INVESTING IN CAMBODIA

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

LAND AREA

181,035 square kilometer

POPULATION

14.7 million (at 2013)

GDP growth : average 7.6% per annum the last 10 years (2005–2014 periods)

Stable macroeconomic environment

GDP per capita

$1,220 (2015: Projection by MEF)

Exchange rate

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

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

B2 DEBT RATING
REASONS TO INVEST IN CAMBODIA

• Macroeconomic Stability
• Pro-business Government
• Competitive Investment Incentives
• One-Stop Service Investment Promotion Agency
• Preferential Access to Regional & World Markets
• Investment Protection
• Efficient Infrastructure and Strategic Location
• Sound Financial Sector
• Abundant Resources, Labor, Land
MACROECONOMIC STABILITY

• GDP growth averaged 7.6% per annum the last 10 years (2005 – 2014)
• Projected GDP growth for 2015 is 6.9% (World Bank)
• Stable exchange rate
• Low inflation (3.9% in 2014 and 1% in the first half of 2015)
• Debt to GDP ratio 32.8% (at the end of 2013)
• Low budget deficit
• International reserves increased to US$ 3.6 billion (2013) and rose to US$ 4.4 billion (2014) – nearly 4 months of prospective imports
• International reserves reached US$ 4.7 billion in first half of 2015
• It took 12 years to increase international reserves from US$ 100 million to US$ 1 billion (1994–2006) but it just took 2 years to increase from US$ 2 billion to US$ 3 billion (2006–2008)
GROSS DOMESTIC PRODUCT (GDP)

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

GDP Per Capita (US$)

GDP PER CAPITA GROWTH

GDP Per Capita (US$)
Stable Exchange Rate
(period average, Riels/US$)
Projected to reach US$ 5.1 billion by the end of 2015 (MEF Projection)
TRADE VOLUME (US$ MILLION)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Trade</th>
<th>Export</th>
<th>Import</th>
<th>Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>6,828</td>
<td>3,918</td>
<td>2,910</td>
<td>(1,008)</td>
</tr>
<tr>
<td>2006</td>
<td>8,464</td>
<td>4,771</td>
<td>3,693</td>
<td>(1,078)</td>
</tr>
<tr>
<td>2007</td>
<td>9,521</td>
<td>5,432</td>
<td>4,089</td>
<td>(1,343)</td>
</tr>
<tr>
<td>2008</td>
<td>8,898</td>
<td>5,395</td>
<td>3,503</td>
<td>(1,892)</td>
</tr>
<tr>
<td>2009</td>
<td>8,080</td>
<td>4,942</td>
<td>3,138</td>
<td>(1,804)</td>
</tr>
<tr>
<td>2010</td>
<td>9,681</td>
<td>5,775</td>
<td>3,906</td>
<td>(1,869)</td>
</tr>
<tr>
<td>2011</td>
<td>12,256</td>
<td>7,221</td>
<td>5,035</td>
<td>(2,186)</td>
</tr>
<tr>
<td>2012</td>
<td>13,879</td>
<td>8,246</td>
<td>5,633</td>
<td>(2,613)</td>
</tr>
<tr>
<td>2013</td>
<td>16,409</td>
<td>9,879</td>
<td>6,530</td>
<td>(3,349)</td>
</tr>
<tr>
<td>2014</td>
<td>18,024</td>
<td>10,616</td>
<td>7,408</td>
<td>(3,208)</td>
</tr>
</tbody>
</table>
Low Budget Deficit (% of GDP)
REMARKABLE ACHIEVEMENTS

(Average real GDP growth rate 2004-2013)

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

Source: World Bank WDI
PRO-BUSINESS GOVERNMENT

Government and Private Sector Working Groups

Government and Private Sector Forum

Private sector is an engine of economic growth

Easy access to relevant government officials
GOVERNMENT PRIVATE SECTOR FORUM

<table>
<thead>
<tr>
<th>#</th>
<th>Country</th>
<th>Total Score</th>
<th>#</th>
<th>Country</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cambodia</td>
<td>94.50</td>
<td>14</td>
<td>Chad</td>
<td>58.50</td>
</tr>
<tr>
<td>2</td>
<td>Vietnam</td>
<td>91.75</td>
<td>15</td>
<td>Tonga</td>
<td>58.25</td>
</tr>
<tr>
<td>3</td>
<td>Romania</td>
<td>89.25</td>
<td>16</td>
<td>Vanuatu</td>
<td>57.75</td>
</tr>
<tr>
<td>4</td>
<td>Laos</td>
<td>88.75</td>
<td>17</td>
<td>Aceh</td>
<td>55.50</td>
</tr>
<tr>
<td>5</td>
<td>Albania</td>
<td>88.63</td>
<td>18</td>
<td>Timor Leste</td>
<td>50.20</td>
</tr>
<tr>
<td>6</td>
<td>Uganda</td>
<td>81.25</td>
<td>19</td>
<td>South Sudan</td>
<td>39.50</td>
</tr>
<tr>
<td>7</td>
<td>Liberia</td>
<td>78.00</td>
<td>20</td>
<td>CAR</td>
<td>38.75</td>
</tr>
<tr>
<td>8</td>
<td>Bangladesh</td>
<td>75.00</td>
<td>21</td>
<td>North Sudan</td>
<td>37.75</td>
</tr>
<tr>
<td>9</td>
<td>Ghana</td>
<td>72.00</td>
<td>22</td>
<td>Nepal</td>
<td>37.25</td>
</tr>
<tr>
<td>10</td>
<td>Pakistan</td>
<td>65.50</td>
<td>23</td>
<td>Cameroun</td>
<td>34.75</td>
</tr>
<tr>
<td>11</td>
<td>Zambia</td>
<td>64.75</td>
<td>24</td>
<td>Ethiopia</td>
<td>31.25</td>
</tr>
<tr>
<td>12</td>
<td>Belarus</td>
<td>64.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Sierra Leone</td>
<td>60.50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

COMPETITIVE INVESTMENT INCENTIVES

- Corporate tax - 20%
- Tax holiday up to 9 Years
- Full import and export duty exemption (QIP Projects)
- No discrimination, no nationalization
- No local participation requirement
- No price control on any products or services
- No foreign exchange control
- No restriction on capital repatriation: free repatriation of profits & free remittance of royalty, interest, loan repayment, dividend, investment capital, etc.
- No trade restrictions
- Long-term land lease
ONE-STOP SERVICE – CDC/CIB

Information and application
Evaluation and approval
Customs duty and tax exemption
Visa and work permit
Company registration
Investor after-care
ACCESS TO WORLD MARKETS

Access to the U.S. market - 1996
Access to the E.U. market - 1996
Member of the Association of South-East Asian Nations (ASEAN) - 1999
Member of the World Customs Organization (WCO) - 2001
Member of the World Trade Organization (WTO) - 2004
Member of various regional trade agreements
MFN/GSP MARKET ACCESS

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

**MFN:** Most Favored Nation  **GSP:** Generalized System of Preferences
INVESTMENT PROTECTION AGREEMENTS

- Australia
- China P.R
- Croatia
- Cuba
- Czech Republic
- DPR of Korea
- Germany
- France
- Indonesia
- Japan
- Kuwait
- Lao PDR
- Malaysia
- Netherlands
- OPEC
- OPIC
- Pakistan
- Philippines
- ROK
- Singapore
- Switzerland
- Thailand
- Vietnam

In process:
- Algeria
- Bulgaria
- Egypt
- Libya
- Myanmar
- Qatar
- Russia
- Ukraine
- UK
- USA
- Hungary
- Malta
INFRASTRUCTURE & LOCATION

- Completed ASEAN highway linking Thailand, Cambodia, Vietnam
- Completed ASEAN highway linking Cambodia, Lao PDR, China
- Finished upgrading national road network
- Rehabilitating National Railways as part of Singapore – Kunming rail link
- Upgraded Sihanoukville Port (new general cargo terminal)
- Upgraded Phnom Penh Port / new container port
- Upgraded Phnom Penh, Siem Reap, and Sihanoukville Airports
- Finalized installing fiber optic cable across the country
- Construction of new power plants
ACCESS TO BORDER CROSSINGS

To Thailand
- NR-48
- NR-57
- NR-62
- NR-64
- NR-68

To Vietnam
- NR-2
- NR-33
- NR-72
- NR-74
- NR-78

* New Route №
264km Phnom Penh - Sihanouk Ville
105km Serei Saophoan - Siem Reap
Propose new link
239km Siem Reap - Skun
Propose new link
338Km Phnom Penh - Sisophon
48Km Sisophon - Poipet
273km Snoul - Strung Treng to Laos Border
Propose new link
255km Bat Doeng - Loch Nich (Vietnam Border)
Propose new link
SPECIAL ECONOMIC ZONES

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

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

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

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


339 413 539 608 797 909 1,316 2,328 2,521 3,320 4,313 5,193 6,736 7,560 9,749
Non-performing loans declined to 2.2% in 2014 from 2.7% in 2013
STOCK EXCHANGE IN CAMBODIA

Officially launched on July 11, 2011
First trading on April 18, 2012
Joint venture between Cambodian and Korean exchanges

7 Underwriters registered
2 Dealers
4 Brokers
2 Investment advisories
ABUNDANT RESOURCES, LABOR, LAND

- Oil and gas
- Minerals (bauxite, carbonate rocks, natural gas, gold, iron, manganese, petroleum, phosphate, rock, salt, silica…)
- Great lake (Tonle Sap)
- Beaches (more than 400km)
- Monuments / Heritage Sites
- Abundant land
- Low labor cost & dynamic, young workforce
POPULATION

Percentage of population by age group 2013

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

Approved Investment by Sector

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

- Agriculture and agro–industry
- Labor intensive industries
- Processing industry
- Tourism sector
- Transportation and logistic
- ICT
- Energy
- Oil, gas and mining
- Human resource development & education
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