billion**, a 7% year-on-year increase, with the banking sector comprising approximately 93.2% of this total.
- ❖ Digitalization is advancing rapidly, evidenced by **approximately 30 million e-wallet accounts** by the end of 2024 and a surge in digital payments via systems like Bakong and KHQR. By the end of 2024, the sector also held **23.3 million deposit accounts and 4 million credit accounts**.
- ❖ However, the industry now faces a more complex environment marked by **moderating credit growth, which slowed to 3%** (USD 59.9 billion) by the end of 2024, even as **deposits grew robustly by 16.3%** (USD 57 billion) by the end of 2024. In 2024, the loan-to-deposit ratio fell to 106%, a significant drop from 120% in 2023
- ❖ This slowdown, coupled with a **high credit-to-GDP ratio of 135% in 2023**, occurs alongside the primary concern of sharply rising Non-Performing Loans (NPLs), which signals increasing strain on the sector's asset quality and overall resilience.

NPL Ratio, 2019-2025 (in Percentage)



Credit Growth, 2019-2024 (in Percentage)



- **Severe NPL Pressure from Property Sector:** The primary concern is the sharp increase in NPLs, which surged to 7.9% for banks by the end of 2024 from 2.9% in 2022, as outlined in the chart. This deterioration is primarily driven by the sluggish recovery in the crucial construction and real estate sectors, creating a direct and ongoing threat to the banking system's asset quality.
- **Constrained Credit Environment:** The industry is facing a significant credit slowdown, with growth moderating to just 3%, for banks, in 2024. There is increased caution from lenders in response to rising risks (primarily in the real-estate sectors), but also greater caution from borrowers as businesses see a sluggish recovery.
- **Policy Support & Liquidity Measures:** In August 2024, the NBC reintroduced loan-restructuring forbearance until end-2025, allowing banks to assist temporarily distressed borrowers without extra provisioning. To support liquidity, it kept reserve requirements at 7%, maintained the capital conservation buffer at 1.25%, lowered the reference rate from December 2024, and eased riel liquidity rules from January 2025.

Expert insights: While the National Bank of Cambodia (NBC) reports systemic resilience, the expert market consensus is one of "cautious weariness". The combination of high NPLs, constrained credit, and significant external risks (like increased US tariffs and declining global affairs) signals a period of heightened vulnerability that is critically testing the sector's stability and profitability going forward.

This situation is compounded by expert warnings of unregulated "shadow banking" in the property market, suggesting the full scale of risk may be larger than official figures indicate.

*Note: A Non-Performing Loan (NPL) is a loan that is subject to late repayment or is unlikely to be repaid by the borrower in full. **Note: 2025 data as of March 2025

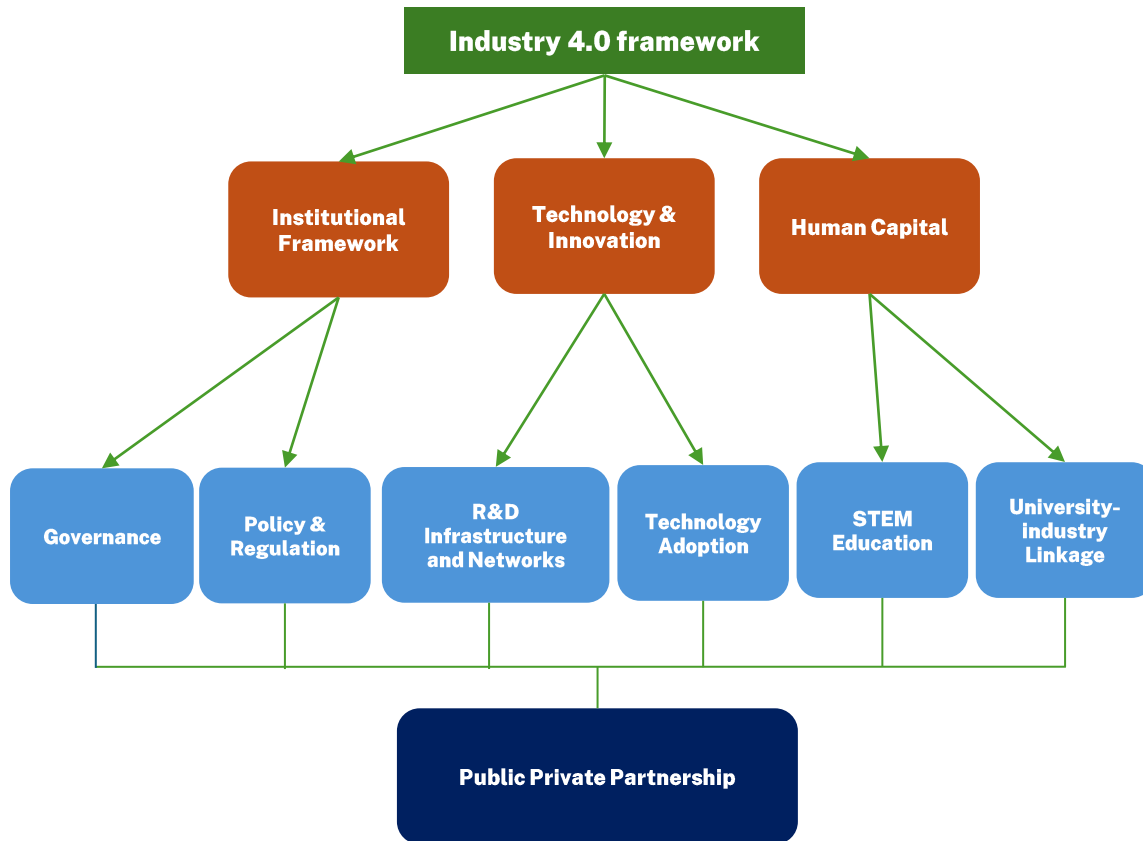


5. Cambodia and Industry 4.0

- Overview of Industry 4.0
- Digital Economy: Current Landscape & Infrastructure
- E-commerce at a Glance

Overview of Industry 4.0

❖ **"Industry 4.0"** refers to the widespread integration of information and communication technology (ICT), particularly cyber-physical systems (or CPS), in industrial manufacturing.



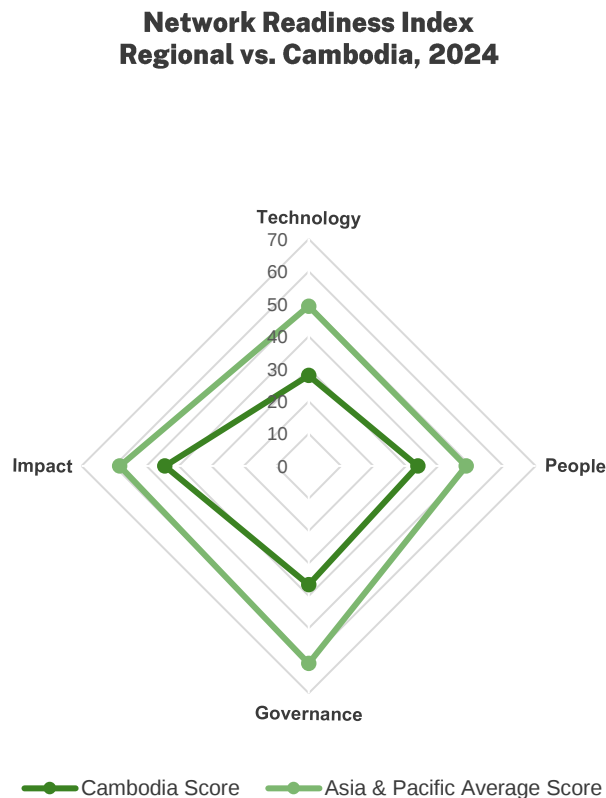
- **The Cambodian government has continued to emphasize its commitment to digital transformation and laying the groundwork for Industry 4.0.** The "Pentagonal Strategy Phase I (2023-2028)" prominently features "Technology" as a core priority, reinforcing the integration of policies to strengthen the digital economy, which is a critical enabler for Industry 4.0.
- **While Cambodia is still in the early stages of Industry 4.0 adoption, the strategic direction is clear.** The focus remains on building foundational elements of human capital, a supportive regulatory environment and institutional framework, a culture of innovation with adequate digital infrastructure, and fostering collaboration between government, industry, and academia to drive innovation. Significant leaps in widespread Industry 4.0 implementation across major industries might still be some years away, but progress in enabling technologies and policies is evident.

Key Insights

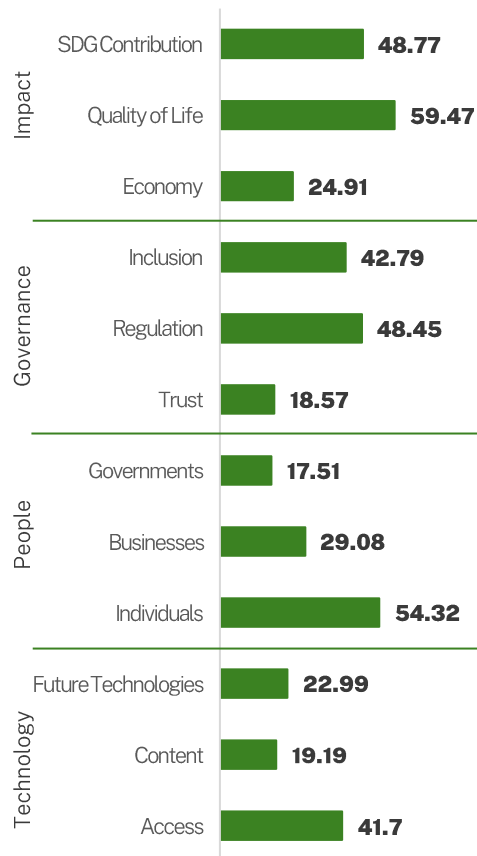
- **Growing Digital Adoption:** Post-pandemic, surveys show increasing use of digital tools for day-to-day business operations, including communications and marketing.
- **Adoption Driven by External Pressure:** In key sectors like the garment industry, the adoption of new technology has been driven mainly by the firm's international buyers rather than local initiative. Lower digital literacy among Cambodian workers was also reported as a barrier during adoption.
- **Call for Visionary Leadership:** A need for "Visionary, technologically savvy, inspiring and resolute political leadership" to drive the country's transition into the digital era.
- **Perceived Opportunity:** Despite the many barriers, private sector stakeholders perceive that Industry 4.0 represents a significant opportunity to boost productivity, reduce costs, and diversify the economy.

Overview of Industry 4.0 (cont.)

❖ Network Readiness Index (NRI) is a global index on the "application and impact of information and communication technology (ICT) in economies around the world". It can be used to assess a country's foundational readiness for Industry 4.0. **The four pillars and its corresponding sub-pillars** are **Technology** (Access, Content, Future technologies); **People** (Individuals, Businesses, Governments); **Governance** (Trust, Regulation, Inclusion); and **Impact** (Economy, Quality of Life, SDG Contribution) in which they are the framework used to map the "network-based readiness landscape" of each economy. These pillars correspond with the Industry 4.0 Framework provided earlier.



NRI Cambodia Sub-Pillar Score, 2024



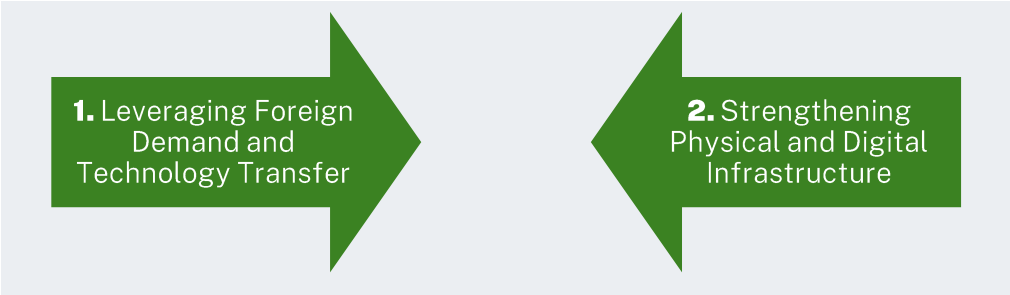
- **Cambodia ranks 110 out of 133 economies in the NRI 2024, with an overall score of 35.65.**
- **Cambodia not only trails developed regions but also underperforms compared to its direct economic and regional peer groups.** Cambodia's overall score of 35.65 is notably lower than the average for lower-middle-income countries (39.67) and significantly behind the average for the Asia & Pacific region (54.25). This indicates that even within its peer context, Cambodia is facing greater challenges in network readiness.
- **Under the 'People' pillar, there is a visible gap between the digital readiness of individuals and that of the government.** While citizens are adopting and using technology, the government's digital capacity and online services are lagging.
- **The 'Governance' pillar score (36.60) reveals significant institutional challenges, with a notably low score in the 'Trust' sub-pillar, at just 18.57.** This sub-pillar measures the security of the digital ecosystem and the level of trust in it. Such a low score indicates that a lack of security, privacy, and trust in the digital ecosystem is a fundamental barrier to Cambodia's digital development.
- **There is a notable difference between Cambodia's scores in the 'Technology' pillar (27.96) and the 'Impact' pillar (44.38).** The 'Technology' pillar provides a broad measure of the country's ICT infrastructure, available online content, and adoption of emerging technologies. This suggests that while the country's technological infrastructure and access are limited, the economic and social impact derived from its current digital ecosystem is proportionally higher. This could indicate an efficient use of limited resources, but it also highlights that the poor technology infrastructure is likely constraining the potential for much greater impact.

*Note: The overall Network Readiness Index (NRI) score is a metric derived from a country's performance across four main pillars: Technology, People, Governance, and Impact; with a maximum score of 100.

Cambodia's Digital Transformation

❖ While Cambodia lacks a deep history in heavy manufacturing (Industry 3.0), its industrial and digital development strategy is designed to move the nation directly into the modern era of automation and data exchange. Through its approach of a “two-pronged” strategy, the government sees an opportunity to leapfrog in stages toward Industry 4.0.

Two-Pronged Strategy



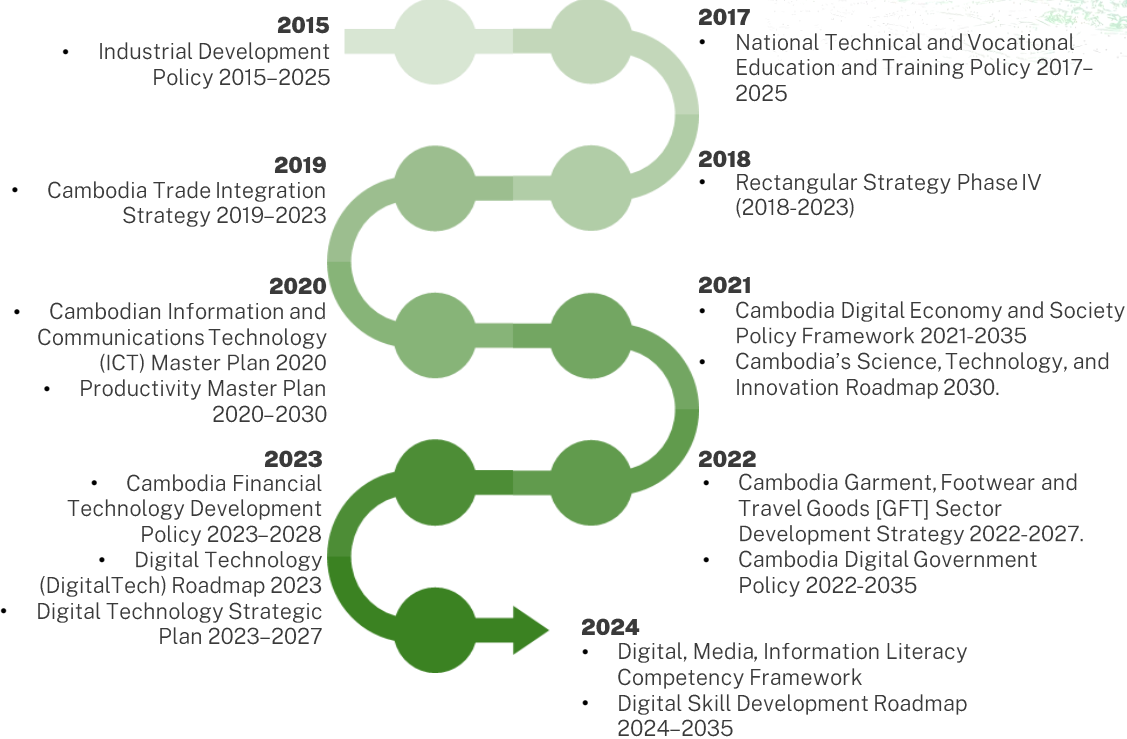
Leveraging Foreign Demand and Tech. Transfer

- Attract High-Value Investment: Encourage foreign companies, particularly in sectors like electronics, automotive parts, and agro-processing, to set up operations in Cambodia.
- Absorb Technology and Skills: Absorb advanced production technologies, management skills, and technical expertise from international firms. Allowing the local workforce and domestic companies to learn from established global leaders.
- Meet Global Standards: Integrating into international supply chains forces local industries to adopt global standards for quality, efficiency, and sustainability.

Strengthening Physical and Digital Infrastructure

- Physical Infrastructure: Improving the quality and reliability of roads, ports, logistics networks, and the electricity grid. This is essential for running modern factories and efficiently moving goods.
- Digital Infrastructure: This is the core of the digital transformation. It includes expanding high-speed internet access across the country, building secure national data centers, promoting digital payment systems like Bakong, and establishing robust cybersecurity frameworks.

National Policy Responses to Industry 4.0, 2015-2024

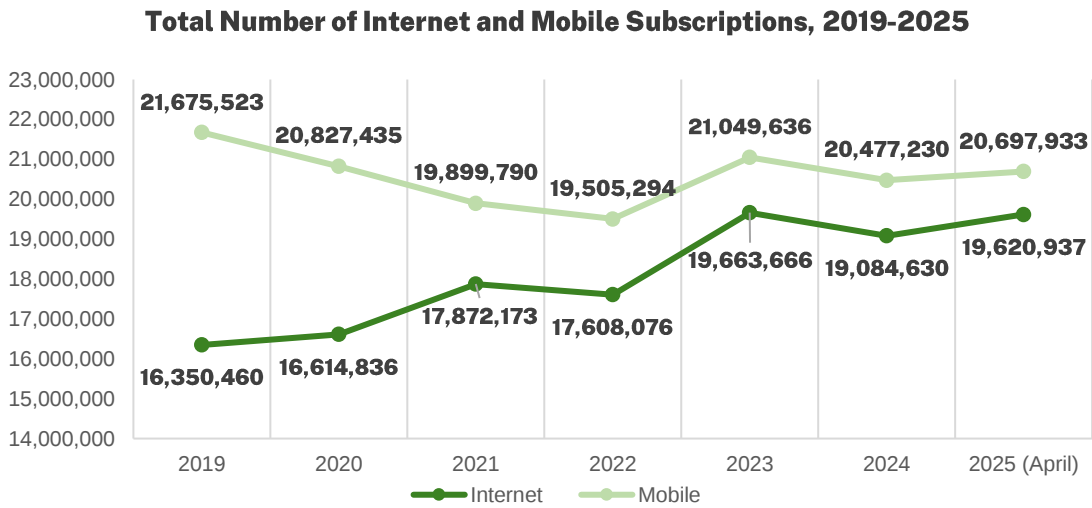


Digital Economy: Current Landscape and Infrastructure

❖ The government identifies the Digital Economy through three interconnected strategic stakeholders, which serve as its main components and areas of focus. The guiding framework for the development of the Digital Economy is the Digital Economy and Society Policy Framework 2021-2035, whereby the National Council for Digital Economy and Society is the primary body responsible for its implementation.

Three Areas of Focus

- 1. Building a Digital Citizen:** focuses on the "demand side" and ensures that the Cambodian people are ready and able to participate in the digital economy.
- 2. Building a Digital Government:** focuses on transforming the public sector to be more efficient, transparent, and citizen-centric.
- 3. Building a Digital Business:** focuses on creating a thriving and innovative private sector that can compete in the digital age. As of 2024, there are 202 startups listed on the Startup Cambodia digital platform. However, 160 startups are active, of which 119 are tech startups, 41 are tech-enabled, and 42 are inactive.



*Note: Data availability up to April 2025

Key Frameworks and Initiatives

Cambodia Digital Economy and Society Policy Framework 2021-2035

Draft Laws on Cyber Security & Personal Data Protection

CamDX

CamDigiKey

Bakong

Verify.gov.kh

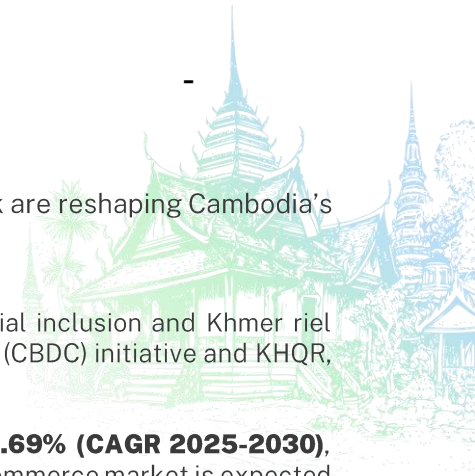
Digital Public Infrastructure (DPI)

**Note: This is not exhaustive. For more information on frameworks and initiatives please reach out directly.*

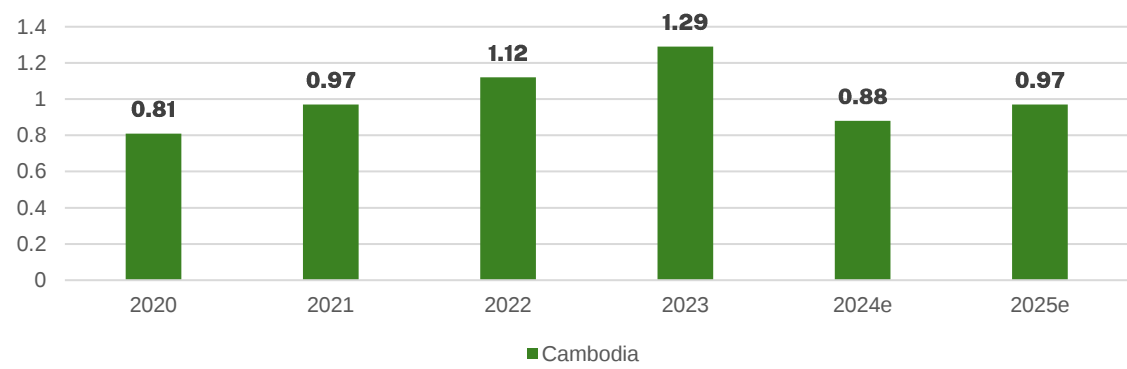
- The government is investing heavily in strengthening its DPI, launching several new digital services **like CamDigiKey and Verify.gov** to streamline and digitize services for businesses. Citizens and businesses can now interact with the state through platforms such as those for business registration, facilitated by the **CamDX** data exchange network which serves as a data exchange for numerous government services. Additionally, **new drafts on data protection & cyber security laws and a digital trade strategy** builds user trust and ensures safe participation.
- As of early 2025, **Cambodia recorded 19.6 Million internet subscriptions and 20.7 Million mobile phone subscriptions**, highlighting widespread access. Nevertheless, mobile devices are the predominant means of internet access for the majority of Cambodians. Telecom operators are actively expanding their networks; for example, Smart Axiata enhanced its infrastructure by **adding 475 Base Transceiver Stations** in 2024.
- Adoption of digital payments has been explosive, **driven by NBC's Bakong system** and universal **KHQR** code. By the 2024, transaction values had reached approximately **USD 150.61 Billion**, fundamentally changing daily commerce. The KHQR payment system is being linked with neighboring countries facilitating seamless cross-border e-commerce and tourism.

E-Commerce at a Glance

- ❖ Cambodia's E-commerce revenues were projected at **USD 878.24 Million in 2024** and are forecasted to reach **USD 974.85 Million in 2025**
- ❖ The E-commerce market is anticipated to continue its growth trajectory, with a projected **CAGR of 5.66% from 2025 to 2030**.
- ❖ Despite a large increase in revenue over the year, a large part of the revenue is from **Social Commerce**, where platforms such as Facebook and TikTok are reshaping Cambodia's sales and advertising landscape, empowering businesses and driving online commerce for both big corporations and local SMEs.

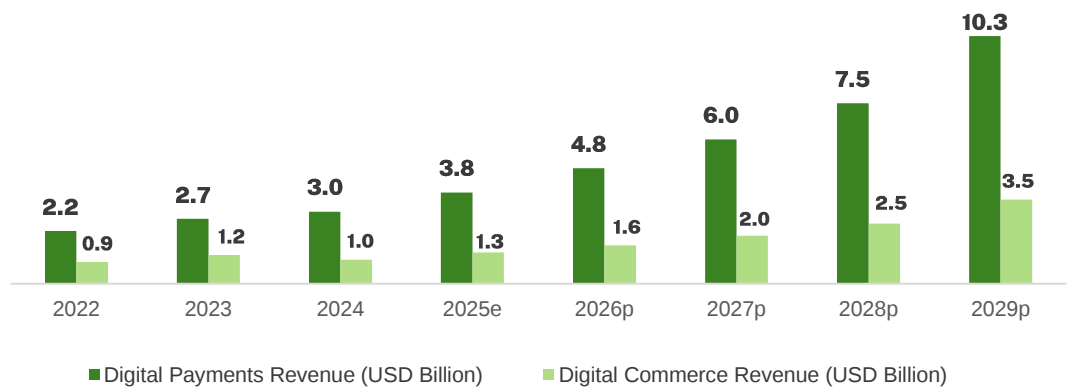


E-Commerce Revenue, 2020-2025e (in USD Billion)



- The National Bank of Cambodia (NBC) has enhanced financial inclusion and Khmer riel adoption through the Bakong, a central bank digital currency (CBDC) initiative and KHQR, a unified QR payment system.
- Cambodia's digital payments market is projected to grow **10.69% (CAGR 2025-2030)**, reaching **USD 11.16 Billion by 2030**. Meanwhile, the digital commerce market is expected to expand **10.10% (CAGR 2025-2030)**, reaching **USD 3.34 Billion by 2030**.
- Cross-Border E-commerce: In Cambodia's cross-border express delivery market, DHL is the dominant player, commanding **60% of the business** among the **26 official courier companies**.
- Last-Mile Delivery: Highlighting the consumer demand for improved final-stage logistics, **nearly 60% of Cambodian consumers** are willing to pay extra for faster last-mile delivery services.

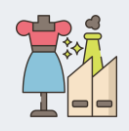
Digital Payments, 2022-203p (in USD Billion)



Selected Industry Snapshot



Food Delivery Industry: In 2024, the food delivery industry is primarily concentrated in Phnom Penh. The top four platforms generate an estimated **53,000 combined daily orders** with an estimated annual revenue of **USD 31 million** (this is an estimated figure for 2024, and is not indicative of market sizing nor market shares, in 2025)



Fashion Industry: Fashion and apparel are the most frequently purchased category online, accounting for **37%** of purchases. It is a dominant force in online sales, driven by digitally-engaged youth and trends set by influencers, especially through social media and **social commerce**.

*Note: e = Estimated values. p = Projected values. Projections are based on modeled data, actual revenue figures may vary.



6. Law on Investment

Law on Investment Framework

Prepared in Collaboration With:
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- ❖ Registration with the Council for the Development of Cambodia (CDC) is a prerequisite for obtaining investment incentives under the Cambodian Investment Law, including recognition as a Qualified Investment Project (QIP).

Cambodian Investment Law Framework (2021 Law & Sub-Decree No. 139)

Under the 2021 Law on Investment and Sub-Decree No.139, there are 3 types of Incentivized Investment Projects

Qualified Investment Projects (QIPs)

- QIPs are eligible for investment incentives and categorized as:
- Export-Oriented QIP: Exports any proportion of products
 - Domestically-Oriented QIP: No exports
 - Supporting Industry QIP: Supplies to export industries

Expanded Qualified Investment Projects (EQIPs)

- Allows existing QIPs to register expansions for additional incentives. Eligibility includes:
- Product diversification within the same industry
 - Technology upgrades (productivity/environmental)
 - Worker welfare infrastructure (e.g., housing, transport)
 - Sustainability-linked assets (e.g., waste treatment.)

Guaranteed Investment Projects (GIPs)

- Eligible for investment guarantees and legal protections, subject to fulfilling the eligibility criteria, but no tax holidays or incentives.

**Note: Investments outside listed sectors can still qualify for incentives if approved by the Royal Government of Cambodia, based on their socio-economic impact, such as PPP infrastructure, climate, or sustainability-related projects.*

Overview of Investment Incentives

Qualified Investment Projects (QIPs)

- Option 1:** Tax Holiday (3/6/9 yrs), then 25–75% reduction for 6 yrs
Option 2: Special depreciation + 200% expense deduction
No prepayment tax, minimum tax (w/ audit), or export tax
Additional Incentives:
- 0% VAT on local inputs
 - 150% deduction on: R&D, training, welfare, machinery, waste infra
- Special Incentives** for: high-tech, agro-processing, logistics, ESG

Expanded Qualified Investment Projects (EQIPs)

- Additional Income Tax Holidays (up to 9 years), based on sector and expansion capital
- Minimum tax exemption (with independent audit)
- Same guarantees and protections as available for GIPs.

Guaranteed Investment Projects (GIPs)

- Protections include:
- Non-Discrimination
 - No nationalization
 - No expropriation except for public interest purposes (subject to conditions)
 - No price control
 - Permitted use of foreign currencies for the implementation of investment activities
 - Protection of IP rights (subject to IP laws and regulations)
 - Employees, children, and spouse are eligible for long-term stay permits

**Note: This is a non-comprehensive summary of key incentives under Cambodia's Investment Law. Please refer to the full legal text or consult a legal professional for details.*

Law on Investment Framework

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- ❖ Between 2024 – 2025, critical policy and regulatory requirements have been put into place which overall have an impact on Cambodia’s investment landscape on subjects such as, but not limited to, Cambodia’s Vision, Public-Private Partnerships (PPPs), the Energy sector and Environmental provisions. A few are outlined below.

Major Policy and Regulatory Developments Impacting Investment (2024-2025)

1

Pentagonal Strategy – Phase I Implementation Plan (2023–2028)

- The Pentagonal Strategy – Phase I, launched in August 2023, serves as Cambodia’s flagship roadmap for socio-economic transformation, laying the foundation for its ambition to become a high-income country by 2050.
- Focus: Economic diversification, FDI promotion, industrial development, human capital, infrastructure, digital economy, and green growth.
- Contains measures to improve ease of doing business, trade facilitation, and regional integration (ASEAN, RCEP).
- Proposes legal and institutional reforms strengthen investor protection, improve dispute resolution, and reinforce anti-corruption and governance frameworks.

2

Updated Power Development Plan (2025-2040)

- Announced in May 2024, Cambodia’s updated PDP sets a strategic roadmap for a cleaner, more resilient, and energy-secure future.
 - Aligns with Cambodia’s carbon neutrality roadmap and climate commitments under the Long-Term Strategy for Carbon Neutrality (LTS4CN).
- Key Highlights:**
- 70% renewable energy share in the national mix by 2040. Focuses on energy efficiency, grid modernization, and climate resilience and supports energy storage integration.

3

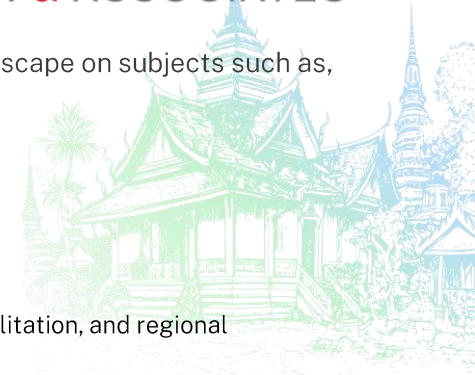
Competition Law & Sub-Decree No.60

- Introduced pre-merger filing requirements for share transfers, joint ventures, and other business combinations if “right of control” and threshold criteria met.
- Exemption filings are required for horizontal or vertical agreements that may restrict competition, unless they enhance efficiency or consumer welfare.

4

Environment Code (2023)

- The Environment and Natural Resources Code, effective June 2024, establishes comprehensive environmental governance applicable to all investment projects, including those in SEZs.
- It covers climate change, biodiversity, land use planning, green buildings, responsible energy, extractive industries, waste management, environmental impact assessments (EIA), and environmental damage liability.





7. Ease of Doing Business in Cambodia

Ease of Doing Business in Cambodia

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❖ Businesses are required to be registered with the key relevant authorities in Cambodia via the [Single Portal](#), including:



Ministry of Commerce
("MoC")



Ministry of Labor and Vocational
Training ("MLVT")



General Department of
Taxation ("GDT")



National Social Security Fund
("NSSF")



Ease of Doing Business: Pre-registration

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1. Selecting the Business Entity Structure



Sole Proprietorship



Representative Office



Partnership



Foreign Branch Office



Limited Liability Company

- i. Private limited company
- ii. Public limited company
- iii. Single-member private limited company



Subsidiary

2. Deciding On The Management Structure*



Private Limited Company:

- i. Minimum 1 director
- ii. 2 to 30 shareholders
- iii. An individual may own a single-member private limited company and also serve as its manager.



Public Limited Company:

- i. Minimum 3 directors

3. Selecting A Registered Agent

Only authorized agents (individuals or entities) can legally register a company. Business owners (sole proprietorship, local/foreign companies or partnerships) can also register by themselves.

**Note: A sole proprietorship classified as a taxpayer under the Cambodian taxation regime is required to register as a legal entity.*

***Note: A commercial representative office is an agent of the parent company, without having a separate legal personality, and are mainly used by investors for market research and feasibility studies before market entry. RO structures cannot be used for business operations for profit.*

4. Registering a Company Address



Required documents include:

- Photo of the office front entrance
- Land title or lease agreement
- ID or passport copy of the applicant

If the lessor is a legal entity, it also needs to submit the lessor's documents:

- Latest certificate of incorporation
- Latest company extract
- Latest patent tax certificate

5. Articles of Incorporation – Key Information



To obtain the Articles of Incorporation, the following details and documents are required:

- Authorized capital (issued and paid-up)
- Business activities, purpose, and duration
- Company name (must be reserved with MOC)
- Registered address (domicile)
- Share structure and shareholder details
- Board of directors: appointment, replacement, dismissal procedures
- General meeting procedures
- Profit use and dividend distribution
- Contact details: phone & email of company, shareholders, and directors
- ID/passport copies and 4x6 photo of shareholders & directors (ID for Cambodians, passport for foreigners)

Ease of Doing Business: Registration

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1. Online Business Registration (via CamDX)



Register through the [Single Portal](#) under the Ministry of Economy and Finance (MoEF) via the Cambodia Data Exchange (CamDX) system.

Steps:

- Log in using CamDigiKey account
- Enter company information (select name in Khmer and Latin)
- Reserve the company name (if not already done)
- Name reservation takes 2–3 working days

2. Registration Fees Overview



Name Reservation:

KHR 25,000 (≈ USD 6.25)

Business Registration:

- Sole Proprietorship: KHR 180,000 (≈ USD 45)
- Company / Foreign Company / Partnership: KHR 1,010,000 (≈ USD 252.50)

Tax Registration:

Small Taxpayer: KHR 20,000 (≈ USD 5)

Medium & Above: KHR 400,000 (≈ USD 100)

Patent Tax Certificate (based on turnover):

- Small Taxpayer: KHR 200,000 (≈ USD 50)
- Medium Taxpayer: KHR 600,000 (≈ USD 150)
- KHR 400M < Turnover ≤ KHR 10B: KHR 1,500,000 (≈ USD 375)
- Turnover > KHR 10B: KHR 2,500,000 (≈ USD 625)

Note: Fees is based on registration of one (1) business activity. Additional fees will be incurred based on number of business activities chosen.

Declaration of Opening an Enterprise (MLVT):

- KHR 120,000 (≈ USD 30)

3. Submission of Documents (MoC, GDT, MLVT & Others)



- Land title or lease agreement of the company's location
- Current photos (no longer than the last three months) of directors/shareholders
- National Identification card or passport of directors/shareholders
- Article of incorporation (in both English and Khmer)*
- Reference Document (permission, special license, ...)
- Authorization letter to fill the application (for representative)
- Resolution if shareholder is a legal entity, etc.

Articles of Incorporation must be signed by the shareholders' representative and each director. Upon filing, if registration is approved by both the MOC and GDT, the articles will be affixed with the MOC official stamp.



Incorporation Timeframe

The full registration process via the Online Business Registration (OBR) Single Portal takes approximately 8 working days:

- 3 days for business registration with the MOC
- 4 days for tax registration with the General Department of Taxation (GDT)
- 1 day for the enterprise opening notification to the MLVT and NSSF.

The incorporation process may take longer than the above official timeframe due to factors such as document completeness, correctness, consistency and completeness of submitted documents, as well as other administrative considerations.

**Note: Additional documents may be required depending on the business type. It is advisable to consult the relevant authorities in advance.*

Ease of Doing Business: Post-incorporation

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1. Post-Incorporation Requirements



After completing registration via the Single Portal, a newly incorporated company in Cambodia must:

- Obtain company seal from a seal maker or agent;
- Access OBR portal credentials to manage future filings (e.g., director changes, annulment);
- Open a corporate bank account within 15 working days;
- Director or Chairman must visit the GDT for a photo and fingerprint scan within 30 working days;
- Apply for business operation licenses for the specific sector (e.g., health, real estate);
- Apply for location permits and signage permits as required for the office and business locations*;
- Issue share certificates to shareholders (in case of companies);
- Prepare and maintain a shareholder register (in case of companies).

2. Labor Compliance (Notification to MLVT)



Minimum employees required: 1 employee. The entity registered as a labor unit with MLVT to have (1) Payroll Ledger (2) Enterprise Book (3) Employment Book.

- **Internal Regulations:** Required for companies with 8 or more employees; must be filed with MLVT within 3 months of incorporation.
- **Health Check:** All Cambodian employees must undergo a physical exam at an MLVT-approved health center.
- **Work Permits & Visas:** All foreign employees must hold a valid work visa and a work permit.
- **Shop Steward & Employment Books:** Companies with 8 or more employees must also: (1) elect shop stewards (i.e., employee representatives) as per labor laws and regulations, (2) obtain employment books for Cambodian staff

3. Work Permit Application for a Foreigner Listed in the Patent Tax Certificate of the Rep. Office



The work permit application must be undertaken via the online Foreign Workers Centralized Management System (FWCMS) of the MLVT.

Public service fee: Work permit application = KHR 520,000 (≈ USD 130) per year, or may vary depending on the actual case.

4. National Social Security Funds (NSSF) Registration & Compliance



- Minimum Employees: 1
- Register an NSSF user account
- Enroll all employees (Cambodian & foreign) in NSSF membership
- Monthly Contributions: Must be filed by the 15th of each month
- Public Service Fee: No service fee

Note: Registration with the NSSF is included under the OBR.



About Us

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PROFITENCE is a boutique advisory and strategy consulting firm based in Cambodia. Founded in 2016, we have maintained a steadfast presence in both Cambodia and the Mekong region over the last 9 years, advising and helping our partners and clients to seize boundless opportunities in emerging markets and economies.

Our boundaries extend beyond borders. We actively partner with experts regionally and globally, fostering a culture of continuous learning and innovation.

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2021 E-commerce Report

Published: September 2021



2022 E-commerce Report

Published: January 2023



2023 Country Profile

Published: June 2023



2024 E-commerce Report

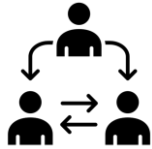
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