Sustainable Textiles of the Asian Region

Textile, Apparel, Footwear & Travel Goods Association in Cambodia

an introduction to Cambodia

STAR Network

A focus on the garment sector

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2023-2024 Edition

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PEAK

FOREWORD

Dear readers, and friends of TAFTAC and the STAR Network,

As the Chairman of the Textile Apparel Footwear & Travel Goods Association in Cambodia (TAFTAC), I am honored to present this guide, focusing on Cambodia's vibrant garment sector. This sector, a cornerstone of Cambodia's economic progress, embodies resilience and innovation. Our guide aims not only to introduce stakeholders to the opportunities and challenges within this industry but also to emphasize our dedication to improving sustainability and production standards.

Importantly, this guide also introduces the Kingdom of Wonder, and invites those who read to explore it further. We hope buyers who consider the Cambodian market also take time to enjoy the country that has welcomed us, as producers and investors, so warmly.

TAFTAC's commitment to environmental stewardship and ethical practices is unwavering. Our active participation in the STAR Network underscores this dedication, aligning us with similar associations across Asia. Together, though we recognise there are many challenges to overcome, we aim to redefine garment manufacturing to be both competitive and responsible. Through initiatives like the EU Switch Garment project, the Model Green Factory Program, and the first Garment CSR Awards in 2023, we are leading by example, demonstrating that sustainable production is not only possible but imperative. We must all do our part to make it a priority.

This guide provides a snapshot of the Cambodian garment sector's journey—from its history, and the challenges it overcame, to its current status as a global player. The guide also highlights some of our initial activities for promoting a sustainable future amongst our members, reflecting the collective wishes of not just our buyers and customers, but the Cambodian people, whose resilience and hard work continue to drive our industry forward.

At TAFTAC, we are committed to pioneering sustainable growth, learning, and innovating alongside our partners in the STAR Network and the broader international community.

I invite you to explore the insights within this guide and join us in our pursuit of a more sustainable, inclusive, and prosperous future for the Cambodian garment sector.

Neak OKNHA Kong Sang
Chairman of TAFTAC
01-01-2024

STAR NETWORK

A Leading Voice for the Garment Sector:
As the first inter-Asian network of producer associations, STAR is driving positive change and innovation in the sector. Created through the FABRIC project by GIZ, STAR connects industry players, fostering dialogue, trust-building, and the exchange of best practices. Together, we can make textile and garment production more sustainable, overcoming challenges and shaping a brighter future. To learn more, visit our website and discover how you can contribute to a greener, fairer, and more responsible industry. Together, let's make a difference!

Size & Impact:
STAR comprises 9 leading garment producing associations from 6 nations, representing 35,000 manufacturers, employing 30m+, and contributing around $422 billion in export value in 2022 (Source: STAR Network). The Sustainable Terms of Trade Initiative (STTI) is a flagship program started via the STAR network.

Figure 1. **STAR Member Associations, Their Member Numbers, and the Number of Workers Their Members Employ**

BANGLADESH
4.500,000 workers
BGMEA 4,740
BKMEA 2,296

CHINA
23.000,000 workers
CNTAC 23,000*
*200,000 manufacturers.

PAKISTAN
3.700,000 workers
PKMA 1,250
PTEA 250
195

CAMBODIA
672,000 workers
TAFTAC 712

MYANMAR
714,000 workers
MGMA 759

VIETNAM
893,000 workers
VITAS 950*
*303 in VITAS Directory
*800-1000 directly & indirectly

Figure 2. **STAR in Numbers**

9 MEMBER ASSOCIATIONS
~35,962 MANUFACTURERS
~30 MILLION WORKERS

6 COUNTRIES
CHINA, VIETNAM, BANGLADESH, CAMBODIA, PAKISTAN, MYANMAR

10 ASIAN DIALOGUE EVENTS
+ 1 FLAGSHIP INITIATIVE: STTI

49% OF GFT EXPORT MARKET
FROM MEMBER COUNTRIES
(UNCTAD, 2021)

422 US$ BILLION IN EXPORTS
FROM COUNTRIES OF STAR MEMBERS
(UNCTAD, 2021)

7+ INTERNATIONAL PARTNERS
ILO, UNESCAP, ITMF, OECD, IAF, UN FASHION ALLIANCE

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TAFTAC

The Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC) Is a founding member of the STAR Network.

Cambodia's Leading Industry Association: Established in 1996 due to the increasing need for the garment industry to stand together with a unified voice, TAFTAC has become one of the most active and prominent trade associations in the country, representing, promoting and safeguarding the rights and interests of its members. TAFTAC provides a forum for consultation and discussion among members / stakeholders of common interests and seeks the adoption of sound policies allowing the industry to grow and develop.

Cambodian Garment Training Institute (CGTI): CGTI, part of TAFTAC, is the first-ever fashion and textile training institute in Cambodia that aspires to narrow the gap between training needs and existing job matches in Cambodia. In collaboration with TAFTAC, CGTI provides qualitative and quantitative capacity building goals.

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Figure 3. **TAFTAC Member Benefits**

Figure 4. **Brands Sourcing from TAFTAC Members**

CAMBODIA INTRODUCTION

INTERESTING FACTS ABOUT CAMBODIA

Ancient Civilization: Cambodia's history dates to the 1st century AD, with the Funan Kingdom being one of Southeast Asia's earliest Indian-influenced civilizations. It laid the foundation for later Khmer empires, including the renowned Angkor (Khmer) Empire.

Angkor Wat: Angkor Wat, the iconic temple complex in Siem Reap, is the largest religious monument globally and a UNESCO World Heritage site. Built in the 12th century by King Suryavarman II, it served as both a Hindu temple and later a Buddhist sanctuary. It covers an area of 162.6 hectares (402 acres).

Khmer Empire: The Khmer Empire, lasting from the 9th to the 15th century, was one of the most powerful and extensive empires in Southeast Asia. It thrived on trade, agriculture, and an impressive irrigation system. At its peak, its capital, Angkor, was estimated to support 750,000 to 1 million people.

Tonlé Sap Lake: Cambodia is home to the Tonlé Sap, the largest freshwater lake in Southeast Asia. It is a unique ecological wonder where the flow of the Tonlé Sap River reverses during the rainy season, causing the lake's area to expand dramatically. It is home to the Mekong Giant Catfish, and the Giant Freshwater Stingray.

Unique Cuisine: Khmer cuisine offers a delightful fusion of flavors and ingredients, featuring dishes like Amok (steamed fish curry), Lok Lak (stir-fried beef), and the famous fish-based condiment, Prahok.

Economic Miracle: Cambodia faced a tragic era during the Khmer Rouge regime (1975-1979) under Pol Pot, resulting in widespread devastation and the loss of an estimated 1.7 million lives due to executions, forced labor, and starvation. It has since emerged as one of the fastest growing economies in the world.

Silver Pagoda: Located within the Royal Palace complex in Phnom Penh, the Silver Pagoda houses a stunning collection of Buddhist artifacts, including a life-sized gold Buddha statue adorned with over 9,000 diamonds.

Biodiversity: Cambodia boasts diverse ecosystems, from lush rainforests to coastal mangroves. The country is home to various unique wildlife species, including the endangered Irrawaddy dolphins found in the Mekong River.

Coastal Gems: While often overshadowed by the Angkor Wat, Cambodia's southern coast offers stunning beaches and islands. Sihanoukville, Kampot, and Kep are popular coastal destinations.

Traditional Arts: Cambodia has a rich artistic heritage, including traditional dance forms like the Apsara dance, featuring intricate hand movements and vibrant costumes. Traditional crafts, such as silk weaving and pottery, also hold cultural significance.

HISTORY

Early Civilization: Cambodia's history dates to the 1st century AD when the Funan Kingdom emerged as one of Southeast Asia's earliest Indian-influenced civilizations.

Angkor Empire: The Khmer Empire, which reached its zenith during the 9th to 15th centuries, established its capital in Angkor, present-day Siem Reap. The empire flourished, leaving behind impressive temple complexes, including Angkor Wat.

Hindu and Buddhist Influence: The Khmer Empire was influenced by both Hinduism and Buddhism, with rulers adopting both religions as the state religion at different times.

Decline and Fall: The Khmer Empire faced internal conflicts, environmental challenges, and invasions, leading to its decline and eventual fall in the 15th century.

Kingdom of Cambodia: After the fall of the Khmer Empire, the region fragmented into smaller states, in a period known as the post-Angkor period. Phnom Penh first became the capital from 1434 to 1497. The capital then changed several times, before Phnom Penh was re-established in 1865.

European Colonization: Cambodia became a French protectorate in the 19th century under the Treaty of Protection with France in 1863.

French Influence: During the colonial period, Cambodia underwent significant modernization and infrastructural development. The French ruled the country until independence in 1953.

Independence: Cambodia gained independence from France on November 9, 1953, under King Norodom Sihanouk's leadership.

Neutralism: Under King Sihanouk's rule, Cambodia followed a policy of neutrality during the Cold War, navigating through the regional power struggles.

Khmer Republic: In 1970, a military coup led by Lon Nol ousted King Sihanouk, establishing the Khmer Republic.

Khmer Rouge Regime: The Khmer Rouge, a radical communist group led by Pol Pot, seized power in 1975, renaming the country Democratic Kampuchea. This marked a dark period of genocide and starvation.

Dark Period: During the Khmer Rouge regime (1975-1979), an estimated 1.7 million Cambodians lost their lives due to executions, forced labor, and starvation.

Decisive Intervention: In 1978, Vietnam intervened in Cambodia with the support of anti-Khmer Rouge resistance groups, toppling the Khmer Rouge regime and installing a new government.

United Nations Transitional Authority: The Paris Peace Accords of 1991 established the United Nations Transitional Authority in Cambodia (UNTAC) to oversee the country's political transition.

Constitutional Monarchy: Cambodia adopted a new constitution in 1993, reestablishing the monarchy with King Norodom Sihanouk as the ceremonial king.

Modernization and Reconciliation: In the post-conflict era, Cambodia has undergone economic development and reconciliation efforts to heal from its tumultuous past.

Political Challenges: Cambodia's political landscape has been marked by complex dynamics, including periods of tension and opposition movements. Although not without controversy, the ruling party, the Cambodian People's Party, has overseen a period of consistent economic growth since 1979.

Economic Growth: Cambodia's economy has experienced significant growth in recent years, driven by sectors like garments, tourism, real estate and construction. It's GDP is estimated to be 30.63 billion USD and projected to grow by 5.8% in 2023. (Source: IMF Datamapper)

UNESCO World Heritage: Cambodia's rich cultural heritage, including Angkor Wat and other temple complexes, has been recognized as UNESCO World Heritage sites.

Contemporary Cambodia: Today, Cambodia is a constitutional monarchy with King Norodom Sihamoni as the reigning monarch, and, until recently, Prime Minister Hun Sen leading the government. Following the Cambodian People's Party's (CPP) victory at the July 2023 elections, Prime Minister Hun Sen announced his resignation (July 26th, 2023), transferring power to his eldest son, Hun Manet (August 22nd, 2023). The country continues to develop and preserve its unique cultural heritage while facing modern challenges.

DEMOGRAPHICS

Population: Cambodia has a population of over 16.7 million people, as of 2022, making it one of the smaller countries in Southeast Asia in terms of population, and the 73rd largest country globally. (Source: World Bank)

Population Growth Rate: The population growth rate in Cambodia is estimated to be around 1.5% annually, indicating a moderate rate of population increase. (Source: World Bank)

Urbanization: Cambodia is experiencing increasing urbanization. As of 2022, approximately 25% of the total population resides in urban areas, and this proportion is expected to grow steadily in the coming years.

Age Structure: The average age in Cambodia is approximately 26.2 years, indicating a predominantly young population. As of 2021, about 68% of the population is under 30 years old.

Life Expectancy: The average life expectancy in Cambodia has been improving over the years. As of 2021, it is around 71 years for males and 74 years for females. (Source: World Bank)

Literacy Rate: The literacy rate in Cambodia has been gradually increasing. As of 2019, the overall literacy rate was around 79%, with higher rates among males (85%) compared to females (74%).

Gender Ratio: Cambodia has a slightly higher number of females than males, with approximately 959 males for every 1000 females.

Ethnic Diversity: Cambodia is home to a diverse range of ethnic groups. The majority ethnic group is the Khmer, making up around 97% of the population. The remaining 3% consists of various minority groups, including Cham, Chinese, Vietnamese, and others. (Source: Pew Research Centre)

Religion: Buddhism is the predominant religion in Cambodia, with around 97% of the population being Buddhist. There are also small communities of Muslims, Christians, and practitioners of indigenous religions. (Source: Pew Research Centre)

Population Density: Cambodia has a relatively low population density, with an average of approximately 90 people per square kilometer. However, population density varies across different regions, with higher densities in urban areas and along the Mekong River. (Source: World Bank)

GEOGRAPHY

Size & Location: Cambodia is in Southeast Asia and is bordered by Thailand to the west and northwest, Laos to the north, Vietnam to the east, and the Gulf of Thailand to the southwest, providing it with a coastline. Cambodia has a total land area of approximately 181,035 square kilometers (69,898 square miles), ranking it as the 88th largest country in the world in terms of total area.

Diverse Landscape: Cambodia's geography is characterized by a diverse landscape, including low-lying plains, plateaus, and mountains. The Cardamom Mountains in the southwest and the Dangrek Mountains in the north are prominent mountain ranges.

Mekong River: The Mekong River is one of Cambodia's most significant geographic features, flowing through the country from north to south. It spans approximately 486 kilometers (302 miles) within Cambodia.

Tonlé Sap Lake: Cambodia is home to Tonlé Sap, the largest freshwater lake in Southeast Asia. The lake covers an area of about 2,700 square kilometers (1,040 square miles) during the dry season, but during the rainy season, its size can expand to over 16,000 square kilometers (6,177 square miles).

Coastal Areas: Cambodia has a coastline along the Gulf of Thailand, stretching approximately 443 kilometers (275 miles). The coastal areas are known for their picturesque beaches and fishing communities.

Climate Variations: Cambodia experiences a tropical climate, with distinct wet and dry seasons. The wet season lasts from May to October, bringing monsoonal rains, while the dry season occurs from November to April, characterized by lower humidity and little rainfall.

Biodiversity: Cambodia boasts rich biodiversity, with diverse ecosystems ranging from tropical rainforests to mangroves. The country is home to over 260 species of mammals, more than 800 bird species, and around 240 reptile species.

Angkor Archaeological Park: Cambodia is famous for the Angkor Archaeological Park, a UNESCO World Heritage site, which includes the iconic Angkor Wat temple complex. The park covers an area of approximately 400 square kilometers (154 square miles) and contains the remains of various temples and historical structures.

Environmental Challenges: Cambodia faces environmental challenges, including deforestation, illegal logging, land degradation, and wildlife trafficking. Between 1990 and 2020, Cambodia lost about 25% of its forest cover, primarily due to logging and land conversion.

Maximum Elevation: The highest point in Cambodia is Phnom Aural, standing at an elevation of approximately 1,813 meters (5,948 feet) above sea level.

MAJOR CITIES

Phnom Penh: Phnom Penh is the largest city in Cambodia and the capital of the country. It serves as the political, economic, and cultural center, with a population of over 2.3 million people.

Battambang: Battambang is the second-largest city in Cambodia, located in the northwest. It is known for its well-preserved French colonial architecture and serves as an important agricul-

Figure 5. **Comparison of Cambodia's Cities.**

Category	Phnom Penh	Battambang	Siem Reap	Sihanoukville	Poipet
Population	2.3 million	250	240	156	130
Establishment Year	1372	11th century	1549	1955	N/A
Key Sectors	Trade, manufacturing, real estate, construction, and tourism	Agriculture, tourism, and small-scale industries	Tourism, agriculture, and fishing	Tourism, construction, real estate, and manufacturing	Casino industry, cross-border trade
Tourist Sites	Royal Palace, Silver Pagoda, National Museum, Tuol Sleng Genocide Museum, Wat Phnom	Battambang Bat Caves, Bamboo Train, Wat Ek Phnom	Angkor Wat, Bayon Temple, Ta Prohm	Ochheuteal Beach, Otres Beach, Kbal Chhay Waterfall	Hotels & Thai Border Crossing
GDP (USD Bn)	6.21 Bn	0.45 Bn	0.43 Bn	0.28 Bn	0.23 Bn
Province	Phnom Penh	Battambang	Siem Reap	Preah Sihanouk	Banteay Meanchey
Area (sq. km)	678.46 sq. km	293 sq. km	N/A	78 sq. km	N/A

Note: GDP is a loose estimate for indicative purposes only. The figure is taken by multiplying the population with Cambodian GDP Per Capita, which was USD 1,784 in 2022. Using Bangkok as a proxy, we can estimate that Phnom Penh's GDP is around 20-30% of the total, placing it around $6.21 billion. (Source: MEF)

tural and commercial hub. It has a population of over 250,000 people.

Siem Reap: Siem Reap is a major city in north-western Cambodia and a popular tourist destination, primarily because of its proximity to the ancient ruins of Angkor. It has a population of over 240,000 people.

Sihanoukville: Sihanoukville, also known as Kampong Som, is a coastal city in southern Cambodia. It is famous for its beautiful beaches and serves as a significant port and tourist destination. It has a population of over 156,000 people.

Poipet: Poipet is a city located on the border with Thailand and is an important international gateway. It is known for its casinos and border trade activities. It has a population of over 130,000 people.

Prey Veng: Prey Veng is a city in southeastern Cambodia, serving as a central hub for agricultural activities in the region. It has a population of over 125,000 people.

Kampong Cham: Kampong Cham is a city situated on the Mekong River and is an important trading and transportation center. It has a population of over 110,000 people.

Ta Khmau: Ta Khmau, also known as Takhmao, is a city located near Phnom Penh and serves as a residential and commercial suburb. It has a population of over 100,000 people.

Kampot: Kampot is a city in southern Cambodia, known for its scenic beauty and pepper plantations. It is a popular destination for tourists seeking relaxation and natural attractions. It has a population of over 55,000 people.

MAJOR TOURIST DESTINATIONS

Cambodia is a country rich in cultural heritage and natural beauty, offering a wide array of tourist attractions. Some of the most famous and must-visit tourist sites in Cambodia include:

Angkor Archaeological Park (Siem Reap): This UNESCO World Heritage site is home to the iconic Angkor Wat temple complex, covering an area of approximately 400 square kilometers. It is the largest religious monument globally and attracts millions of visitors each year.

Royal Palace (Phnom Penh): Located in the capital city, the Royal Palace covers an area of about 174,870 square meters. It serves as the official residence of the King of Cambodia and houses beautiful pagodas and the Silver Pagoda, which holds numerous precious artifacts.

Killing Fields and Tuol Sleng Genocide Museum (Phnom Penh): These sites offer a somber yet important insight into Cambodia's tragic history during the Khmer Rouge regime. The Killing Fields at Choeung Ek and the Tuol Sleng Genocide Museum (S-21) pay homage to the victims of the genocide, with over 1.7 million Cambodians estimated to have lost their lives during that period.

Tonlé Sap Lake (Siem Reap): Southeast Asia's largest freshwater lake, Tonlé Sap, covers an area of about 2,700 square kilometers during the dry season, expanding to over 16,000 square kilometers during the rainy season. It is a unique ecosystem supporting floating villages and providing a habitat for diverse wildlife.

Banteay Srei (Siem Reap): Known as the "Citadel of Women," Banteay Srei is a well-preserved temple dedicated to the Hindu god Shiva. Its exquisite pink sandstone carvings showcase exceptional Khmer artistry, dating back to the 10th century.

Kep National Park (Kep): Located on the coast, Kep National Park covers an area of approximately 50 square kilometers. It offers scenic hiking trails, lush landscapes, and panoramic views of the sea and surrounding islands.

Bokor Hill Station (Kampot): Perched atop Bokor Mountain, this abandoned hill station was built during the French colonial era. Visitors can explore the ruins of old buildings and enjoy stunning vistas from an elevation of about 1,080 meters.

Beng Mealea (Siem Reap): Often compared to Angkor Wat, Beng Mealea is a lesser-known temple complex engulfed by jungle, covering an area of about 1 square kilometer, providing a sense of adventure and discovery.

Banteay Chhmar (Banteay Meanchey): This remote temple complex, largely unrestored, covers an area of approximately 9 square kilometers and offers a peaceful and authentic experience away from the crowds.

Phnom Kulen National Park (Siem Reap): Known as the "Mountains of Lychees," this park covers an area of about 373 square kilometers and offers waterfalls, ancient ruins, and a sacred site where King Jayavarman II initiated the Angkorian era.

Figure 6. **Map of Cambodian Provinces (Source: Geology.com)**

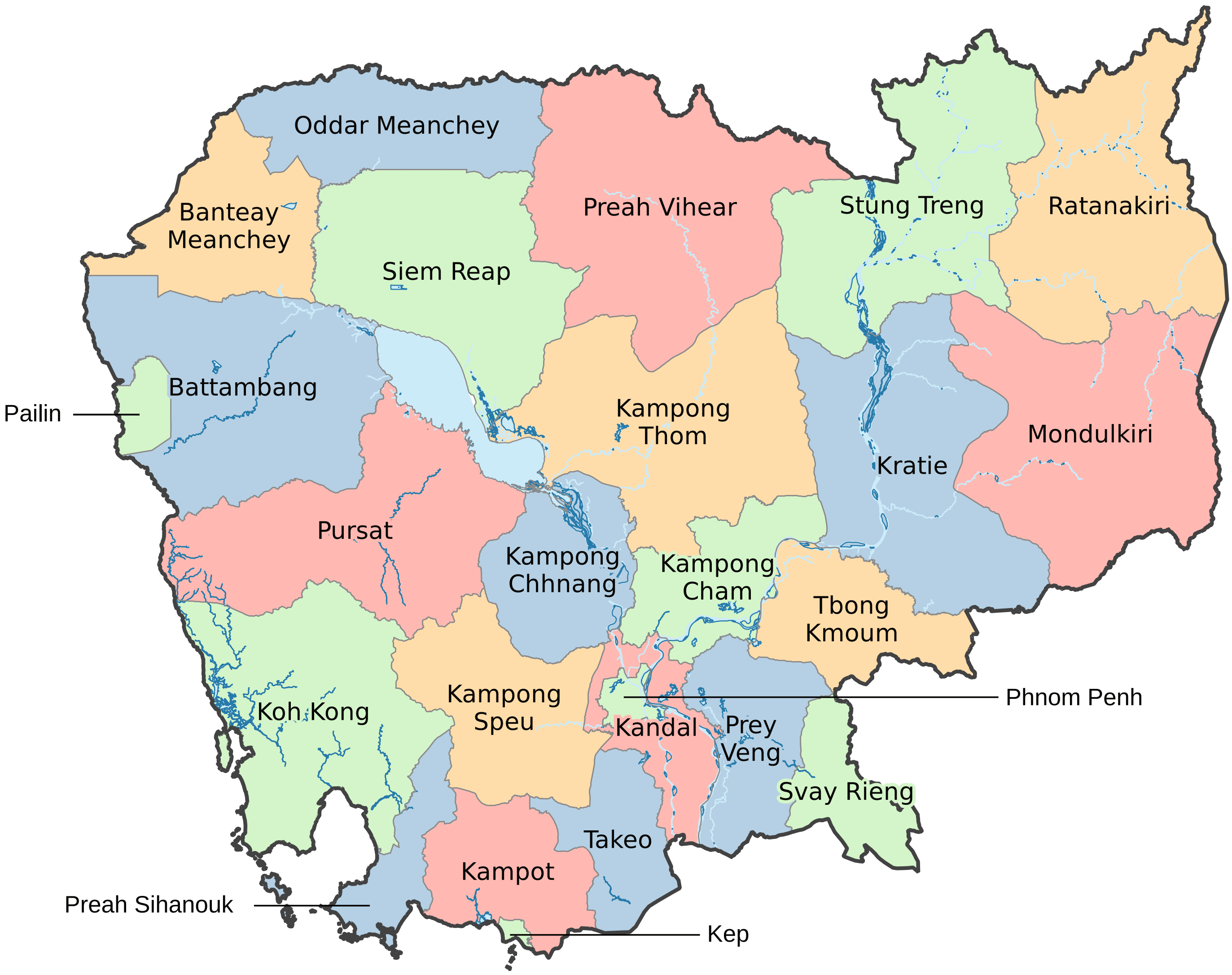


Figure 7. **Map of Cambodia (Source: Geology.com)**

LEADERSHIP

Government Type: Cambodia is a constitutional monarchy with a parliamentary system of government. It is officially known as the Kingdom of Cambodia.

Head of State: The King of Cambodia serves as the ceremonial head of state, representing the unity and symbolizing the continuity of the nation's traditions and identity. King Norodom Sihamoni is the current reigning monarch, born on Thursday 14 May 1953, he became King on 14 October 2004.

Head of Government: The Prime Minister of Cambodia is the head of government and holds executive power. The Prime Minister is appointed by the King and is usually the leader of the party or coalition that holds the majority in the National Assembly. Until August 2023, the Prime Minister was Samdech Akka Moha Sena Padei Techo Hun Sen. In August 2023, power was transferred to Hun Manet.

Legislature: The Parliament of Cambodia is a bicameral legislature, consisting of two houses: the National Assembly and the Senate. The National Assembly has 125 members, elected through a proportional representation system, while the Senate has 62 members. Every six years, 58 Senate positions are chosen through elections conducted by commune councilors hailing from Cambodia's 24 provinces and members of the National Assembly. Additionally, there are two senators nominated by the King and another two nominated by the National Assembly.

Political Parties: Cambodia has a multi-party system, but the Cambodian People's Party (CPP) has been the dominant political force in the country for many years. The opposition parties include The National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia, commonly referred to as FUNCINPEC, The Cambodia National Rescue Party (CNRP) – banned in 2017, the Candlelight Party, and several smaller parties. FUNCINPEC was the only party other than the CPP to win seats in the 2023 election, securing 5 seats in the National Assembly.

Election System: General elections in Cambodia are held every five years. Members of the National Assembly are elected through a mixed system of proportional representation and first-past-the-post, while Senators are elected through a closed-list proportional representation system.

Judiciary: The judiciary in Cambodia operates independently of the executive and legislative branches. The Supreme Court is the highest judicial authority, overseeing the judicial system and constitutional matters.

Local Government: Cambodia has a system of local government that includes elected representatives at the commune and Sangkat levels. These representatives handle local governance, development projects, and service delivery at the grassroots level.

Constitution: The Constitution of Cambodia serves as the supreme law of the land, adopted in 1993 after the United Nations Transitional Authority in Cambodia (UNTAC) organized elections following the Paris Peace Accords.

Political Stability: Cambodia has experienced periods of political stability and has made efforts to strengthen its democratic institutions. However, the political landscape has seen instances of criticism from international observers concerning human rights issues and the political environment.

THE LEADERS OF CAMBODIA

HUN SEN

Longest-Serving Prime Minister: Hun Sen was the Prime Minister of Cambodia since January 14, 1985, making him one of the longest-serving heads of government in the world. His tenure has spanned over several decades, leading

Cambodia through significant political and economic changes.

Reconstruction and Stabilization: Hun Sen defected from the Khmer Rouge in the late 1970s and played a crucial role in opposing the regime. He joined forces with the Vietnamese-backed forces and later became the Prime Minister, contributing to the eventual downfall of the Khmer Rouge. After the Khmer Rouge regime's devastating rule, Hun Sen played a crucial role in stabilizing and rebuilding Cambodia. His leadership helped bring about relative peace and laid the foundation for the country's recovery and development.

Political Dominance: Hun Sen is the leader of the Cambodian People's Party (CPP), which has been the ruling party in Cambodia since the end of the Khmer Rouge regime. Under his leadership, the CPP has maintained a strong grip on power in the country, winning multiple elections.

Economic Policies: Throughout his tenure, Hun Sen has pursued economic policies focused on promoting economic growth and development. Cambodia has experienced rapid economic expansion, driven by industries such as textiles, tourism, and construction. Hun Sen's government has prioritized infrastructure development, improving road networks, transportation systems, and energy supply. These investments have facilitated economic activities, enhanced connectivity, and attracted foreign investment.

Economic Growth and Poverty Reduction: Under Hun Sen's leadership, Cambodia has experienced impressive economic growth, with an average annual GDP growth rate of around 7% over the past two decades. This growth has contributed to significant poverty reduction and improved living standards for many Cambodians.

Diplomatic Engagement and Regional Integration: Hun Sen has been active in diplomatic engagement and regional cooperation. He has fostered ties with various countries and international organizations, promoting trade and investment opportunities, and advocating for Cambodia's interests on the global stage.

HUN MANET

Background: Hun Manet is a Cambodian general and politician who is the prime minister-designate of Cambodia. He is the eldest son of prime minister Hun Sen and Bun Rany. He also leads the nation's counterterrorism taskforce. Manet was born on 20 October 1977 in Koh Thmar Village, Memot District, Kampong Cham Province, in the Khmer Rouge-ruled Democratic Kampuchea.

Education: Manet received his general education in Phnom Penh and later joined the Royal Cambodian Armed Forces (RCAF) in 1995. He is the first Cambodian ever to graduate from the United States Military Academy at West Point in 1999. He also received his Master of Arts in economics from New York University in 2002, and a PhD in economics from the University of Bristol, United Kingdom, in 2009.

Military Service: Manet joined the army in 1995 and has held several high-ranking positions, including the Commander of Cambodia's National Counter-Terrorism Special Forces and the Deputy Commander of the Royal Cambodian Army. He was promoted to a four-star general in July 2018.

Political Career: In June 2020, Manet was promoted to head of the Cambodian People's Party's youth wing. He was often mentioned by Hun Sen as his potential successor. This was formally made official on 4 December 2021 when Manet was unanimously elected by the Cambodian People's Party Central Committee to be the party's future candidate for prime minister after Hun Sen, making him the prime minister-in-waiting.

Prime Minister Designate: Following the 2023 election, on 26 July, Hun Sen announced his resignation as prime minister, officially making Manet the prime minister designate.
He assumed office in 22 August 2023.

ECONOMY

KEY STATISTICS

GDP GROWTH:

GDP GROWTH:
averaged 7.7% from 1998 to 2019; 5.1% in 2022; 5.5% in 2023 (est.) (Source: World Bank).

GDP PER CAPITA:
1,784 USD, 6,690 USD Purchasing Power Parity (PPP); international dollars per capita (2022).

GDP:
30.63 billion USD in 2022
(Source: World Bank, 2022)

GDP COMPOSITION:
Approx. Agriculture: 22%, Industry: 38%, and Services: 35% In 2022.

FOREIGN DIRECT INVESTMENT (FDI):
$3.48 billion in 2021, $3.57 billion in 2022
(Source: World Bank)

EXPORT PERFORMANCE:
Total export earnings for Cambodia were approximately $22.4 billion in 2022. The garment industry accounted for $15.39 billion in earnings. (Source: GDCE)

REMITTANCES:
Record-high remittances of over $1.25 billion in 2022. (Source: ADB)

POVERTY RATE:
16.6% in 2022, decreasing from 17.8% in 2019, and 36.7% in 2014 (Source: UNDP)

INFLATION RATE:
Average Annual Inflation Rate of 0.5% in May 2023. (Source: Trading Economics)

FOREIGN RESERVES:
$21.3 BILLION IN 2022
(Source: World Bank)

FINANCIAL INCLUSION:
76% have an account at a formal financial institute, up from 51% in 2017. (Source: World Bank Findex Database).

EXPORTS:
$27.3 billion in 2021. Garments, Footwear, Travel Goods, Furniture, Bicycles Rice, Cassava.

IMPORTS:
$41.6 billion in 2021. Gold, Textiles, Oil, Machinery.

HUMAN DEVELOPMENT INDEX (HDI):
In 2019, Cambodia's HDI value was recorded at 0.593 in 2021, placing it 146th out of 191 countries measured on the index. (Source: UNDP).

EASE OF DOING BUSINESS:
Cambodia improved its ranking in the World Bank's Ease of Doing Business Index, moving up to 144th out of 190 economies in 2019. It performs best in the "Getting Credit" subcategory.

TOURISM:
Pre-Pandemic, 6.61 million tourists visited in 2019, in 2022 numbers recovered to 2.28 million. 2.57 million visited in H1 2023.

Figure 8. **Cambodian Economic Statistics (Source: World Bank Economic Update May 2023)**

	2021	2022e	2023p	2024p	2025p
National accounts and prices					
GDP at constant market prices (% change)	3.0	5.2	5.5	6.1	6.3
Agriculture	1.2	0.7	1.5	1.5	1.5
Industry	9.4	8.3	4.0	8.0	9.6
Services	-2.7	2.2	10.6	7.4	5.9
Consumer price index	2.8	5.5	2.5	2.5	2.0
General government (% of GDP)					
Revenue and grants	22.0	23.2	23.5	24.0	25.0
Expenditure and net lending	29.0	27.9	29.9	29.0	29.2
Overall balance (including grants)	-7.0	-4.7	-6.4	-4.9	-4.2
Foreign financing	4.2	5.6	4.5	4.3	3.9
Net domestic financing (from current savings)	3.8	0.4	3.3	2.0	1.7
Amortization	-1.1	-1.2	-1.3	-1.4	-1.4
Money and Credit					
Broad money (% change)	20.0	8.2	7.2	9.0	15.6
Credit to the private sector (% change)	23.2	18.9	12.5	15.0	18.1
External Sector (US$m unless otherwise)					
Exports (goods and services)	18,565.9	24,494.7	29,149.5	35,679.0	45,186.1
Imports (goods and services)	28,120.6	38,761.9	42,333.4	49,528.1	57,945.5
Foreign Direct Investment, net inflows	3,483.5	3,578.8	4,380.6	4,745.7	5,167.2
Gross official reserves	20,272.3	17,784.6	15,828.3	16,145.4	18,085.3
(months of imports)	8.1	7.0	6.0	5.5	5.0
Current account (percent of GDP)	-42.6	-26.3	-19.3	-16.1	-13.2
Exchange rate (riel per US$ average)	4,100.0	4,150.0	4,110.0	4,100.0	4,090.0
Debt Stock and Service					
Total public debt (% of GDP)	35.2	33.7	35.1	35.6	35.9
Memorandum items:					
Nominal GDP, USD million	26,952.7	29,647.4	32,425.5	35,383.9	38,565.0

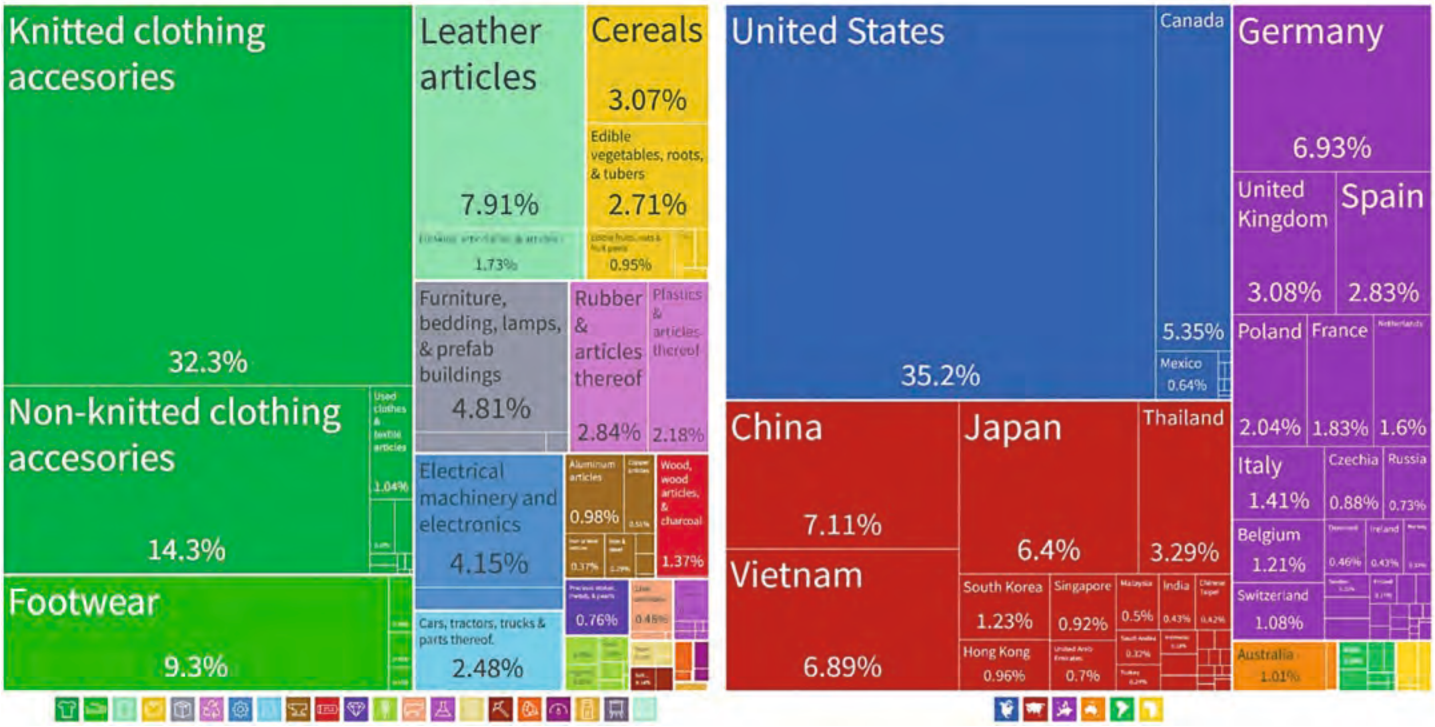
Sources: Cambodian authorities; World Bank staff estimates and projections.
Note: e = estimates; p = projections.

EXPORTS

Figure 9. **Export Value & Destinations 2021 (Source: OEC)**

Exports (2021) Total: $27.3B

Destinations (2021) Total: $27.3B

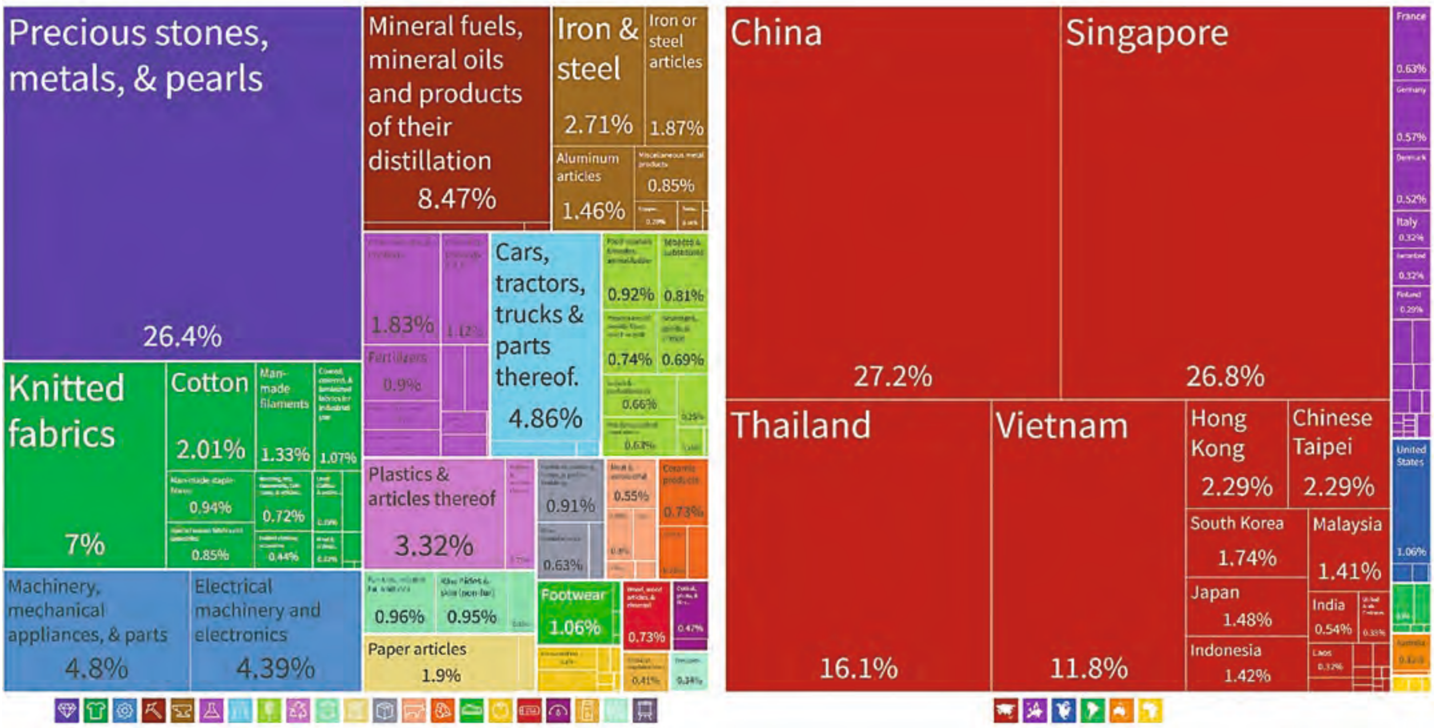


IMPORTS

Figure 10. **Import Value & Destinations 2021 (Source: OEC)**

Imports (2021) Total: $41.6B

Origins (2021) Total: $41.6B



NARRATIVE

GDP Growth and Total GDP: Cambodia's GDP growth rate has shown a steady and robust performance, averaging around 6% to 7% in recent decades. In 2022, the GDP growth rate was recorded at 5.1%. The total GDP of Cambodia was approximately $30.63 billion in 2022. The size of the informal economy was estimated to be 40.67% of GDP in 2022, potentially adding another $12.52 billion to the size of Cambodia's economy. (Source: World Economics, London)

Figure 11. **GDP Growth 2015 to 2025 (p). (Source: World Bank)**

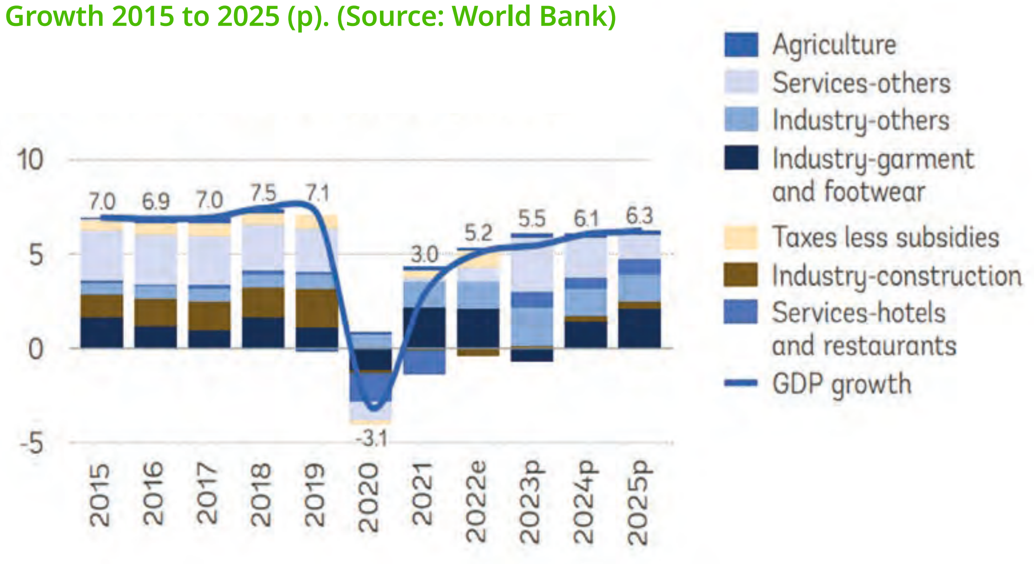
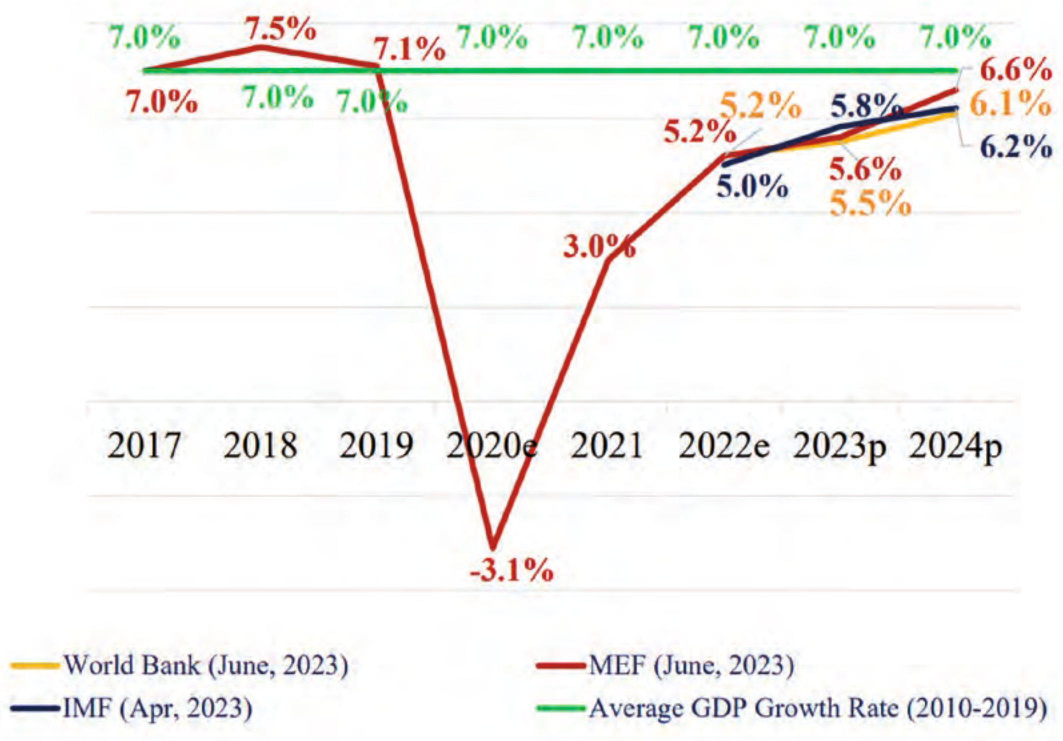


Figure 12. **Various GDP Growth Forecasts (Source: MoLVT)**



Garment Industry: The garment industry is a key pillar of Cambodia's economy, contributing 56% of its 2022 export earnings. Garment exports reached approximately $12.8 billion in 2022, and the sector employed 855,000 people, playing a crucial role in boosting the country's economy. (Source: World Bank)

Figure 13. **Contribution to GDP Growth by Sector (Source: (Source: NBC Financial Stability Review 2022).**

	2017	2018	2019	2020	2021	2022e
Agriculture	0.3	0.2	-0.1	0.1	0.2	0.1
Garment	1.0	1.7	1.2	-1.1	2.3	2.5
Construction	1.5	1.6	2.0	-0.2	-0.1	0.1
Trade, Real Estate and Finance	1.4	1.3	1.2	-0.8	-0.2	0.4
Hotel and Restaurants	0.3	0.3	0.2	-1.5	-1.3	0.3
Others	2.5	2.4	2.5	0.4	2.1	1.8
Real GDP Growth	7.0	7.5	7.1	-3.1	3.0	5.2

Note: the NBC GDP 2022 Growth figure (5.2%) differs slightly from the commonly used World Bank Economic Update figure, of 5.5%.

Agriculture: Agriculture remains a vital sector in Cambodia's economy, employing a large portion of the population and contributing around 22.7% to the country's GDP in 2022. The agricultural sector includes activities such as rice cultivation, fisheries, and other crop production. (Source: World Bank)

Remittances: Remittances from Cambodian workers abroad are a significant source of income for the country. In 2022, Cambodia received remittances totaling over $1.25 billion, supporting the nation's economy and providing essential support to families. Remittances come from Cambodian migrants living in Thailand, Japan, South Korea, Malaysia and Singapore. (Source: ADB)

Foreign Direct Investment (FDI): Cambodia has been attracting substantial foreign direct investment, contributing to its economic development. In 2021, FDI inflows were reported at $3.48 billion in 2021, and $3.57 billion in 2022 reflecting investor interest in sectors such as real estate, manufacturing, financial services and agriculture. (Source: World Bank). The 2021 New Law on Investment (LOI) was seen as a significant step in fostering the next wave of foreign investment to Cambodia, offering investment incentives in several key sectors.

Figure 14 . **Incentivized Investment Sectors Under the 2021 New Law on Investment (Source: CDC)**

No.	**Investment sectors and activities**
1	High-tech industries involving innovation or research and development
2	Innovative or highly competitive new industries or manufacturing with high added value
3	Industries supplying regional and global production chains
4	Industries supporting agriculture, tourism, manufacturing, regional and global production chains and supply chains
5	Electrical and electronic industries
6	Spare parts, assembly and installation industries
7	Mechanical and machinerey industries
8	Agriculture, agro-industry, agro-processing industry and food processing industries serving the domestic market or export
9	SMEs in priority sectors and SMEs cluster development, industrial parks, and science, technology and innovation parls
10	Tourism and tourism-related activities
11	Special economic zones
12	Digital industries
13	Education, vocational training and productivity promotion
14	Health
15	Physical infrastructure
16	Logistics
17	Environmental management and protection, and bodiversity conversation and the circular economy
18	Green energy, technology contributing to climate change adaptation and mitigation
19	Other sectors and investment activities not lsted by the LoI demed by the RGC to have potential for socio-economic development

Poverty Rate: Cambodia is successfully overcoming challenges in poverty reduction, with a poverty rate of 16.6% in 2022 (2.8 million people), decreasing from 17.8% in 2019, and 36.7% in 2014 (Source: UNDP Multidimensional Poverty Index). The government continues to prioritize poverty alleviation and sustainable development efforts, and the Kingdom is set to graduate from Least Developed Country (LDC) Status by 2027.

Inflation Rate: Inflation has been stable for Cambodia, supported by its highly dollarized economy. The average annual inflation rate was 5.34% in 2022, lower than the World Average Rate. (Source: World Bank)

Figure 15. **Inflation Data (Source: World Data)**

YEAR	CAMBODIA	Ø EU	Ø USA	Ø WORLD
2022	5.34 %	8.83 %	8.00 %	8.27 %
2021	2.92 %	2.55 %	4.70 %	3.48 %
2020	2.94 %	0.48 %	1.23 %	1.93 %
2019	1.94 %	1.63 %	1.81 %	2.21 %
2018	2.46 %	1.74 %	2.44 %	2.44 %

Stock Market: Cambodia's stock market, the Cambodia Securities Exchange (CSX), plays an increasingly significant role in the country's economy. As of 2023, the market capitalization of the CSX was approximately $3.03 billion (2,473,232 million Khmer Riel) from 11 listed companies, reflecting the growing role of capital markets in Cambodia's financial landscape. Approximately 250,793.53 USD is traded on the CSX daily. (Source: Cambodia Securities Exchange)

Figure 16. **Companies listed on the CSX (Source: CSX)**

Symbol	Companies Name	Date
MJQE	MENGLY J. QUACH EDUCATION PLC.	6/28/2023
CGSM	CAMGSM Plc.	6/27/2023
JSL	JS LAND PLC	2/10/2022
DBDE	DBD Engineering Plc.	9/6/2021
PEPC	Pestech (Cambodia) Plc.	8/12/2020
ABC	ACLEDA Bank Plc.	5/25/2020
PAS	Sihanoukville Autonomous Port	6/8/2017
PPSP	Phnom Penh SEZ Plc.	5/30/2016
PPAP	Phnom Penh Autonomous Port	12/9/2015
GTI	Grand Twins International (Cambodia) Plc.	6/16/2014
PWSA	Phnom Penh Water Supply Authority	4/18/2012

Debt-to-GDP Ratio: Cambodia's public (government) debt-to-GDP ratio is an important economic indicator. As of May 2023, the debt-to-GDP ratio stood at the relatively low level of 33.7%, suggesting Cambodia remains at low risk of external and overall debt distress. (Source: World Bank). Cambodia's external debt-to-GDP ratio stands at around 75.6 % ($22.4 billion) in 2022.

Ease of Doing Business: Cambodia improved its ranking in the World Bank's Ease of Doing Business Index, moving up to 144th out of 190 economies in 2019. It performs best in the "Getting Credit" subcategory. The government's focus on regulatory reforms (New Investment Promotion Law) and administrative efficiency (e.g., the GDCE National Single Window) has contributed to enhancing the business environment in the country. (Source: World Bank)

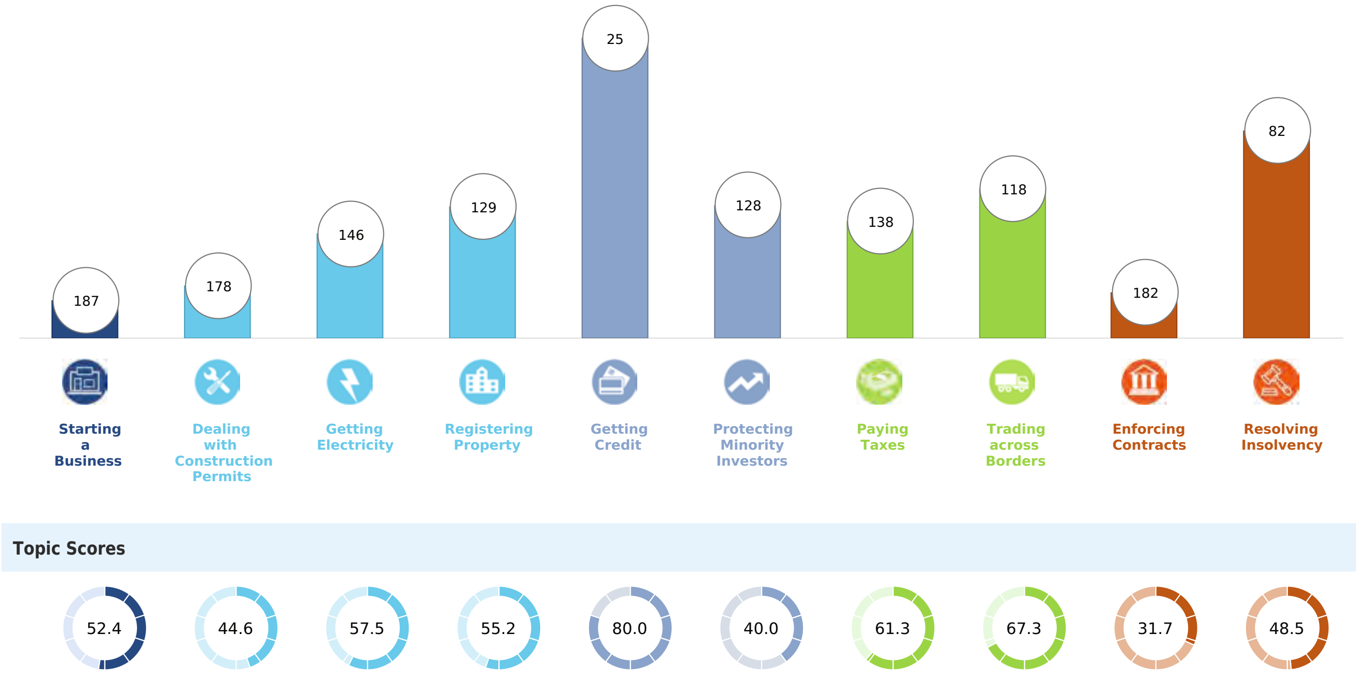
Small and Medium Enterprises (SMEs): Cambodia has a growing SME sector, which plays a significant role in employment generation and economic development. There are over 520,000 SMEs in Cambodia, with 155,000 of those being in manufacturing. SMEs account for 70% of employment, 99.8% of companies, 10% of exports, and 58% of GDP in Cambodia. (Source: MISTI, ITC).

Consumer Market: With a young population of over 16.7 million people, Cambodia's consumer market has been expanding, driven by a growing middle class and increasing disposable income. The domestic market offers significant opportunities for various sectors, such as FMCG, retail, and e-commerce. Consumer Spending is forecast to grow to $11.38 billion in 2025 (Source: Trading Economics). 78.80% of the total Cambodian population has access to the internet, 73.90% of the total population uses social media, and in in a recent survey, 57.4% of respondents had visited a mall in the last three months or more. (Source: Standard Insights).

Infrastructure Development: Cambodia has been investing in infrastructure development to improve connectivity and facilitate economic growth. Notable projects include the Korea-Cambodia Friendship Bridge, the Phnom Penh-Sihanoukville Expressway, the new Techo Takhmao

International Airport, and the planned Kampot Tourist Seaport & Deep-Sea Port. China is a large investor in Cambodia, and there are several Belt and Road Initiative (BRI) projects underway to enhance transportation networks (Phnom Penh to Bavet Expressway), energy infrastructure (Lower Sesan II Hydropower Plant), and industrial zones (Sihanoukville SEZ), promoting economic integration and regional cooperation.

Figure 17. **Ease of Doing Business Scores & Ranking Per Topic 2020 ([Source: World Bank Doing Business Report: Cambodia](#))**



Starting a Business (rank)	187
Score of starting a business (0-100)	52.4
Procedures (number)	9
Time (days)	99
Cost (number)	53.4
Paid-in min. capital (% of income per capita)	70.2

Dealing with Construction Permits (rank)	178
Score of dealing with construction permits (0-100)	44.6
Procedures (number)	20
Time (days)	652
Cost (% of warehouse value)	3.0
Building quality control index (0-15)	8.0

Getting Electricity (rank)	146
Score of getting electricity (0-100)	57.5
Procedures (number)	4
Time (days)	179
Cost (% of income per capita)	1,701.9
Reliability of supply and transparency of tariff index (0-8)	3

Registering Property (rank)	129
Score of registering property (0-100)	55.2
Procedures (number)	7
Time (days)	55
Cost (% of property value)	4.3
Quality of the land administration index (0-30)	7.5

Getting Credit (rank)	25
Score of getting credit (0-100)	80.0
Strength of legal rights index (0-12)	10
Depth of credit information index (0-8)	6
Credit registry coverage (% of adults)	0.0
Credit bureau coverage (% of adults)	52.2

Protecting Minority Investors (rank)	128
Score of protecting minority investors (0-100)	40.0
Extent of disclosure index (0-10)	6.0
Extent of director liability index (0-10)	10.0
Ease of shareholder suits index (0-10)	4.0
Extent of shareholder rights index (0-6)	0.0
Extent of ownership and control index (0-7)	0.0
Extent of corporate transparency index (0-7)	0.0

Paying Taxes (rank)	138
Score of paying taxes (0-100)	61.3
Payments (number per year)	40
Time (hours per year)	173
Total tax and contribution rate (% of profit)	23.1
Postfiling index (0-100)	26.0

Trading across Borders (rank)	118
Score of trading across borders (0-100)	67.3
Time to export	
Documentary compliance (hours)	132
Border compliance (hours)	48
Cost to export	
Documentary compliance (USD)	100
Border compliance (USD)	375
Time to export	
Documentary compliance (hours)	132
Border compliance (hours)	8
Cost to export	
Documentary compliance (USD)	120
Border compliance (USD)	240

Enforcing Contracts (rank)	182
Score of enforcing contracts (0-100)	31.7
Time (days)	483
Cost (% of claim value)	103.4
Quality of judicial processes index (0-18)	4.5

Resolving Insolvency (rank)	82
Score of resolving insolvency (0-100)	48.5
Recovery rate (cents on the dollar)	14.6
Time (years)	6.0
Cost (% of estate)	18.0
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	13.0

Agriculture in Cambodia

Rice Production: Cambodia is known for its significant rice production. In 2023, the country is projected to produce approximately 11.6 million metric tons of rice. Rice is a staple food in Cambodia and a crucial agricultural commodity for both domestic consumption and export. (Source: FAO)

Agricultural Land: Agriculture is a primary economic activity in Cambodia, occupying a substantial portion of the country's land area. As of 2020, around 32.8% of Cambodia's total land area was used for agricultural purposes. (Source: World Bank)

Employment in Agriculture: The agriculture sector is a major employer in Cambodia, providing livelihoods for a significant portion of the population. In 2022, it employed approximately 38.85% of the country's labor force – some 3.63 million people. (Source: World Bank, Trading Economics)

Export Commodities: Cambodia exports various agricultural products, including rice, rubber, cassava, pepper, mango, banana, coconut and cashew nuts. These commodities contribute to the country's export earnings and play a crucial role in boosting the economy.

Rice Exports: Cambodia is one of the major rice exporters in the world. In 2022, the country exported 617,069 tons and 3.527 million tons of milled and paddy rice, bringing in $527.6million and $631.4 million, respectively. (Source: Ministry of Agriculture, Forestry, and Fisheries).

Rice Milling Industry: The rice milling industry in Cambodia has been growing to meet the demand for high-quality rice products. As of 2022, there were approximately 117 rice milling factories in the country. (Source: Ministry of Agriculture, Forestry, and Fisheries)

Fisheries Sector: The fisheries sector is also crucial for Cambodia's economy. The country is rich in freshwater resources, and fishing plays an essential role in the livelihoods of many communities. In 2019, Cambodia's total fishery production reached approximately 969,000 metric tons (661,690 in capture Fisheries, 307,408 from aquaculture). (Source: FAO)

Rubber Production: Cambodia is among the top rubber producers in the world. In 2022, the country's rubber production reached around 346,000 metric tons. It exported the majority of this, earning $541.66 million in 2022. Rubber plantations contribute significantly to rural incomes and employment in Cambodia. (Source: FAO).

Cashew Powerhouse: Cambodia is one of the world's largest cashew producers. The kingdom exported 670,000 tons of raw cashew nuts in 2022, worth $1.07 billion. 660,000 tons were exported to Vietnam where they are further processed. The Cambodia Cashew Nut Association has ambitious aims to produce between 800,000 and one million tons of raw cashew nuts in 2023. (Source: Cashew Nut Association)

Negligible Cotton Production and Garment Sector Impact: Unlike China and Pakistan, Cambodia has very little cotton production, posing a challenge in generating raw materials for the country's vital garment sector. The lack of domestic cotton cultivation forces reliance on textile imports, potentially increasing costs and vulnerability to global market fluctuations.

Challenges and Modernization: Despite its significance, Cambodia's agriculture sector faces challenges such as low productivity, limited access to modern technologies, and vulnerability to climate change impacts. The government is working on modernization and sustainable agricultural practices to address these challenges and enhance productivity.

FOREIGN DIRECT INVESTMENT

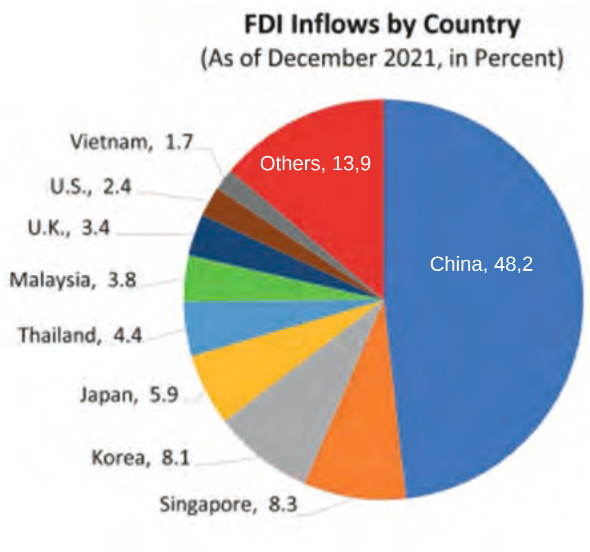
Overall Growth: Foreign Direct Investment (FDI): FDI inflows into Cambodia have been stable in the last five years, ranging between $2.8 and $3.7 billion, which is impressive given the impacts of the Covid-19 pandemic. 2022 witnessed FDI of $3.6 billion.

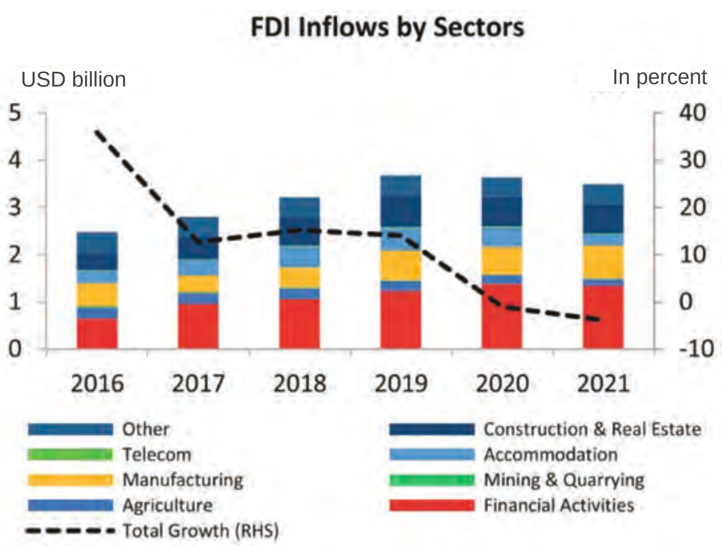
Sectors Attracting Foreign Investment: Sectors that have attracted significant foreign investment include Financial Services, Manufacturing, Accommodation & Tourism, and Real Estate. The manufacturing sector has seen consistent growth in FDI, reaching $0.8 billion in 2022. The focus is mainly on garments, travel goods, and footwear, but there's increasing investment in electronics, automotive parts, bicycles, and other manufacturing sub-sectors.

Figure 18. **FDI by Sector (Source: NBC Financial Stability Review 2022)**

	2017	2018	2019	2020	2021	2022
FDI (USD billion)	**2.8**	**3.2**	**3.7**	**3.6**	**3.5**	**3.6**
Agriculture	0.2	0.2	0.2	0.2	0.1	0.1
Mining and Quarrying	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	0.4	0.4	0.6	0.6	0.7	0.8
Financial Activities	1.0	1.1	1.2	1.4	1.3	1.1
Accommodation	0.3	0.4	0.5	0.4	0.2	0.2
Telecom	0.0	0.0	0.0	0.0	0.0	0.0
Construction & Real Estate	0.5	0.6	0.7	0.6	0.6	0.8
Other	0.4	0.4	0.4	0.4	0.4	0.5
Total Growth (percent)	**12.6**	**15.2**	**14.0**	**-1.0**	**-3.9**	**2.7**

Figure 19. **FDI by Source Country 2021 (Source: NBC Financial Stability Review 2021)**





Supportive Government: The government of Cambodia (via the Council for Development in Cambodia, the CDC) has taken various measures to attract foreign investment, including the establishment of special economic zones, offering tax incentives, improving ease of doing business, and enhancing investor protection. In 2021, Cambodia promulgated the new Law on Investment, modernizing the regulations and incentives for investing in the Kingdom.

Countries Investing in Cambodia:

Figure 20. **Foreign Companies Operating in Cambodia (Source: Various)**

Area	Investment Sectors	Organizations Operating in Cambodia	Relevant Agreements
China	Infrastructure, energy, retail, construction, and hydropower projects.	China Road and Bridge Corporation (CRBC), China National Offshore Oil Corporation (CNOOC), China Huadian Corporation, China Duty Free Group, Shanghai Construction Group, Sinohydro Corporation, China National Machinery Import & Export Corporation, China Gezhouba Group, China Railway Group Limited	China-Cambodia Free Trade Agreement (2022), RCEP
South Korea	Automobile, agriculture, financial sector, electronics, automotive, retail, and hospitality.	Hyundai Corporation, POSCO International, Yuanta Securities, Samsung Electronics, Kia Motors, Lotte Group, SK Group, LG Electronics, Shinhan Bank, Hanjin Group	Cambodia-South Korea Free Trade Agreement (2022), RCEP
Japan	Automotive, electronic components, retail, diverse investments, motorcycle manufacturing, telecommunications.	Toyota Tsusho Corporation, MinebeaMitsumi Inc., Aeon Mall Co., Ltd., Sumitomo Corporation, Yamaha Corporation, KDDI Corporation, Marubeni Corporation, Mitsubishi Corporation, Hitachi Ltd., Canon Inc.	Japan-Cambodia Investment Agreement (2008), CJFTA Proposed (2023), RCEP
EU	Garment, oil and gas, consumer goods, apparel, footwear, beverage, food products.	H&M, Total, Unilever, Adidas, Heineken, Danone, Nestlé, Shell, Siemens, L'Oréal, Bosch, Pernod Ricard, Schneider Electric, Maersk, Vinci, BRED, DHL	Everything But Arms (EBA) Scheme
USA	Automotive, energy, healthcare, beverage, food and beverage, insurance, oil and gas.	Ford Motor Company (Via RMA), CBRE, General Electric, Coca-Cola, PepsiCo (via Cambrew), Chevron, McDonald's, Johnson & Johnson, Procter & Gamble, 3M, Facebook	Generalized System of Preferences (GSP)
Thailand	Various sectors, agriculture, various industries, aviation, banking.	Charoen Pokphand Group (CP Group), Betagro, Thai Subcontracting Promotion Association (Thai Subcon), Thai Airways, Bangkok Bank, Thai Beverage, PTT Public Company Limited, Siam Cement Group, Kasikornbank, Central Group	RCEP, ATIGA
Vietnam	Telecommunications, banking, rubber plantations, aviation.	Viettel Group, Bank for Investment and Development of Vietnam (BIDV), Vietnam Rubber Group, Vietnam Airlines, Sacombank, Vinamilk, Vingroup, Vietcombank, FPT Corporation, Hoa Phat Group	RCEP, ATIGA
Malaysia	Banking, retail, entertainment, gaming, oil and gas.	Maybank, Parkson Retail, NagaCorp Ltd., CIMB Group, Petronas, Sime Darby, Genting Group, AirAsia, RHB Bank	RCEP, ATIGA
Singapore	Banking, real estate, hospitality, logistics, and technology.	DBS Bank, United Overseas Bank (UOB), City Developments Limited, Ascott Residence Trust, PSA International, Grab, Singtel, OUL Group, Keppel Corporation.	Singapore-Cambodia Bilateral Investment Treaty (1996), RCEP, ATIGA

Note: Some examples are operating via third party distributors; the list is indicative, not exhaustive.

BILATERAL INVESTMENT TREATIES

Since 1994, Cambodia has actively sought to foster international economic relationships by signing twenty-seven bilateral investment treaties (BITs) with twenty-seven different countries.

These treaties, including agreements with nations such as Turkey, the United Arab Emirates, and Hungary, are designed to promote and protect investments between Cambodia and the respective treaty countries.

Figure 21. **Bilateral Investment Treaties (Source: Investment Policy Hub)**

No.	Bilateral Investment Treaties (BITs)	Date of Signature
1	Cambodia - Turkey BIT (2018)	10/21/2018
2	United Arab Emirates BIT (2017)	7/27/2017
3	Hungary BIT (2016)	1/14/2016
4	Russian Federation BIT (2015)	3/3/2015
5	Bangladesh BIT (2014)	6/17/2014
6	Belarus - Cambodia BIT (2014)	4/23/2014
7	Cambodia - Lao People's Democratic Republic BIT (2008)	11/24/2008
8	Cambodia - Kuwait BIT (2008)	8/4/2008
9	Cambodia - Czech Republic BIT (2008)	5/12/2008
10	Cambodia - Korea, Dem. People's Rep. of BIT (2007)	11/1/2007
11	Cambodia - Japan BIT (2004)	6/14/2007
12	Austria - Cambodia BIT (2003)	12/17/2004
13	Cambodia - Pakistan BIT (2004)	4/27/2004
14	Cambodia - Netherlands BIT (2003)	6/23/2003
15	Cambodia - Cuba BIT (2001)	9/26/2001
16	Cambodia - Viet Nam BIT (2001)	9/1/2001
17	Cambodia - Croatia BIT (2001)	5/18/2001
18	Cambodia - Philippines BIT (2000)	8/16/2000
19	Cambodia - France BIT (2000)	7/13/2000
20	Cambodia - Indonesia BIT (1999)	3/16/1999
21	Cambodia - Germany BIT (1999)	2/15/1999
22	Cambodia - Korea, Republic of BIT (1997)	2/10/1997
23	Cambodia - Singapore BIT (1996)	11/4/1996
24	Cambodia - Switzerland BIT (1996)	10/12/1996
25	Cambodia - China BIT (1996)	7/19/1996
26	Cambodia - Thailand BIT (1995)	3/29/1995
27	Cambodia - Malaysia BIT (1994)	8/17/1994

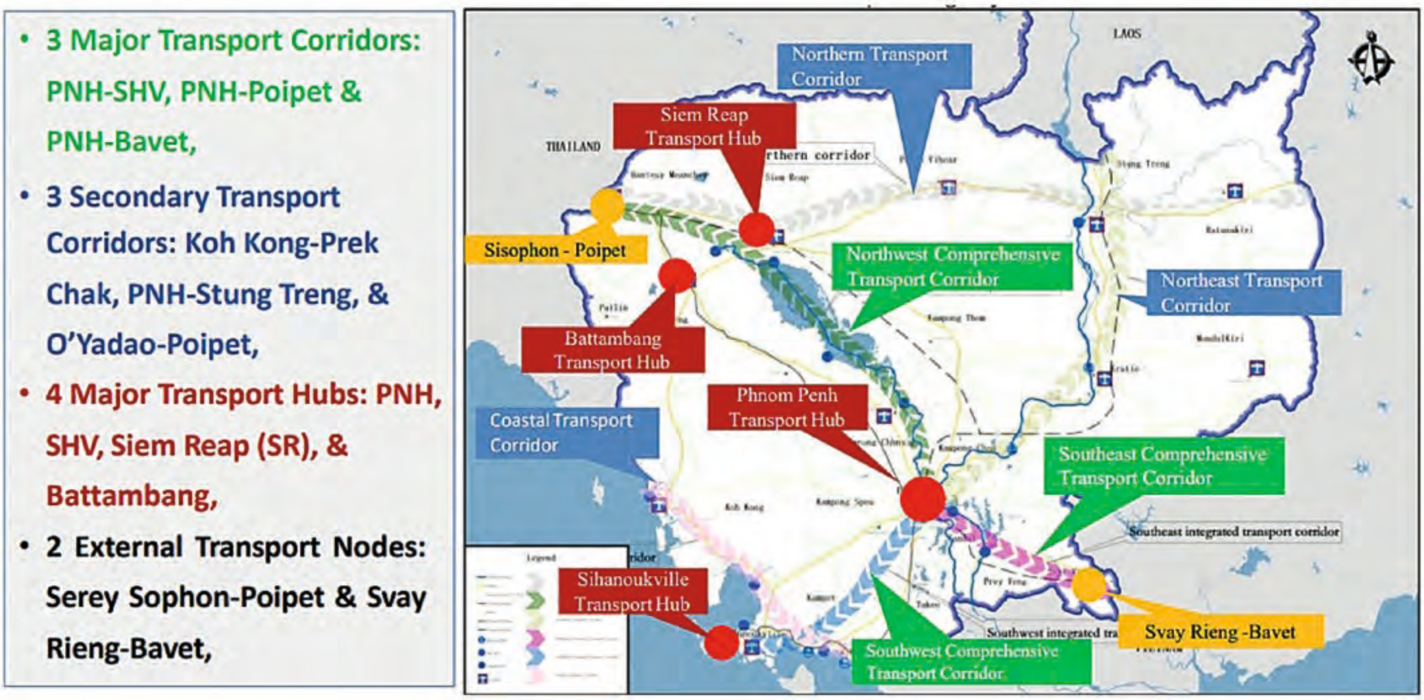
INFRASTRUCTURE DEVELOPMENT

Cambodia has committed to ambitious infrastructure development plans, aiming to enhance connectivity, support economic growth, and improve the quality of life for its citizens. The Comprehensive Intermodal Comprehensive Master Plan 2022-2030 (CIT-MP), currently being finalized by the Ministry of Public Works and Transport, details 150 projects with investment value of $30.1 billion.

Figure 22. **Projects Under the CIT-MP (Source: Ministry of Public Works and Transport)**

NO	PROJECT TYPE	ESTIMATE ($ MILLION)	NUMBER OF PROJECT	SHORT TERM (2020-2024)		LONG TERM (2025-2030)	
				# PROJECT	ESTIMATE ($ MILLION)	# PROJECT	ESTIMATE ($ MILLION)
1	ROAD PROJECT	17,448	80	37	8,628	43	8,820
1.1	EXPRESSWAY	9,100	4	3	4,600	1	4,500
1.2	NR, PR & OTHER ROADS	8,348	76	34	4,028	42	4,320
2	RAILWAY	1,425	3	0	0	3	1,425
3	INLAND WATERWAY	1,551	22	11	731	13	820
4	MARITIME	5,460	20	14	2,540	9	2,920
5	AIR TRANSPORT	3,298	10	10	3,298	0	0
6	LOGISTICS	958	15	9	630	8	328
	TOTAL	**30,139**	**150**	**81**	**15,827**	**76**	**14,313**

Figure 23. **The 3-3-4-2 Comprehensive Transport Network (Source: Ministry of Public Works and Transport)**



10 KEY INFRASTRUCTURE PROJECTS

1. Phnom Penh-Sihanoukville Expressway: A 190-kilometer expressway with an estimated investment of around $2 billion. Completed in 2023, it significantly reduced travel time between the two cities from around 6 hours to 2.5 hours. The project is a partnership between China Road and Bridge Corporation (CRBC) and Cambodia's Ministry of Public Works and Transport. (Source: Khmer Times)

2. Siem Reap International Airport Expansion: An expansion worth approximately $900 million to accommodate the growing influx of tourists visiting the Angkor archaeological sites. The expansion aims to increase the airport's annual passenger handling capacity to over 10 million by 2030. (Source: Realestate.com.kh, The Phnom Penh Post)

3. Lower Sesan 2 Dam: A hydroelectric dam in Stung Treng Province with a capacity of 400 MW and an investment of $816 million. Operational since 2018, the dam is a joint venture between China's Hydrolancang International Energy, Cambodia's Royal Group, and Vietnam's EVN International. (Source: The Phnom Penh Post)

4. Phnom Penh Logistics Complex: A planned logistics center near Phnom Penh, with an estimated cost of $200 million, aiming to enhance Cambodia's logistics efficiency. The project is supported by the Asian Development Bank (ADB) and is being built by Singaporean YCH Group. (Source: ADB, Khmer Times)

5. Phnom Penh-Bavet Expressway: A planned 135-kilometer expressway connecting Phnom Penh to Bavet on the Vietnam border, expected to cost around $1.35 billion. (Source: Khmer Times)

6. The Bakheng Water Supply Project: A major project defined in PPWSA's 2016-2030 Third Master Plan. The project was financed by loans from the Agence Française de Développement (AFD) totaling 177.3 million euros, a $100 million loan from the European Investment Bank (EIB), a 13 million euros grant from the European Union (EU) through the Asia Investment Facility, and an $80 million direct investment by the Phnom Penh Water Supply Authority (PPWSA). The project aims to ensure clean and reliable water supply for the growing urban population. (Source: AFD)

7. Koh Kong Urban & Tourism Investments: Chinese Developer Tianjin Union Development Group (UDG) is behind a $3.8 billion investment project to develop tourism in Koh Kong province, including an airport, hotels, casinos, golf courses, and other entertainment facilities. (Source: The Phnom Penh Post). The CDC has also approved several smaller projects to develop islands in the province. (Source: Khmer Times)

8. National Road 5 Improvement Project: A $500 million project, supported by JICA to upgrade and expand the 334km National Road 5 from two to four lanes. National Road 5 is part of the wider ASEAN Highway 1, that connects China to Myanmar and Thailand to Cambodia. (Source: The Phnom Penh Post)

9. Phnom Penh Autonomous Port Expansion: The Phnom Penh Autonomous Port (PPAP) has been focusing on various expansion projects to enhance its capabilities. A new container terminal was launched, upgrading its full capacity in handling containers to 400,000 TEUs, as part of its efforts to increase cargo handling capacity and improve facilities (Source: Khmer Times). There are plans to expand the port to a capacity of 900,000 TEUs per year by 2030. Additionally, PPAP has plans to develop seven river-based ports to boost agricultural and tourism transportation (Source: Khmer Times).

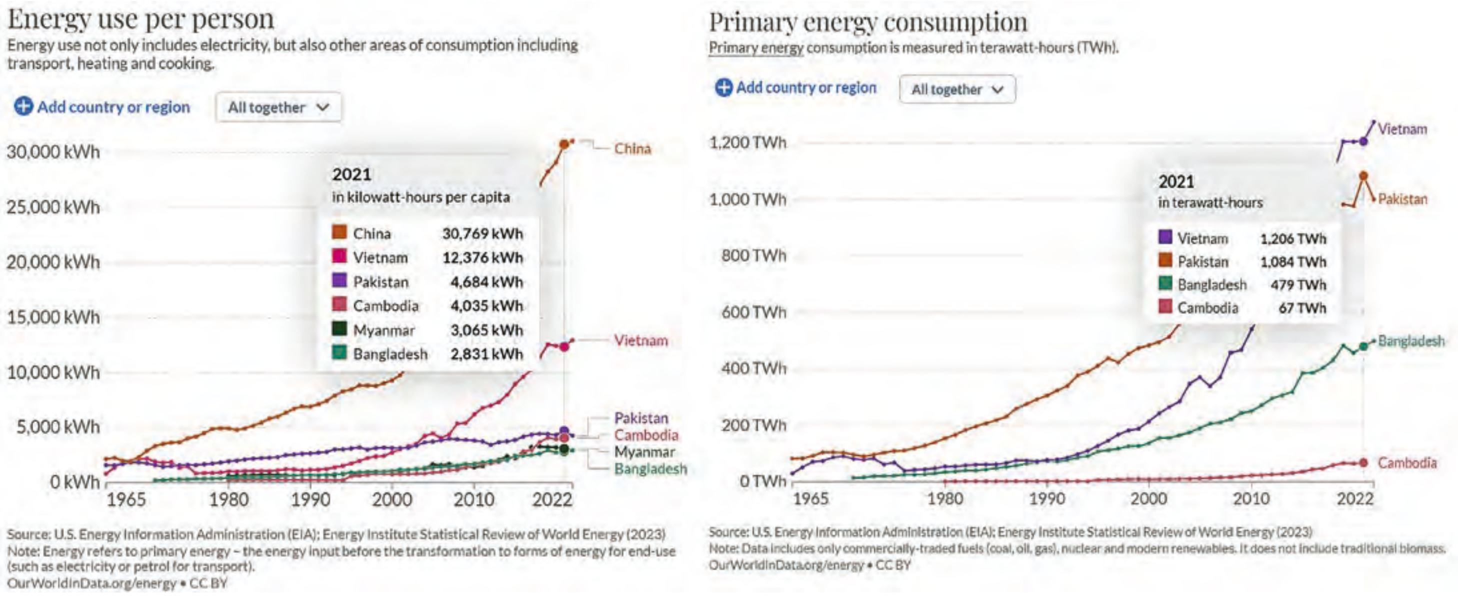
10. Phnom Penh Mega Transport System: The Cambodian government is working on a "mega transport system" in Phnom Penh, which includes assessing the development of either a sky train, monorail, or subway. One front runner is the proposed Phnom Penh Skytrain: an 18km urban monorail system with an estimated investment of $1.6 billion. The studies for the ambitious "Mega Transport System" are being finalized, and it represents a significant step towards modernizing the city's transportation infrastructure. (Source: Khmer Times, Future Southeast Asia)

ENERGY MIX

ENERGY CONSUMPTION

Energy consumption in Cambodia has been on the rise, reflecting the country's economic growth and urbanization. As of 2022, 86.4% of the population has access to electricity, and the country consumes around 67 TWh of electricity per year (2021). For comparison, Pakistan consumes a total of 1000.55 TWh per year and Bangladesh 499 TWh. Per capita, the average consumption per Cambodian resident is 4,035 kWh per year.

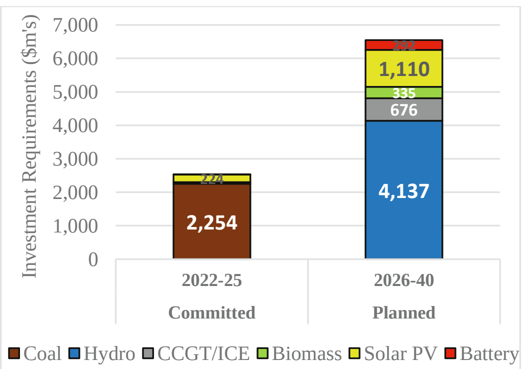
Figure 24. **Energy Consumption (Source: Our World in Data)**



ELECTRICITY PRODUCTION

Cambodia's electricity production has been expanding and diversifying to reduce reliance on imported energy. As of 2022, the country's installed capacity reached approximately 4,495 MW, including imported energy.
The 2022 energy mix consists of hydropower (43%), coal-fired plants (22%), fuel oil plants (20%), and renewable sources such as solar (14%) and biomass (1%). Cambodia still depends on imports for ~26% of its power generation, but the Power Development Plan for 2022-2040 is steering the country towards renewable energy options. The ambitious plan, which is estimated to require over $9 billion of investment, aims for solar and wind energy to comprise 20% of the energy mix by 2030.

Figure 25. **Investment Required (Source: Cambodia Power Development Masterplan 2022-2040)**



($million USD)	Committed 2022-25	Planned 2026-40	Total 2022-40
Coal	2,254	0	2,254
Hydro	0	4,137	4,137
CCGT/ICE	0	676	676
Biomass	50	335	385
Solar PV	224	1,110	1,333
Battery	12	292	304
Total	**2,539**	**6,550**	**9,089**

Figure 26. **Installed & Projected Capacity to 2040 (Source: Cambodia Power Development Masterplan 2022-2040)**

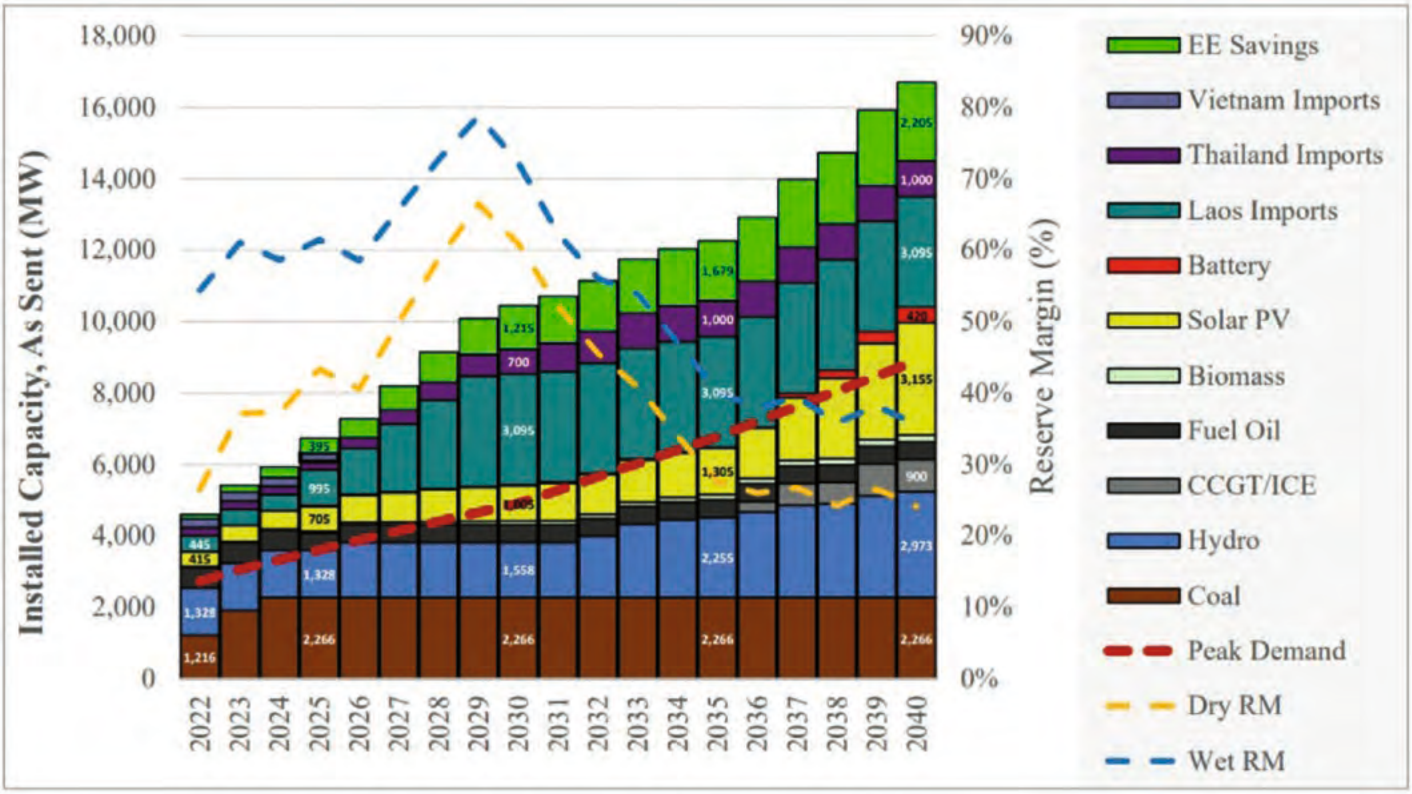


Figure 27. **Figure 27 Installed Capacity by Type (Source: Electricity Authority of Cambodia)**

Power Sources	2020				2021				Plan for 2022			
	Installed Capacity		Energy		Installed Capacity		Energy		Installed Capacity		Energy	
	MW	%	GWh	%	MW	%	GWh	%	MW	%	GWh	%
1. Domestic Generation												
- Non-renewable Energy	**1,334.06**	**44.60%**	**4,365.78**	**50.88%**	**1,293.95**	**42.66%**	**4,519.11**	**48.83%**	**1,316.95**	**42.26%**	**4,911.43**	**50.95%**
+ Coal	675.00	22.57%	3,918.87	45.67%	675.00	22.26%	3,813.07	41.20%	675.00	21.66%	3,840.87	39.84%
+ Fuel Oil	659.06	22.03%	446.91	5.21%	618.95	20.41%	706.05	7.63%	641.95	20.60%	1,070.56	11.10%
- Renewable Energy	**1,657.07**	**55.40%**	**4,215.33**	**49.12%**	**1,739.07**	**57.34%**	**4,736.62**	**51.17%**	**1,799.07**	**57.74%**	**4,729.06**	**49.05%**
+ Hydro power	1,329.70	44.45%	3,860.03	44.98%	1,331.70	43.91%	4,088.60	44.17%	1,331.70	42.74%	4,014.94	41.65%
+ Solar Power	296.80	9.92%	289.76	3.38%	376.80	12.42%	589.04	6.36%	436.80	14.02%	652.29	6.77%
+ Biomass Power	30.57	1.02%	65.54	0.76%	30.57	1.01%	58.98	0.64%	30.57	0.98%	61.83	0.64%
Total Domestic Generation	**2,991.13**	**100%**	**8,581.11**	**100%**	**3,033.02**	**100%**	**9,255.73**	**100%**	**3,116.02**	**100%**	**9,640.49**	**100%**
2. Import Power Sources												
- Thailand	277.30	28.27%	809.78	21.20%	277.30	28.27%	305.68	9.14%	277.30	24.52%	470.63	10.47%
- Vietnam	332.45	33.90%	1,247.02	32.65%	332.45	33.90%	1,135.72	33.95%	332.45	29.40%	1,216.63	27.08%
- Laos	371.00	37.83%	1,762.85	46.15%	371.00	37.83%	1,903.96	56.91%	521.00	46.08%	2,805.67	62.45%
Total Import Power Sources	**980.75**	**100%**	**3,819.65**	**100%**	**980.75**	**100%**	**3,345.37**	**100%**	**1,130.75**	**100%**	**4,492.93**	**100%**
3. Power Sources												
- Total Domestic Generation	2,991.13	75.31%	8,581.11	69.20%	3,033.02	75.57%	9,255.73	73.45%	3,116.02	73.37%	9,640.49	68.21%
- Total Import Power Sources	980.75	24.69%	3,819.65	30.80%	980.75	24.43%	3,345.37	26.55%	1,130.75	26.63%	4,492.93	31.79%
Total Power Sources	**3,971.88**	**100%**	**12,400.76**	**100%**	**4,013.77**	**100%**	**12,601.10**	**100%**	**4,246.77**	**100%**	**14,133.42**	**100%**

Figure 28. **Development Plan for National Grid 2025 (Source: Electricity Authority of Cambodia)**

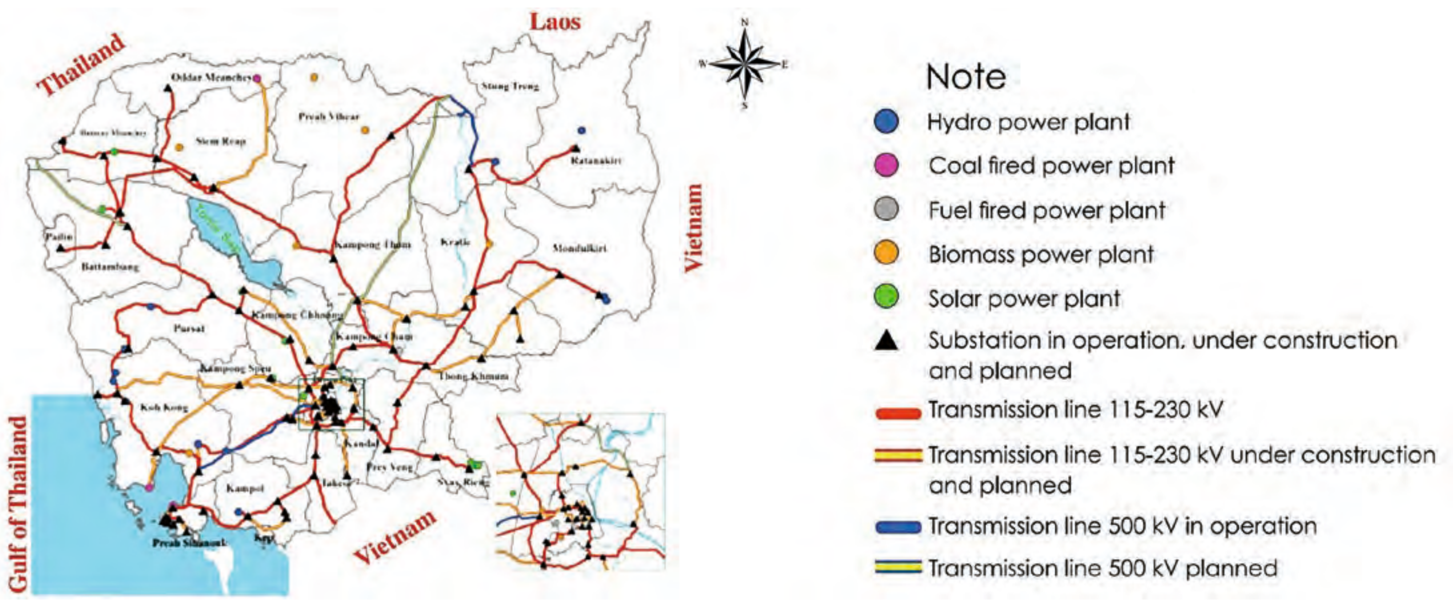


Figure 29. **Detailed List of Cambodian Energy Projects 2022-2030 (Source: Cambodia Power Development Masterplan 2022-2040)**

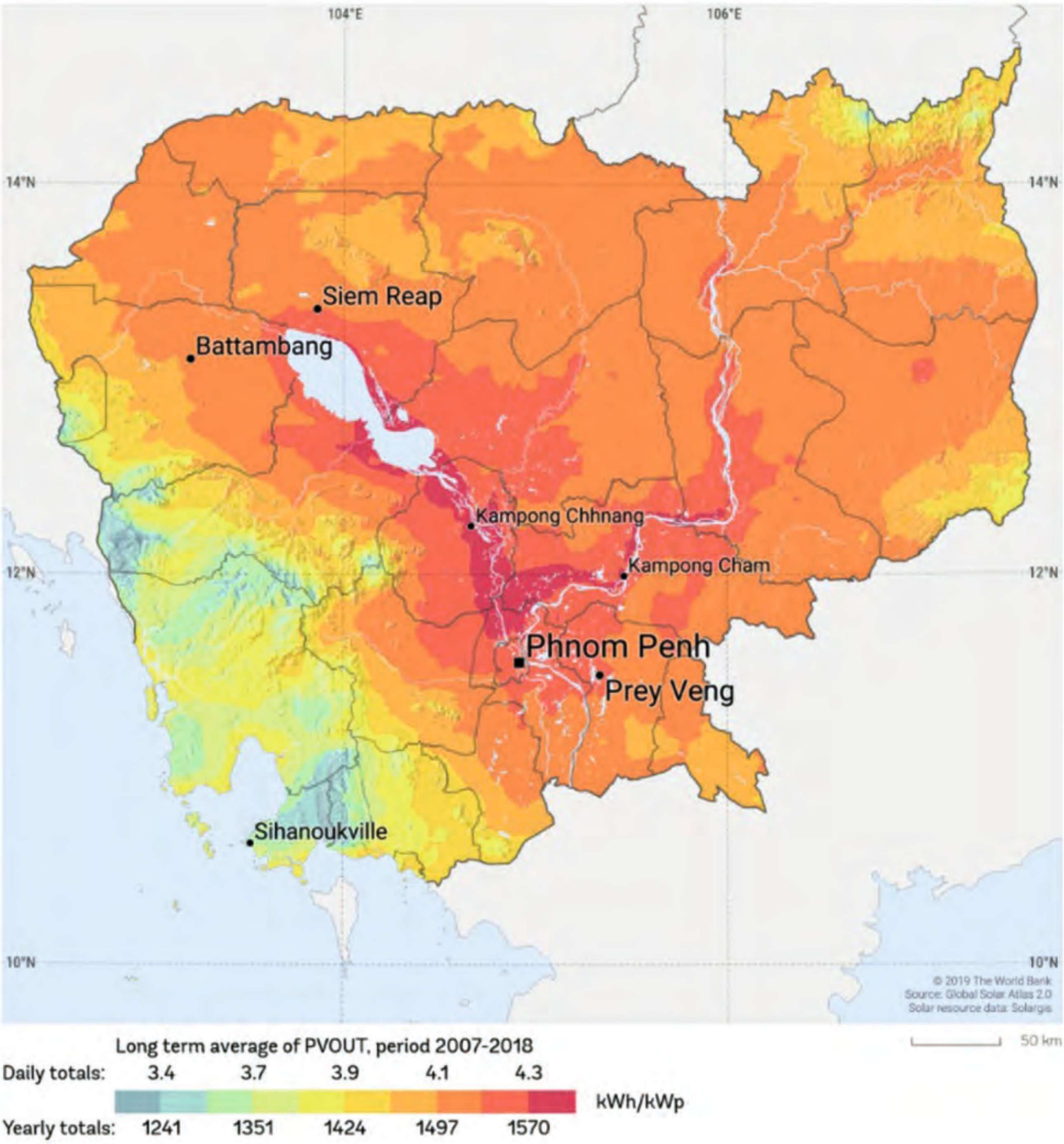
Year Online	Project Name	Technology	Capacity (MW)	Province
2022	Han Seng Phase 1 & 2	Coal	130	Oddar Meanchey
2022	Han Seng Phase 3	Coal	130	Oddar Meanchey
2022	CIIDG 2 – Phase 1	Coal	350	Sihanoukville
2022	KCN Solar-Phase-1	Solar PV	60	Kampong Chhnang
2023	CIIDG 2 – Phase 2	Coal	350	Sihanoukville
2023	Royal Group Coal – Phase 1	Coal	350	Koh Kong
2023	KCN_Solar-Phase-2	Solar PV	40	Kampong Chhnang
2024	Royal Group Coal – Phase 2	Coal	350	Koh Kong
2024	Generic Solar -1 KCN	Solar PV	60	Kampong Chhnang
2025	Import Laos PPA (500 MW)	Laos Imports	250	Stung Treng
2025	Import Laos PPA (600 MW) – Phase 1	Laos Imports	300	Stung Treng
2025	KPS Solar	Solar PV	100	Kampong Speu
2025	Generic Solar -1 PST	Solar PV	90	Pursat
2025	Battery Energy Storage Plant (BESS)	BESS	20	To be determined
2025	Biomass Plant	Biomass	22	Phnom Penh
2026	Stung Pursat 1	Hydro	80	Pursat
2026	Upper Tatay	Hydro	150	Koh Kong
2026	Import Laos PPA (600 MW) – Phase 2	Laos Imports	300	Stung Treng
2026	Import Thailand 500 kV – Phase 1	Thailand Imports	300	Banteay Meanchey
2026	Generic Solar -2 PST	Solar PV	60	Pursat
2026	Biomass Plant	Biomass	10	Phnom Penh
2027	Import Laos PPA (1800 MW) – Phase 1	Laos Imports	300	Stung Treng
2027	Import Laos PPA (1800 MW) – Phase 2	Laos Imports	300	Stung Treng
2027	Import Thailand 500 kV – Phase 2	Thailand Imports	100	Banteay Meanchey
2027	Generic Solar -1 SVR	Solar PV	30	Svay Rieng
2027	Generic Solar -1 PV	Solar PV	40	Prey Veng
2027	Biomass Plant	Biomass	10	Phnom Penh
2028	Import Laos PPA (1800 MW) – Phase 3	Laos Imports	300	Stung Treng
2028	Import Laos PPA (1800 MW) – Phase 4	Laos Imports	300	Stung Treng
2028	Import Thailand 500 kV – Phase 3	Thailand Imports	100	Banteay Meanchey
2028	Generic Solar – 2 SVR	Solar PV	30	Svay Rieng
2028	Generic Solar -2 PV	Solar PV	40	Prey Veng
2028	Biomass Plant	Biomass	10	Phnom Penh
2029	Import Laos PPA (1800 MW) – Phase 5	Laos Imports	300	Stung Treng
2029	Import Laos PPA (1800 MW) – Phase 6	Laos Imports	300	Stung Treng
2029	Import Thailand 500 kV – Phase 4	Thailand Imports	100	Banteay Meanchey
2029	Generic Solar – 2 KCN	Solar PV	50	Kampong Chhnang
2029	Biomass Plant	Biomass	10	Phnom Penh
2030	Import Thailand 500 kV – Phase 5	Thailand Imports	100	Banteay Meanchey
2030	Generic Solar – 3 KCN	Solar PV	50	Kampong Chhnang
2030	Biomass Plant	Biomass	10	Phnom Penh

ENERGY SOURCES

Hydropower Dominance: Cambodia's energy mix is heavily reliant on hydropower, accounting for 43% of the country's installed capacity as of 2022. Major hydropower projects like the Lower Sesan II Dam (400 MW) and Kamchay Dam (194 MW) are vital contributors to the nation's energy supply. However, the dependency on hydropower poses challenges during the dry season when water levels are low.

Emerging Role of Solar Energy: Solar power has a vast untapped technical potential at 65 gigawatt-hours (GWh) per year, giving Cambodia some of the richest solar resources in Southeast Asia. Solar is gaining traction in Cambodia, contributing 14% to the country's energy mix. The government aims to achieve 20% solar and wind energy by 2030. Notable solar projects include the 60 MW Kampong Chhnang Solar Power Plant and the 10 MW Bavet Solar Power Plant, reflecting the country's commitment to renewable energy.

Figure 30. **Cambodia Solar PV Potential (Source: World Bank)**



Coal and Fuel Oil Contribution: Coal-fired and fuel oil plants play a significant role in Cambodia's energy landscape, contributing 22% and 20% respectively to the installed capacity. Although there are concerns about the approval of new coal power plants, the 700 MW Sihanoukville Coal Power Plant and the 100 MW Lvea Aem Fuel Oil Power Plant are examples of the country's efforts to ensure energy stability, particularly during periods when hydropower generation is reduced.

Imported Electricity Dependency: Cambodia relies on imports for 26% of its power generation, mainly from neighboring countries like Thailand and Vietnam.

High Electricity Cost: Cambodia's reliance on imported electricity has led to relatively high electricity costs, with average tariffs ranging from \$0.129 to \$0.148 per kWh as of 2022. These costs have affected energy-intensive industries such as tourism (hotels), electronics manufacturing, garment manufacturing, and other industrial sectors. For example, the garment industry faces challenges in competing with neighboring countries where energy costs are much lower.

Energy Efficiency Focus: Cambodia's multi-prong strategy to energy sustainability is evident in the launch of the National Energy Efficiency Policy (NEEP) 2022-2030 on April 30, 2023. The NEEP serves as a strategic framework to transform the country's energy landscape. It sets an ambitious target to reduce total energy consumption by at least 19% by 2030, down from 89,837 GWh (the projected Business as Usual Figure) to 72,470 GWh.

A Chance for Wind: Cambodia has a national potential for wind of up to 3,665 GWh per year, but project development has been slow. Plans for projects such as the 80 MW wind farm project in Kampot by The Blue Circle and the 100 MW Mondulkiri Wind Farm, indicate the government's interest in exploring wind as part of the broader strategy to diversify the energy mix.

RENEWABLE ENERGY PROJECTS

Cambodia's renewable energy sector is experiencing a significant transformation, with a growing focus on solar, biomass, and hydropower projects. As of 2022, the country's installed capacity for renewable energy reached 1,799 MW. Of this 1,799 MW, hydropower accounts for 1,331 MW, Solar 437 MW, and Biomass 30.6 MW.
The government's Power Development Plan 2022-2040 emphasizes an increase in renewable energy capacity. By 2040, Cambodia aims to increase its Hydro capacity to 2,973 MW. Solar PV capacity to 3,155 MW, Battery Energy Storage System (BESS) Capacity to 420 MW, and Biomass to 198 MW. Cambodia also emphasizes energy conservation, with plans to save the equivalent of 1,215 MW of capacity through energy efficiency measures by 2030, and 2,205 MW by 2040, demonstrating a strong commitment to sustainable energy practices.
In addition to recently completed larger hydropower projects such as the Lower Sesan II Dam in Stung Treng (2018, 400MW), and the Kamchay hydroelectric dam (2016, 194MW), the commitment to renewables is further evident in five projects (520 MW) approved by the Cambodian Council of Ministers in April 2023. (Source: Khmer Times)

- **Stung Russey Chrum Kandal Hydropower Project (70 MW) and Stung Veal Thmar Kambot Hydropower Project (100 MW):** Located in Mondul Seima district and Thmar Baing district, Koh Kong province, these two hydropower projects will have a combined capacity of 170 MW.

- **Pursat Solar Power Project (150 MW):** This solar power station development project in Pursat is part of Cambodia's strategy to tap into the province's abundant solar energy resources.

- **Cambodian National Solar Park (100 MW):** Located in Kampong Chhnang province, a new 60 MW solar power project was approved as part of the wider 100 MW Cambodian National Solar Park Project, a \$127m collaboration between the ADB and Electricite Du Cambodge (EDC)

- **Svay Rieng Solar Power Project (60 MW)**

- **Prey Veng Solar Power Project (80 MW)**

Figure 31. **Power Development Plan Targets 2030 and 2040 (Source: Cambodia Power Development Masterplan 2022-2040)**

Installed Capacity	2030 (MW)	2030 (%)	2040 (MW)	2040 (%)
Coal	2,266	40.4%	2,266	21.4%
Hydro	1,558	27.7%	2,973	28.0%
Fuel Oil	490	8.7%	490	4.6%
Natural Gas	-	-	900	8.5%
Solar PV	1,005	17.9%	3,155	29.8%
BESS	200	3.6%	420	5.8%
Biomass	98	1.7%	198	1.9%
	5,617	**100%**	**10,402**	**100%**

Saved or Imported	2030 (MW)	2030 (%)	2040 (MW)	2040 (%)
Imports from Laos	3,095	-	3,095	-
Imports from Thailand	700	-	1,000	-
Capacity Saved (Energy Efficiency)	-1,215	-	-2,205	-
	2,580		**1,890**	

Total MW	8,197	100%	12,292	100%

TOP GENERAL TRENDS FOR CAMBODIA IN 2023:

Economic Recovery Post-Pandemic: Cambodia's economy is witnessing a steady recovery following the global COVID-19 pandemic. The government's proactive measures, including vaccination drives and economic stimulus packages, have contributed to the resurgence of key sectors like tourism, manufacturing, and agriculture. Inflation is easing and the, the GDP growth rate is expected to reach around 5.5% in 2023, signaling a positive economic outlook.

Digital Transformation: The digital transformation trend is accelerating in Cambodia, driven by a young population, increased internet penetration and the adoption of new technologies. E-commerce, online banking, and digital payment platforms are gaining traction, particularly among the younger population. The government's push for digital governance and the establishment of a national e-payment gateway are further promoting digital inclusivity and economic growth.

Renewable Energy Developments: Cambodia's energy landscape is shifting towards renewable sources, with significant investments in solar and hydropower projects. The government's Power Development Plan 2022-2040 emphasizes a shift towards renewable energy, aiming to achieve 20% solar and wind energy by 2030. Cambodia is currently in a balancing act between developing renewable sources and focusing on energy self-sufficiency with several new coal power plants due to come online.

Tourism Revival: With travel restrictions easing, Cambodia's tourism sector is experiencing a revival. The government's initiatives to promote domestic tourism and the reopening of international borders are attracting tourists back to iconic destinations like Angkor Wat. New tourism development projects, such as the Koh Kong International Resort Complex, are expect-

Figure 32. **Tourism Arrivals in Cambodia (Source: National Bank of Cambodia)**

(Million Tourists, 2017–2022)

	2017	2018	2019	2020	2021	2022
Holiday	5.0	5.3	5.0	1.0	0.1	1.8
Business and Professional	0.4	0.7	1.4	0.3	0.1	0.4
Others	0.2	0.2	0.2	0.1	0.0	0.1
Total International Tourist Arrivals	5.6	6.2	6.6	1.3	0.2	2.3
Growth of International Tourists Arrival (percent, Y-o-Y)	11.8	10.7	6.6	-80.2	-85.0	1,058.6

ed to boost the industry further. The Ministry of Tourism has stated a target of 4.5 million tourists in 2023. Pre-Pandemic, the figure was 6.61 million in 2019, and 2.28 million in in 2022.

Infrastructure Development: Infrastructure development continues to be a priority for Cambodia, with major projects like the Phnom Penh-Sihanoukville Expressway and the Phnom Penh-Siem Reap Expressway underway. These projects aim to enhance connectivity, reduce travel time, and support economic development in various regions of the country.

Garment Industry Challenges: The garment industry, a vital part of Cambodia's economy, faces challenges in 2023 due to global supply chain disruptions and competition from other garment producing countries. High energy costs and shifting trade dynamics (such as near shoring, and friend shoring) are impacting the competitiveness of the sector. Efforts are being made to diversify products and markets to sustain growth.

Environmental Concerns: Environmental sustainability is becoming a focal point in Cambodia, with growing concerns about deforestation, climate change, and pollution. For example, Cambodia lost 2,000 square kilometers of tree cover between 2001 and 2020. The government is implementing policies and regulations to protect natural resources and promote sustainable practices in industries like mining and agriculture.

Education and Skill Development: Cambodia is focusing on education and skill development to meet the demands of a rapidly changing economy. Investments in vocational training, technology education, and partnerships with international institutions are aimed at enhancing the workforce's skills and supporting industries like technology, healthcare, and manufacturing.

Regional Integration and Trade Agreements: Cambodia's participation in regional trade agreements like the Regional Comprehensive Economic Partnership (RCEP), the ASEAN Trade in Goods Agreement (ATIGA), the China-Cambodia FTA (CCFTA), the Cambodia-Korea FTA (CKFTA) is fostering economic integration and expanding trade opportunities.

Political Stability and Governance: Political stability and governance continue to be central to Cambodia's development trajectory. Efforts to strengthen institutions, combat corruption, and enhance transparency are contributing to a stable political environment, attracting foreign investment, and supporting sustainable development.

CAMBODIA SWOT

STRENGTHS

Strategic Geographical Location: As an ASEAN Member State, Cambodia's location in Southeast Asia facilitates access to regional markets, contributing to its export-oriented economy.

Young and Growing Workforce: With a median age of around 26.2 years, Cambodia's youthful population offers a potential workforce for various industries, enhancing productivity and economic growth.

Tourism Powerhouse: Cambodia's major tourism sites, including Angkor Wat, Koh Rong and Phnom Penh, attracted over 6.6 million international tourists in 2019. After significant infrastructure upgrades during the pandemic, it will likely see tourist numbers begin to surpass the 2019 high in 2024 and 2025.

Political Stability: Cambodia has enjoyed remarkable political stability, contributing to investor confidence and economic development.

Agricultural Resources: Agriculture contributes around 22% to Cambodia's GDP and employs a significant portion of the labor force. The country's main agricultural products include rice, rubber, cassava, and maize. Cambodia is known for having some of the worlds best rice, durian, and pepper, with Geographic Indicator (GI) status for these high-quality crops.

WEAKNESSES

Infrastructure Deficits: Limited Road networks and power transmission line infrastructure hinder efficient transportation and production, affecting economic growth & raising logistics costs.

Low-skilled Workforce: Cambodia faces challenges in providing quality education, with a literacy rate of 77.2%. This leads to a shortage of skilled labor in various sectors.

Dependence on Garment Industry: The textile and garment sector contribute significantly to Cambodia's exports (56% in 2022), making the economy sensitive to global market trends.

High Energy Costs: The reliance on imported electricity leads to high energy costs, affecting industries like garment manufacturing and tourism, with average tariffs ranging from $0.129 to $0.148 per kWh.

Limited Agroprocessing: Despite being an economy with significant high quality agricultural output, Cambodia faces challenges in adding value through processing activities. Less than 10% of its agricultural exports are processed.

OPPORTUNITIES

Investment in Infrastructure: Cambodia aims to invest significantly in its infrastructure between 2022-2030. The Comprehensive Intermodal Comprehensive Master Plan 2022-2030 (CIT-MP), currently being finalized, details 150 projects with investment value of $30 billion.

Tourism Expansion: Further diversifying tourism offerings beyond Angkor Wat will attract more visitors and contribute to Cambodia's GDP growth.

Renewable Energy Development: Cambodia's target of sourcing 47% of its energy from renewable sources by 2030 presents opportunities for investments in solar and hydroelectric power.

Agricultural Modernization: Enhanced agricultural practices, investment in value-added processing, and exports diversification can drive growth and food security.

Emerging Technology Sector: Cambodia's tech sector can stimulate innovation, generate employment, and establish the country as a regional technology hub, or an outsourcing destination for IT Services.

Boosting Trade through Free Trade Agreements: Cambodia has been negotiating and signing free trade agreements (FTAs), including the recently concluded RCEP agreement, aiming to enhance market access, diversify exports, and attract foreign investment.

THREATS

External Economic Factors: Cambodia's economy remains vulnerable to global trade disruptions and shifts in demand for its export-oriented products.

Climate Change Vulnerability: The World Bank ND-GAIN Index summarizes a country's vulnerability to climate change – Cambodia ranks 140 of 181 countries. Cambodia is projected to experience warming of 3.1°C by the 2090s under baseline scenarios, and projected trends indicate more severe floods and droughts, which may affect Cambodia's GDP by nearly 10% by 2050. (Source: World Bank Climate Risk Country Profile)

Social Inequalities: Income disparities and limited access to quality education and healthcare can lead to social tensions, hindering inclusive economic growth.

Dependency on Garment Exports: Global shifts in consumer preferences and increased competition from other countries can affect Cambodia's garment industry.

Graduation from Least Developed Country (LDC) Status: LDC graduation signifies positive economic growth but will alter Cambodia's trade preferences. The potential loss of duty-free access to key markets such as the EU and the USA could affect key export sectors. Strategizing to navigate these changes will be vital for Cambodia to maintain competitiveness in global trade.

CAMBODIA 2050

From the perspective of a futurist, Cambodia in 2050 could have achieved the following:

- **Economic Transformation:** Cambodia's economy has undergone a remarkable transformation, becoming a prominent player in Southeast Asia. The country has diversified beyond traditional sectors like garments and agriculture, with thriving industries in technology, finance, and manufacturing. Strategic investments in infrastructure, including high-speed rail networks and modern ports, have facilitated regional integration and global trade.

- **Renewable Energy Leader:** Cambodia has become a leader in renewable energy, achieving energy self-sufficiency through investments in solar, wind, and hydropower. The country's commitment to sustainable energy has reduced dependence on imported fossil fuels, ensuring a clean and reliable energy supply that powers its growing economy.

- **Digital Innovation Hub:** Cambodia has leveraged its young, tech savvy population to fully embrace digital transformation, becoming a hub for technological innovation in the region. The country has developed robust digital infrastructure, fostering a vibrant ecosystem of startups, tech companies, and research institutions. Innovations in areas like artificial intelligence, e-commerce, and telemedicine have enhanced the quality of life and created new economic opportunities.

- **Education and Skill Excellence:** Cambodia has prioritized education and skill development, establishing internationally recognized universities and vocational training centers. Emphasis on STEM education and collaboration with global academic institutions has created a skilled workforce, driving research, innovation, and industrial growth.

- **Sustainable and Inclusive Growth:** Cambodia's focus on sustainable development has led to balanced growth that benefits all segments of society. Environmental conservation, climate resilience, and inclusive policies have ensured that economic progress is aligned with social equity and environmental stewardship.

- **Cultural Tourism Destination:** Cambodia's rich cultural heritage, stunning landscapes, and unique traditions have positioned it as a premier tourism destination. Investments in sustainable tourism infrastructure, preservation of historical sites, and promotion of cultural experiences have attracted travelers from around the world, contributing to economic growth and cultural exchange.

- **Healthcare Revolution:** Cambodia has revolutionized its public healthcare system, providing universal access to quality healthcare services. Investments in medical research, technology, and healthcare infrastructure have improved public health outcomes, reduced disparities, and made Cambodia a center for medical excellence and medical tourism in the region.

- **Global Trade and Diplomacy:** Cambodia's active participation in regional and global trade agreements has expanded its access to markets and strengthened diplomatic ties with both the East and the West. The country's strategic location and pro-business policies have both attracted multinational corporations, and strengthened its own corporations, enhancing its role in global supply chains and international diplomacy.

- **Resilient Agriculture:** Cambodia's agriculture sector has become resilient and innovative, leveraging technology and sustainable practices to increase productivity and adapt to climate change. The country's focus on value-added agroprocessing has created new markets and opportunities for farmers, contributing to rural development and food security.

It's essential to recognize that this vision is speculative, and Cambodia's actual future in 2050 will be influenced by various factors, including government policies, regional dynamics, technological progress, and societal shifts.

A DEEP DIVE INTO CAMBODIA'S GARMENT SECTOR

HISTORY

Early Beginnings (1990s): Cambodia's garment sector began to take shape in the early 1990s, following the end of civil conflict. The government sought to attract foreign investment, and the garment industry emerged as a key area of focus.

Rapid Growth (Late 1990s - Early 2000s): The sector experienced rapid growth, particularly after the U.S. granted Cambodia Most Favored Nation (MFN) status in 1996. By the early 2000s, the garment industry had become the country's largest export sector.

International Agreements (1999): In 1999, Cambodia signed a bilateral trade agreement with the U.S., linking garment export quotas to labor standards. This unique agreement attracted international attention and set a precedent for linking trade with social responsibility. Foreign investors from South Korea, Mainland China, Taiwan and Hong Kong began opening factories in the kingdom.

Major Exporter (2000s): By the mid-2000s, Cambodia had become one of the world's major garment exporters. The industry employed hundreds of thousands of workers, primarily women, and contributed significantly to Cambodia's GDP. In 2003, Cambodia acceded to the WTO, after initially applying in 1994.

Challenges and Strikes (2000s): The sector faced challenges related to working conditions, leading to a series of strikes and protests. The government and factory owners successfully adapted to pressure to improve labor rights and increase minimum wages. Better Factories Cambodia (BFC) was established in 2001 as a result of a trade agreement between Cambodia and the United States that provided better access to U.S. markets in exchange for improved labor conditions in factories.

European Market Access (2001): After obtaining GSP status from the EU in 1997, Cambodia started to benefit from the Everything but Arms (EBA) initiative from 2001 onwards, which allowed duty-free access to the EU market. This further boosted the garment sector, with the EU becoming a major export destination.

Diversification (2010s): Efforts were made to diversify products and markets to reduce dependence on traditional markets like the U.S. and EU. The industry expanded into footwear, travel goods, and other textile products, reaching new markets in Asia and beyond.

COVID-19 Impact (2020): The global COVID-19 pandemic severely impacted the garment sector, leading to a global slowdown in orders. The Cambodian garment sector was remarkably resilient, however, holding on to the majority of its factories and remaining a key contributor to Cambodian GDP.

EBA Withdrawal (2020): In 2020, the EU partially withdrew Cambodia's EBA status due to concerns over human rights and democratic principles. This decision affected the garment sector, leading to concerns over competitiveness in the European market.

Recovery and Future Prospects (2021-2023): The sector is showing signs of recovery as global demand picks up post-pandemic. The government and industry stakeholders are focusing on sustainability, technology adoption, and upskilling the workforce to ensure the long-term competitiveness of Cambodia's garment sector. Cambodia enjoyed record high exports of $12.8 billion in 2022, and the sector provided jobs to 884,151 people.

KEY PIONEERS OF THE INDUSTRY

Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC): Formerly known as GMAC, TAFTAC represents the interests of the textile and garment industry in Cambodia. Established in 1996, it is the most active and influential organization in the sector, representing around 700 members and supporting a competitive and fair industry in Cambodia.

ILO Better Factories Cambodia: A partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), this program aims to improve working conditions and promote competitiveness in Cambodia's garment industry.

Aun Pornmoniroth: Serving in the Ministry of Economy and Finance since 1994, and a close advisor to former Prime Minister Hun Sen. Since 2013, he has served as the Minister of Economy and Finance, where he played a key role in shaping the economic policies and strategies conducive to Cambodia's successful garment sector.

Van Sou Ieng: Serving as the Chairman of TAFTAC, Van Sou Ieng has been instrumental in representing and advocating for the interests of garment manufacturers in Cambodia. He has played a significant role in policy advocacy, industry development, and international negotiations.

Ken Loo: The Secretary General of TAFTAC, Dr. Ken Loo has been quoted in various articles related to the Cambodian garment sector, reflecting his influence and insights into the industry.

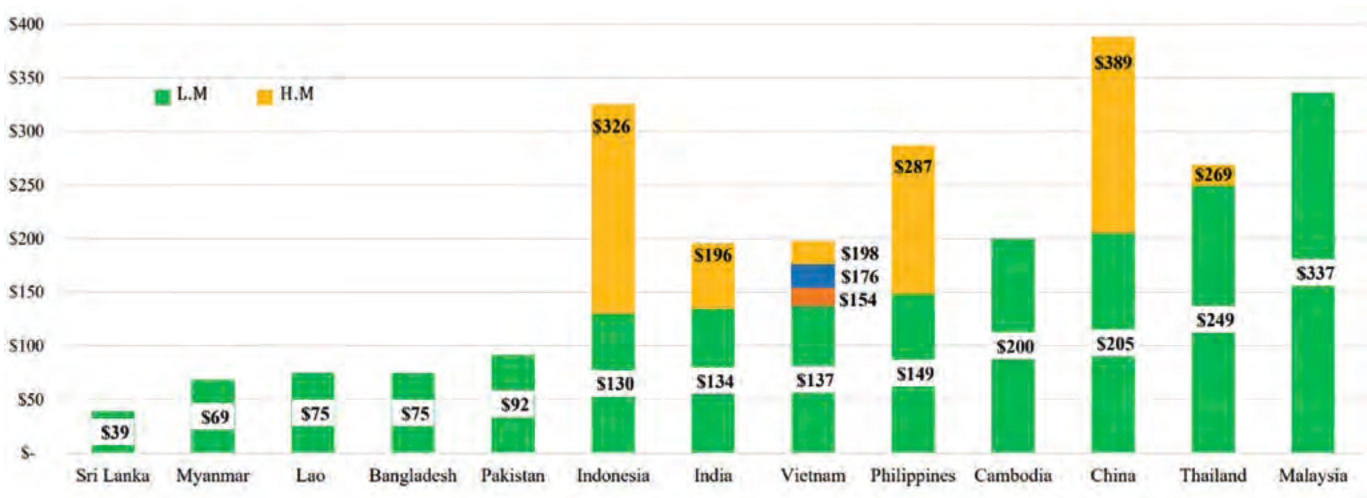
Ministry of Labour and Vocational Training (MoLVT): The MoLVT plays a key role in setting the minimum wage in Cambodia, a critical factor in the garment sector. It oversees labor laws and regulations, ensuring fair wages and working conditions for workers in the industry.

Ministry of Commerce: The Ministry of Commerce has been vital in negotiating the trade agreements and preferences that have allowed the Cambodian garment sector to succeed. It works to promote and regulate trade, both domestically and internationally, and has been instrumental in securing favorable trade terms for the garment industry.

SUCCESS FACTORS

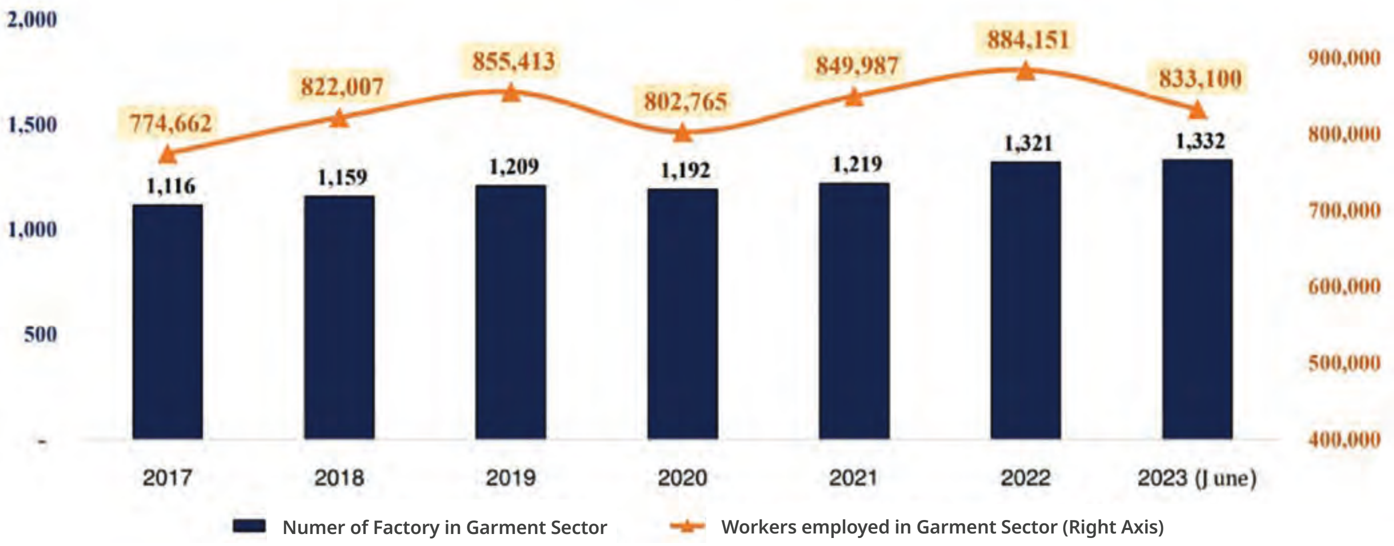
Competitive Labor Costs: Cambodia's GFT sector benefits from competitive labor costs attracting global brands and manufacturers. The minimum wage for garment workers is currently $200 per month, making Cambodia a preferred destination for production. The minimum wage will raise to $204 in January 2024.

Figure 33. **Minimum Wage of Selected Countries (Source: MoLVT)**



Abundant Labor Force: The industry employs a significant portion of Cambodia's workforce, particularly women. Around 80% of GFT sector workers are women. This labor force, skilled in various garment production aspects, contributes to the sector's growth and competitiveness.

Figure 34. **Figure 34 Number of Factories and Workers in the GFT Sector 2017-2023. (Source: MoLVT)**

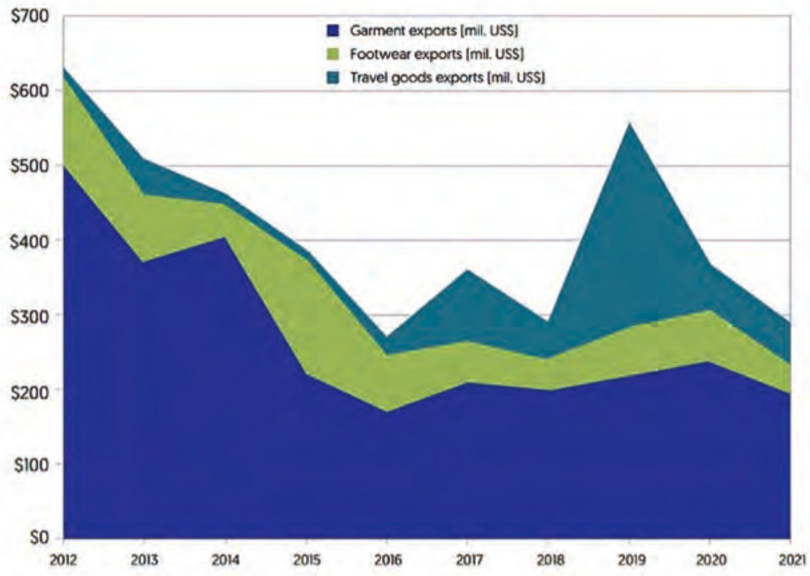


Preferential Trade Agreements: Cambodia enjoys preferential access to major markets like the EU through the Everything But Arms (EBA) initiative (although partially removed in 2020) the US and Canada's Generalized System of Preferences (GSP), and the UK's Developing Country Trading Scheme (DCTS) preferences. Such agreements have boosted Cambodia's garment exports and enhanced its global standing.

International Partnerships and Compliance: Cambodia's successful Collaboration with international organizations like the International Labour Organization (ILO) through the Better Factories Cambodia program has helped improve labor conditions and compliance with international standards. Cambodian factories are amongst the most closely monitored in the world.

Government Support and Policies: The Cambodian government has actively supported the garment sector through favorable investment incentives, policies, trade negotiations, and efforts to maintain political stability. The government has been very successful in attracting foreign investors into Cambodia, and the involvement of agencies like the Council for the Development of Cambodia (CDC) has been crucial in this regard.

Figure 35. **GFT Sector FDI & by Country of Origin (2021). Total FDI was $291m in 2021. (Source: TAFTAC, CDC, CIB)**



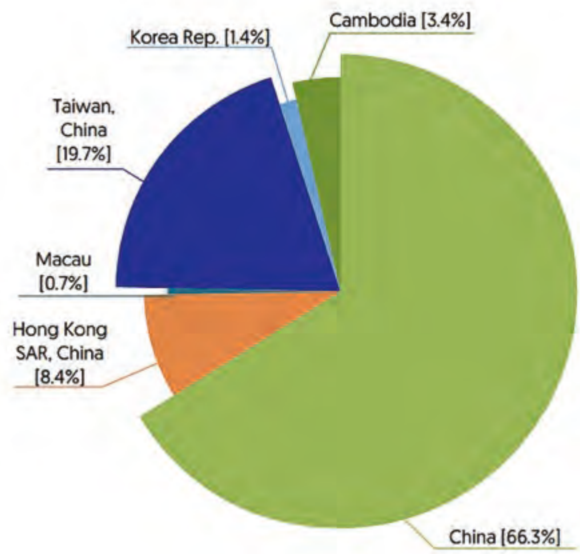
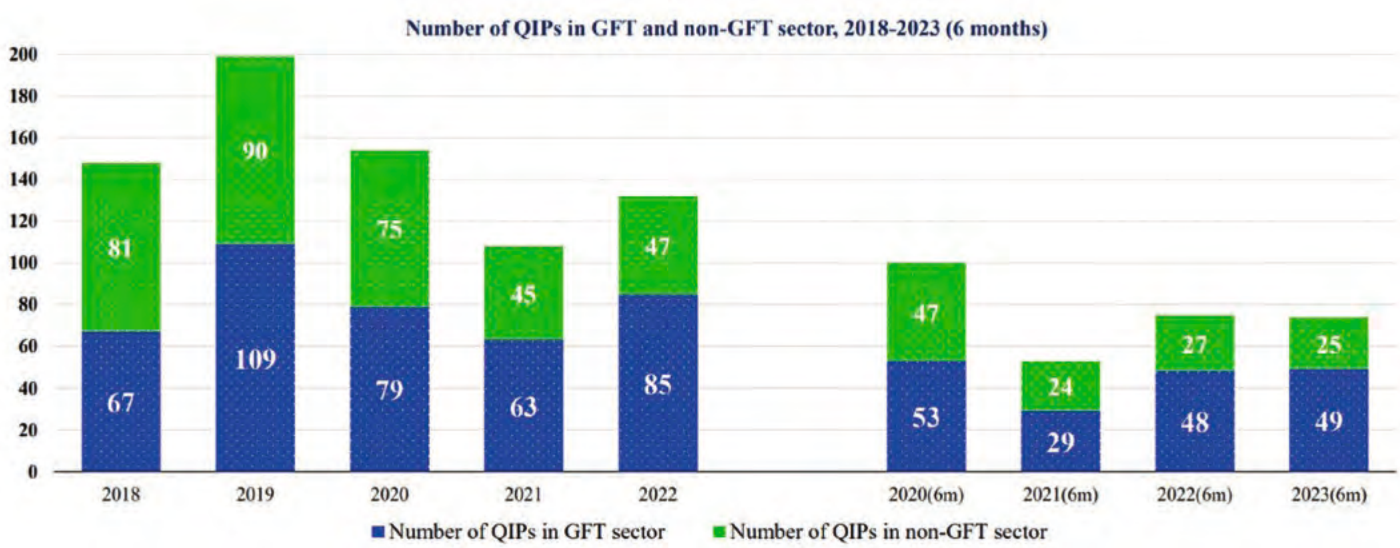


Figure 36. **Qualified Investment Projects (QIP) from 2018 to 2023. (Source: CDC, MoLVT)**



Investment in Infrastructure: Investments in infrastructure, including transportation and logistics, have facilitated the garment sector's expansion. Special Economic Zones (SEZs) have been developed to provide necessary facilities and incentives for manufacturers. Cambodia's garment sector has benefited from having most of the factories clustered around the capital, Phnom Penh. Cambodia's Logistics Performance Indicator Score remains relatively low, but is slowly improving as a result.

Figure 37. **(Source: World Bank, Connecting to Compete: Trade Logistics in an Uncertain Global Economy, April 2023)**

Logistics Index Score of Selected Countries in 2023 (Score 1=Lowest to 5=Highest)

Country	Overall LPI score	Customs score	Infrastructure score	International shipments score	Logistics competence and qualities score	Timeliness score	Tracking and tracing score
Cambodia	2.4	2.2	2.1	2.3	2.4	2.7	2.8
Bangladesh	2.6	2.3	2.3	2.6	2.7	3.0	2.4
Sri Lanka	2.8	2.5	2.4	2.8	2.7	3.3	3.0
Indonesia	3.0	2.8	2.9	3.0	2.9	3.3	3.0
Philippines	3.3	2.8	3.2	3.1	3.3	3.9	3.3
Vietnam	3.3	3.1	3.2	3.3	3.2	3.3	3.4
India	3.4	3.0	3.2	3.5	3.5	3.6	3.4
Thailand	3.5	3.3	3.7	3.5	3.5	3.5	3.6
Malaysia	3.6	3.3	3.6	3.7	3.7	3.7	3.7
China	3.7	3.3	4.0	3.6	3.8	3.7	3.8

Market Diversification: Cambodia is working to diversify its export markets, reducing reliance on traditional destinations, and exploring new opportunities in various regions such as ASEAN, Japan and South Korea. That said, the huge majority of Cambodia's GFT exports go to the US, the EU, and the UK.

Shift to Sustainability: Efforts to improve sustainability practices, including environmental considerations and workers' welfare, have contributed to the industry's reputation and appeal to international buyers. Cambodia's launching of the "ASEAN Green Deal" was one such commitment towards better practices, launched during 2022, the year of Cambodia's ASEAN Chairmanship.

Resilience to Global Challenges: Despite global challenges, such as economic downturns and the COVID-19 pandemic, Cambodia's garment sector has shown resilience, adapting to changes and continuing to contribute to GDP even when much of the world was in lockdown.

Strategic Development and Vision: The alignment of the garment sector with Cambodia's broader economic development goals and vision has ensured coordinated growth. Strategic planning, including the Cambodian Industrial Development Policy 2015-2025 and the Cambodian Garment, Footwear, Travel Goods Sector Development Strategy 2022-2027, has laid the foundation for the sector's sustained success.

- The GFT Sector Development Strategy, introduced on March 21, 2022, by the Ministry of Economy and Finance, aims to transform the sector into a more environmentally sustainable, resilient, and high-value industry by 2027, focusing on strengthening human resources, improving working conditions, promoting investment, and diversifying markets.

These factors collectively illustrate how Cambodia's garment sector has become a key pillar of the country's economy, contributing significantly to exports, employment, and industrial development.

MAJOR CHALLENGES

Challenges Affecting the Cambodian Garment Sector in 2023 are detailed in The GFT Sector Development Strategy 2022-2027, and are summarized below:

Limited Value Addition: Despite the sector's continuous development, its fundamental structure has shown little change over the last three decades. It predominantly operates as a low value-added manufacturing hub, with limited integration of supporting industries into other stages of the supply chains and value chains. This lack of vertical integration restricts the sector's ability to capture higher value and innovation within its processes. A scarcity of domestic factory owners and investors in high-tech manufacturing further stifles the growth of value-added production.

Skilled Labor Shortage: The industry grapples with a shortage of skilled labor both in terms of quantity and quality. While Cambodia's young population could be an asset, the mismatch between skills and job requirements hinders production efficiency and innovation. Moreover, a dearth of career advancement opportunities discourages potential workers from pursuing long-term employment in the sector.

Unstable Working Conditions: Though there have been improvements in working conditions and worker welfare, challenges remain. Problems such as unpredictable work hours, changing minimum wages, and limited access to social benefits contribute to an environment of instability. This unpredictability affects workforce retention, leading to high turnover rates and potential disruptions to production.

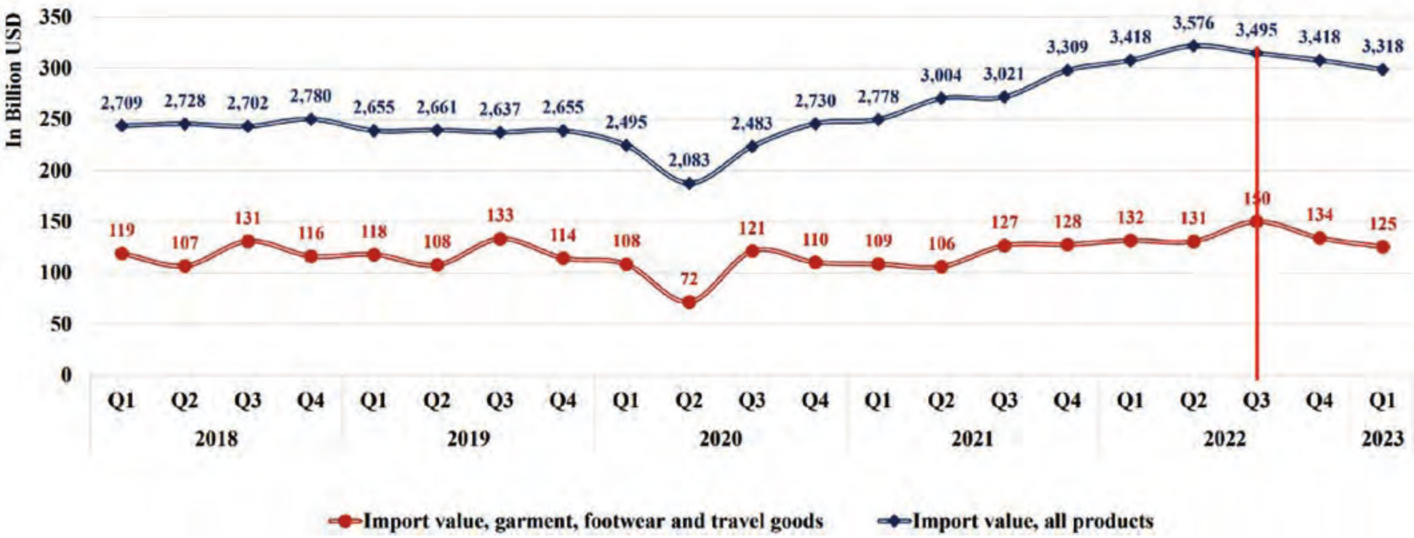
Supporting Industry Gaps: The absence of a well-developed supporting industry hampers the sector's ability to realize its full potential. The lack of local suppliers for machinery, materials, recycling, and services often compels garment manufacturers to rely on imports, increasing costs.

Market Dependence: The sector's heavy reliance on preferential trade access has its vulnerabilities. While preferential agreements have facilitated growth, the limited diversification of export markets increases the industry's exposure to external trade policy changes. The potential revision of trade agreements as Cambodia graduates from Least Developed Countries (LDCs) could disrupt market access.

Coordination Issues: The lack of effective inter-agency coordination among key stakeholders hampers sector-wide development efforts. Collaboration between relevant government bodies, manufacturers, and worker representatives is essential for addressing challenges comprehensively and implementing effective policies.

Covid-19 Impact: The Covid-19 pandemic has significantly disrupted the sector. Factory shutdowns, production suspensions, and contractual issues led to severe setbacks. The industry, heavily reliant on exports to markets like the US and EU, faced supply chain disruptions and decreased demand due to the pandemic.

Figure 38. **Global Consumer Goods Imports 2018 to Q1 2023 (Source: ITC, MoLVT)**



Regional Competition: The increasing competition from neighboring countries, particularly Vietnam, Myanmar, Bangladesh, and African nations emerging as investment destinations, poses a threat to Cambodia's garment sector. These countries often offer cheaper labor costs, potentially luring investment away from Cambodia.

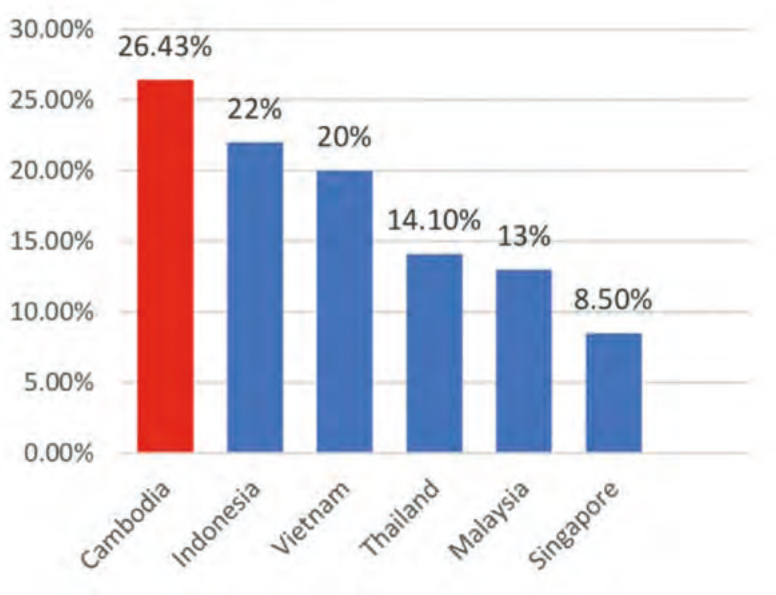
Trade Environment Changes: The landscape of international trade is evolving, driven by changes in free trade agreements (FTAs) between competitor countries. The trade agreement between Vietnam and the European Union, for instance, alters trade dynamics and competitiveness, directly affecting Cambodia's market access.

High Logistics Cost: According to the soon-to-be-finalized Comprehensive Intermodal Comprehensive Master Plan 2022-2030 (CIT-MP) by the MPWT, logistic costs in Cambodia surpass those of its neighbors. The World Bank states that as of July 2022, a 40-foot container in Cambodia incurs approximately $1,200 in terminal handling charges, plus an additional $220 to $250 in export clearance fees. In contrast, the equivalent handling charges are around $600 at Bangkok Port in Thailand or Cai Mep Port in Vietnam, with both countries having export clearance fees of $60. (Source: Khmer Times)

Figure 39. **Logistics Costs as a Percentage of Sales. (Source: OECD Competition Assessment 2021)**

Activity/Sales	Cambodia	Vietnam	Thailand	Indonesia	Philippines
Transport	9.0	7.0	5.6	8.8	10.7
Warehousing	3.7	3.8	2.5	3.5	5.2
Inventory carrying	6.0	4.0	2.0	7.2	8.8
Logistics administration	1.9	1.5	1.0	2.0	2.5
Logistics cost/sales	20.5	16.3	11.1	21.4	27.2

Figure 40. **Logistics Costs as a % of GDP (Source: TAFTAC, 3PL)**



Amid these challenges, Cambodia's garment sector also has several avenues for progress, arising from rising production costs in China (pushing manufacturers to new countries), export market expansion with ratified FTAs, and support from development and political partners.

20 KEY STATISTICS

1. **$12.8 billion:** The value of Cambodia's garment, footwear, and travel goods (GFT) exports in 2022, a record year for the sector and a significant contributor to the country's economy. (Source: TAFTAC)
2. **20.5%:** The decline in exports in the first 7 months (M7) of 2023 compared to 2022. Cambodia exported $6.27 billion worth of GFT goods from January to July 2022, a decline from the $7.89 billion in M7 2022.
3. **$11.2 billion:** The value of Cambodia's garment, footwear, and travel goods (GFT) exports in 2021, a significant contributor to the country's economy.
4. **$1.39 billion:** the value of Cambodia's Footwear Exports in 2021, representing 13% of the $11.2 billion total. Garments represented 74% of the total ($8.3 billion), and travel goods another 13% ($1.49 billion).
5. **$291 million:** the value of the 63 new FDI projects approved within the GFT sector in 2021, reflecting Cambodia's continued attractiveness as a GFT manufacturing hub.
6. **$200:** The minimum wage for garment workers in Cambodia as of 2022, reflecting the government's efforts to ensure fair wages that do not diminish with inflation. The average worker wage is $235 per month.
7. **855,000:** The number of workers employed in Cambodia's garment sector in 2023, making it the largest formal source of employment in the country. The figure was 884,151 in 2022. (Source: Euro Cham, TAFTAC)
8. **75.9%:** The percentage of female workers in Cambodia's garment industry, emphasizing the sector's role in women's economic participation.
9. **11%:** Contribution of the garment industry to Cambodia's GDP in 2021. It was 16% in 2016, demonstrating its significant impact on the country's economy over time. (Source: EuroCham)
10. **56%:** Garment and footwear exports accounted for over 56% of Cambodia's total exports in 2022, highlighting the industry's vital contribution.
11. **712:** The estimated number of export-oriented garment factories, and members of TAFTAC, in Cambodia, reflecting the industry's extensive presence. There are estimated to be around 1300 factories in total.
12. **2003:** The year Cambodia acceded to the WTO, catalyzing a rapid growth in trade.
13. **2020:** The year the EBA agreement was partially removed, affecting around 20% of Cambodia's export products to the EU.
14. **1.3%:** The share of the global GFT export market represented by Cambodia in 2021, placing it as the 9th largest GF sector producer in the world.
15. **5:** The number of strategic measures in the Cambodian Garment, Footwear, Travel Goods Sector Development Strategy 2022-2027, aiming for a resilient and high-value industry. Enhance human resources for better productivity and career opportunities, improve working conditions, boost investment in high value products, encourage investment in ancillary industries, and diversify export markets.
16. **256:** The number of factories that had to suspend or partially suspend their operations in 2020 during the Covid-19 pandemic. The industry has had a remarkable bounce back since. (Source: BHRC)
17. **26%:** The percentage of Cambodia's 2022 GFT exports destined for the EU Market. A further 6% were destined for the UK.
18. **41%:** The percentage of Cambodia's 2022 GFT exports destined for the US Market.
19. **7%:** The percentage of Cambodia's 2022 GFT exports destined for Japan.
20. **8%:** The percentage of Cambodia's 2022 GFT exports destined for Canada.

WHERE ARE THE FACTORIES?

Phnom Penh: Phnom Penh is the heart of Cambodia's garment industry, hosting 325 garment factories. As largest city of Cambodia, Phnom Penh plays a central role in the country's garment exports.

Kandal: Kandal is the province that surrounds Phnom Penh capital. It hosts at least 134 garment factories and is the province where a large portion of the 855,000 strong labor force reside.

Banteay Meanchey: Banteay Meanchey is home to 5 garment factories.

Kampong Cham: With 6 garment factories, Kampong Cham adds to the country's garment manufacturing capabilities, though on a smaller scale.

Kampong Chhnang: accommodates 14 garment factories.

Kampong Speu: Kampong Speu is a significant hub with 113 garment factories, making it one of the major centers for garment manufacturing in the country.

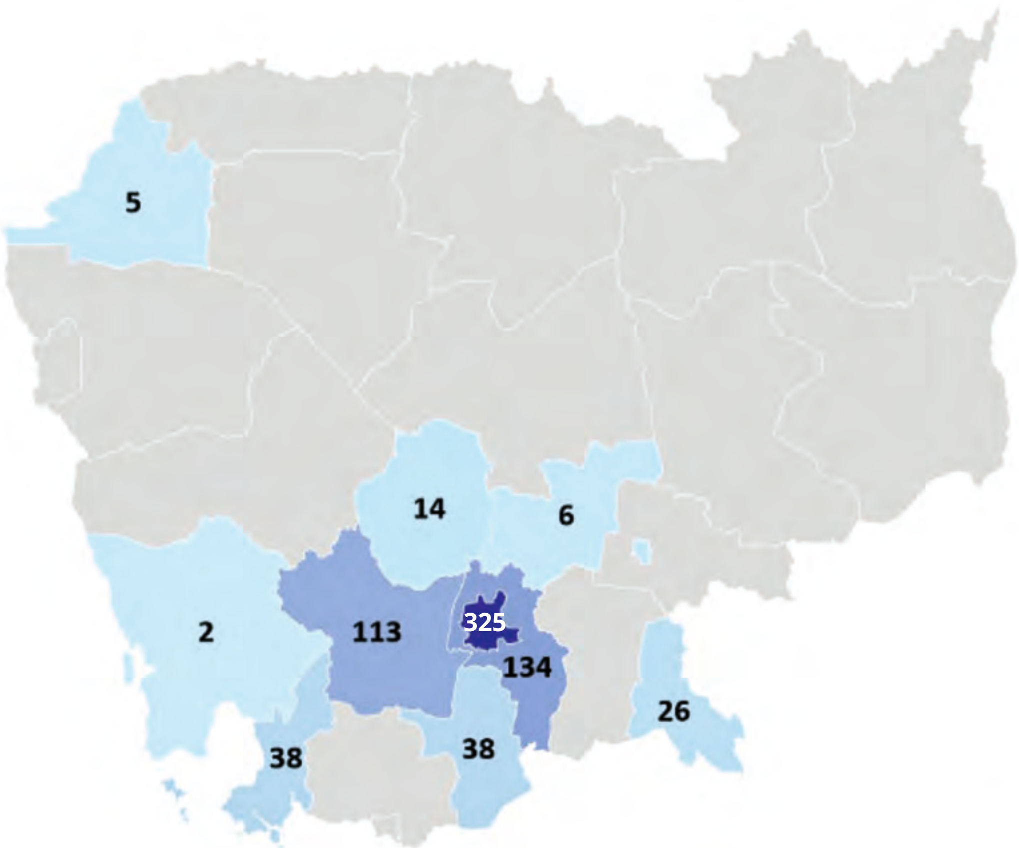
Koh Kong: Koh Kong, with just 2 garment factories, has a smaller presence in the garment sector but still plays a role in the industry. The number of factories in Koh Kong is expected to grow in line with the province's ambitious development plans.

Preah Sihanouk: Preah Sihanouk (Sihanoukville) hosts 38 garment factories, contributing to the coastal region's economic activities in the garment sector.

Svay Rieng: Svay Rieng's 26 garment factories add to the eastern region's participation.

Takéo: Takéo, with 38 garment factories, contributes to the southern region's economic growth.

Figure 41. **Heat Map of Cambodia's GFT Factory Location**



Note

MAIN MARKET DESTINATIONS

Figure 42. **Main Market Destinations 2019-2022 (Source: TAFTAC)**

	2019 ($b)	%	2020 ($b)	%	2021 ($b)	%	2022 ($b)	%
EU	3.36	31	2.69	27.5	2.73	24.4	3.32	25.9
US	3.46	31.9	3.59	36.7	4.83	43.2	5.24	40.9
UK	0.89	8.2	0.72	7.4	0.64	5.7	0.79	6.2
JP	0.99	9.1	0.87	8.9	0.9	8.1	0.96	7.5
CAN	0.82	7.6	0.73	7.5	0.91	8.1	1.06	8.3
ASEAN	0.17	1.6	0.2	2	0.13	1.2	0.21	1.6
Total	**10.84**	**100**	**9.77**	**100**	**11.19**	**100**	**12.81**	**100**

Figure 43. **Export Trend (Source: TAFTAC)**

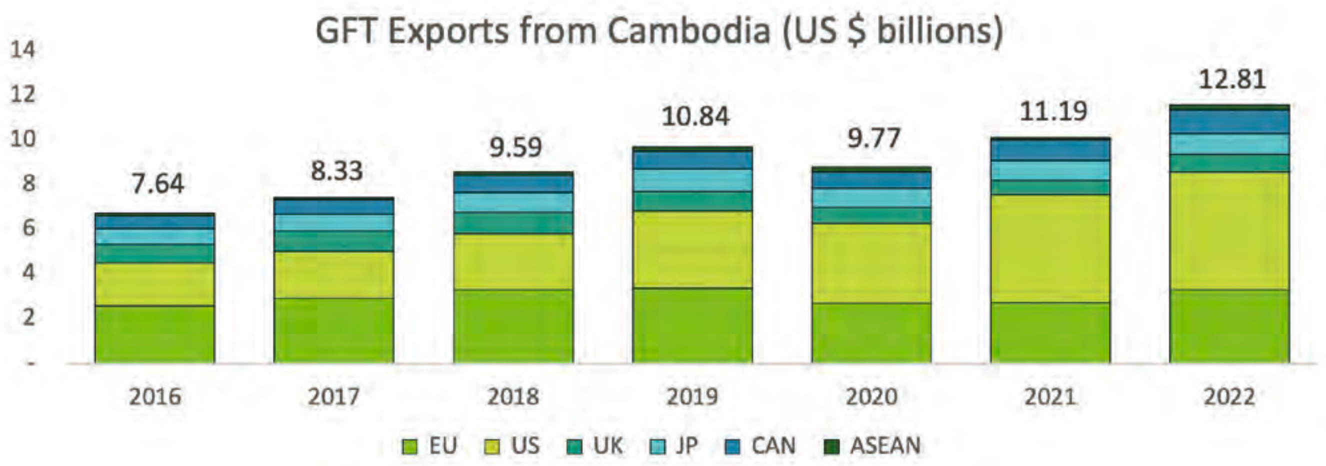
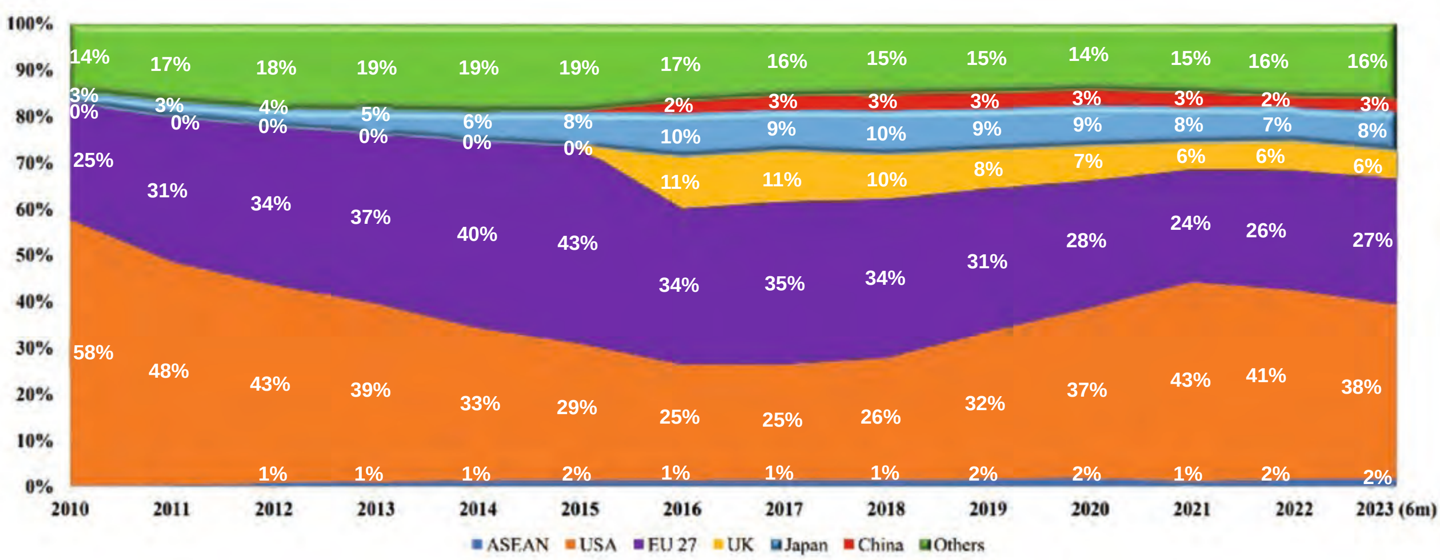


Figure 44. **Share of Cambodia's GFT Export by Market Destination (Source: MEF, MoLVT)**



SWOT

STRENGTHS

- **Social and Labor Standards:** The Royal Government was proactive in negotiating trade deals that linked increased trade and orders with improvements in standards for its garment workforce.
- **Competitive Labor Costs:** Cambodia boasts relatively low labor costs compared to other garment-producing countries in the region.
- **Large Workforce:** The sector provides employment for around 855,000 workers, a significant contributor to the country's employment.
- **Preferential Trade Access:** Cambodia benefits from trade preferences such as the Everything But Arms (EBA) scheme with the European Union, providing duty-free and quota-free access to its markets.

WEAKNESSES

- **Compliance Concerns:** Ensuring compliance with international labor standards and safety regulations remains an ongoing challenge. That said, the ILO Better Factories Program has ensured that officially registered exporting factories are amongst the most compliant of producer nations.
- **Skill Gap:** The industry faces skill gaps, particularly in management, engineering, and design fields, limiting its capacity for innovation.
- **Dependence on Few Markets:** The sector's heavy reliance on a limited number of export markets makes it vulnerable to changes in those markets' preferences and trade policies.

OPPORTUNITIES

- **Diversified Market Access:** Exploring new markets through trade agreements and partnerships can reduce dependence on a few major markets. ASEAN as an export market is also slowly growing in importance.
- **Value Addition:** Focusing on value-added production, such as sustainable fashion, technical textiles, and specialized garments, can lead to higher profit margins.
- **Technological Adoption:** Incorporating digital technologies, automation, and sustainable practices can enhance efficiency and competitiveness.
- **Vertical Integration:** The sector could enhance its degree of vertical integration, with manufacturing processes often encompassing cutting, sewing, and assembling within the same facility.

THREATS

- **Global Competition:** Cambodia faces competition from other garment-producing countries in Southeast Asia, such as Vietnam, Bangladesh, and Myanmar.
- **Raw Material Costs:** Fluctuations in raw material prices, including textiles and dyes, can impact production costs.
- **Trade Access Revisions:** Changes in trade preferences, such as the potential revision of preferential trade access due to Cambodia's graduation from LDC status, could affect exports.
- **Geopolitical Risks:** Regional instability, political tensions, and economic uncertainties can disrupt supply chains and business operations, e.g., leading to near-shoring and friend-shoring.
- **Deforestation:** The sector may be contributing to deforestation, reportedly using 562 tons of wood each day for electricity. While efforts are underway to mitigate this, the current situation poses risks to the industry's reputation and global competitiveness. (Source: Royal Holloway University)

COMPARING COUNTRIES

Cambodia & Bangladesh

Industry Size and Employment: Like Bangladesh, Cambodia also heavily relies on its garment industry, contributing significantly to its exports. In 2022, Cambodia's garment and textile exports were valued at around $12.8 billion, employing approximately 884,000 workers. While Bangladesh dominates in terms of export value ($42.6 billion) and employees (4.5m workers), both countries play a vital role in the global garment supply chain. Relative to the size of each countries respective populations (Cambodia 16.7m, Bangladesh 179m), a larger percentage of Cambodia's workforce is engaged in the GFT sector than Bangladesh.

Minimum Wage: Cambodia's minimum wage for garment workers is $200 per month, it will be $204 per month from January 2024. This figure is much higher than both Bangladesh ($75) and Pakistan ($92). The relatively higher wage indicates Cambodia's commitment to improving workers' income, though potentially impacting production costs and competitiveness.

Compliance and Safety Standards: Like Bangladesh and Pakistan, Cambodia has also taken measures to enhance compliance and safety standards in its garment sector. Initiatives like the International Labour Organization's Better Factories Cambodia program, and the Life and Building Safety Initiative (LABS), amongst several others, aim to improve working conditions and labor rights in the industry.

Trade Agreements and Preferential Treatments: Like Bangladesh's GSP benefits, Cambodia also enjoys duty-free and quota-free access to markets through initiatives like the Everything But Arms (EBA) scheme with the European Union. Both Cambodia and Bangladesh will soon graduate from LDC status however, and subsequent trade policy changes could impact the preferential treatments they enjoy. Pakistan, in contrast, has already graduated from EBA, and currently enjoys the EU GSP+ Trade Preferences.

Export Markets and Diversification: Both Bangladesh and Cambodia have a strong dependence on certain export markets, particularly the European Union and the United States. Expanding market diversification and reducing dependency on a limited number of markets is a strategic priority for both countries. Bangladesh may start to supply more to the middle east, and Cambodia may begin to increasingly target Japan, China, and South Korea.

MULTI COUNTRY COMPARISON

Figure 45. **Country Comparison (Source: Various).**

Factor	Cambodia	Bangladesh	Vietnam	Pakistan
Population (2022)	16.72 million	179 million	97.34 million	231 million
Total GDP (2022)	$30.63bn	$460.2bn	$343.8bn	$376bn
Garment Exports (2021)	$11.2bn	$31.4bn	$32.75bn	$15.39bn
Garment Exports (2022)	$12.8bn	$42.6bn	$37.5bn	$19.2bn
Growth Rate of Garment Exports (2021 to 2022)	14.29%	35.67%	14.50%	24.76%
Total Exports (2022)	$22.4bn	$59.28bn	$371bn	$39.42bn
Garments as % of Exports (2022)	57.14%	71.82%	10.11%	48.70%
Share of Global Garment Exports (2022) $950bn Total, Source: ITC	1.3%	4.5%	3.9%	2%
Total Garment Factories (~)	1,321	7,000+	6,000+	6,300
Garment Sector Contribution to (% GDP) (2022)	~11%	~12%	8.30%	8.70%
Female Workforce Participation (%)	75.90%	60%+	70%+	25%+
Min. Wage for Garment Workers (2022)	$200	$75	$137-198	$92
Trade Union Density	Low	Moderate	Restricted	Low
Domestic Factory Ownership	3%	80%	54%	~80%+
EU Trade Preferences	EBA*	EBA	EU-Vietnam FTA	GSP+
Economic Impact of Garment Industry	Critical	Critical	Large Contributor	Critical Export Sector
Annual Energy Consumption TWh (2021)	67 TWh	479 TWh	1,206 TWh	1,084 TWh
Average Cost for Electricity (US$/kWh) (2021)	$0.14	$0.9	$0.9	$0.6
World Bank LPI (Logistics) Index 2023	2.8	2.4	3.3	2.2
Freshwater Consumption (2019) (billion m3)	2.18	35.87	81.86	177
Garment & Textile Workers (2022)	855,000	4.5M	3.5M	4.6M
Export Value per Worker (2022)	$14,970	$9,466	$10,714	$4,174
Export Market Diversification (%)	26% (EU)	66% (EU)	41% (EU)	11% (EU)
Government Initiatives	Supportive	Proactive	Supportive	Supportive

Note: Export Value per Worker (2022) is an indicative estimate, derived by dividing the total 2022 garment export value by the number of workers. It should not be confused with and does not reflect value added per worker.
*EBA was partially removed in Cambodia in 2020, affecting around 20% of its GFT exports.

SUSTAINABILITY STORIES

TAFTAC is proud to promote social and environmental sustainability amongst its membership. Sustainability efforts in the Cambodian garment sector have gained significant attention in recent years, reflecting a growing global focus on ethical and environmentally responsible practices in the fashion industry. Several TAFTAC supported initiatives and developments have aimed to address this:

Better Factories Cambodia (BFC): Better Factories Cambodia (BFC), a joint initiative by the International Labour Organization and the International Finance Corporation, was established in 2001 to improve working conditions in Cambodia's garment sector. With over 660 factories and 645,000 workers in the BFC program, 80%

of whom are women, BFC enhances Cambodia's competitiveness as a sourcing destination. The program focuses on gender equity and aims to uplift workers, their families, and communities while boosting the global competitiveness of Cambodian garment and footwear factories.

BetterFactories Cambodia

EU Switch Garment: EU Switch Garment, a project funded by the European Union and implemented by Global Green Growth Institute (GGGI), TAFTAC, and Geres, aims to promote sustainable energy practices in Cambodia's garment sector. The project conducted energy audits across 50 garment factories from August 2021 to August 2022 to identify energy-saving measures. The audits revealed that implementing energy-efficient practices could reduce greenhouse gas emissions by 17% and save up to 2,550 toe/year in energy. The initiative aligns with Cambodia's National Energy Efficiency Policy and aims to make the sector more competitive globally by reducing energy consumption and environmental impact. Following the energy audits, multiple TAFTAC members have acted on the audit recommendations (e.g., rooftop solar installation) to invest in initiatives aimed at reducing their carbon footprints.

switchasia Funded by the European Union

SWITCH GARMENT
PROMOTION OF SUSTAINABLE ENERGY PRACTICES IN THE GARMENT SECTOR IN CAMBODIA

The Model Green Factory Program (MGFP): Model Green Factory Program (MGFP): The Model Green Factory Program in Cambodia is led by GGGI, MoE, MISTI, GERES and TAFTAC to enhance the garment sector's sustainability. It is a guiding tool developed by EU Switch Garment project. It implements energy management and verification schemes in factories to reduce energy use and greenhouse gas emissions. By creating "model" factories as examples for others to follow, the program aims to align Cambodian garment factories with global sustainability standards, making them more energy-efficient and environmentally responsible.

Switch Garment Project Agreement Among GGGI, Ministry of Environment and Ministry of Industry, Science, Technology and Innovation.

GGGI

TAFTAC Sustainability Committee: Chaired by Mr. Choon Yikthong, The TAFTAC Sustainability Committee is one of five specialized committees under TAFTAC. It collaborates with multi-stakeholder initiatives like EU Switch, the Model Green Factory Program, GIZ FABRIC, the Responsible Business Hub, the EuroCham Green Business Committee, and the Garment & Manufacturing Committee. The committee works closely with the Royal Government to advocate for sustainability in areas such as clean energy, green production, solar policy, wastewater treatment, and green building. Its aim is to embed sustainability into Cambodia's garment manufacturing processes while maintaining the sector's competitiveness.

The Garment CSR Awards 2023: The Garment CSR Awards in Cambodia is a pioneering event hosted by EuroCham and the Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC), and organized by the Responsible Business Hub. Scheduled for October 20, 2023, at the Hyatt Regency Phnom Penh, the awards will recognize and celebrate exceptional Corporate Social Responsibility (CSR) efforts within the Cambodian garment industry. The event will feature various award categories, including Social Excellence, Environmental Excellence, and Innovation.

The Responsible Business Hub (RBH): led by EuroCham and GIZ and support by TAFTAC. The RBH aims to promotee responsible and sustainable business practices, with a particular focus on the garment sector. The hub provides free information and advisory services on sustainability and due diligence to align Cambodian businesses with global value chain standards. One of its key objectives is to prepare producer countries and manufacturers for upcoming human rights and environmental due diligence legislation (HREDD) coming from the EU, Germany, the UK, and other countries. The hub enhances local business competitiveness by offering guidance on managing sustainability risks.

RESPONSIBLE
BUSINESS HUB
CAMBODIA
RBH NETWORK

SEC Establishes Solar PV Subsidiary: Established in 2007, Hong Kong based S.E.C. Group, a global manufacturer of heat transfer products and garment accessories, recognized the potential of rooftop solar PV in Cambodia's garment sector. Consequently, they founded a subsidiary in Cambodia, SEC Solar, located in the Phnom Penh special economic zone. SEC Solar is dedicated to green energy and offers end-to-end solar solutions, from design to installation, typically completed in 4-6 months. S.E.C, Group itself runs a 300-400 worker factory in Cambodia, also with a substantial rooftop solar installation. As part of their expansion strategy in Cambodia, S.E.C. is launching the Cambodia Factory Phase 3, a 57,000 square meter facility, marking a 500% space increase. This expansion will bolster their production capacity and serves as a good example that solar innovation can lead to increased sales. (Source: S.E.C. Group)

Mutita Textile Social Enterprise: MUTITA Textile Social Enterprise is a socially responsible garment factory based in Battambang City, Cambodia. Launched in October 2021 with a $3.9 million investment, the enterprise aims to create 649 jobs and has trained over 500 people in garment manufacturing. A member of TAFTAC, Mutita is a prime example of workforce inclusivity, employing and training over 100 vulnerable individuals, including 40 with disabilities. The brand, which signifies "joy for the good things that happen to others" in Cambodian, features five sweater models named after employees who have overcome adversity. All profits are reinvested in the textile center and its workers, as well as other social projects. Mutita is working towards expanding to 120 employees, their pre-COVID target.

M&V Wood AI App: Combating deforestation can be a challenging task but M&V has shown their motivation to build a process identifying their wood sources and removing forest wood from their production. M & V is a Hong Kong-owned company employing around 1,000 workers in Cambodia and is actively combating deforestation by integrating the Wood AI App into their operations. The app, piloted by H&M Group and WWF, swiftly identifies wood species using a smartphone and macro lens. It aids factories in ensuring their wood, used for steam production, originates from approved plantation species like mango and cashew, minimizing deforestation risks. After a successful pilot in Cambodia, the Wood AI App is now being rolled out to new brands and locations. (Source: WoodAI.App)

Fushun Rooftop Solar: Fushun, a Cambodian subsidiary of the China based Ningbo Seduno Group has taken commendable steps towards sustainability. The Seduno group is a multifaceted company specializing in apparel manufacturing, international trade, and more. Fushun is one of Seduno Group's Tier 1 production units. Located in the Bati District of Takeo Province, the garment factory was initiated with a $2.5 million investment, approved by the CDC in 2017, and created over 1,000 jobs. Demonstrating a commitment to environmental responsibility, Fushun has been equipped with a significant rooftop solar PV system, not only to meet brand purchasing criteria but also to align with Seduno Group's wider decarbonization goals.

Vanco Rooftop Solar PV: Established in 2006, Vanco Industrial Co., Ltd., a subsidiary of the Dakota Group of Companies and a key garment supplier to H&M, has championed environmental sustainability in Cambodia. Situated in Kandal province, Vanco's expansive 350,000 square foot factory employs around 4,000 workers. Demonstrating its commitment to a greener future, Vanco partnered with TotalEnergies to install a 750kWp rooftop solar PV system. This initiative supports H&M's goal to reduce emissions by 56% by 2030. In a 2021 article, Jacky Tsang, Director of Dakota Group, highlighted Vanco's ongoing dedication to addressing climate change: "We hope taking an initiative to drive a fundamental change is a critical step to fight climate change. As a manufacturer rooted in Cambodia for more than decades, we see every step of improvement as better ourselves than yesterday." (Source: ScandAsia)

VISITING PHNOM PENH

HISTORY OF PHNOM PENH

1372: Phnom Penh was founded, and it became the capital of Cambodia after the fall of Angkor Thom in 1432. Phnom Penh's former official name is Krong Chaktomuk Serei Mongkol, which loosely translates as "The place of four rivers that gives the happiness and success of Khmer Kingdom, the highest leader as well as impregnable city of the God Indra of the great Kingdom".

1866: The city became the permanent seat of government in Cambodia under the reign of King Norodom I (1860–1904), and the royal residence was moved to Phnom Penh during the French colonial period.

1920s-1930s: Phnom Penh underwent significant development under French rule, with the construction of modern infrastructure, roads, and architectural landmarks. By the 1920's the city gained affectionate nicknames such as "The Pearl of Asia", and the "Paris of the East."

1953: Cambodia gained independence from France, and Phnom Penh continued to flourish as a cultural and economic center.

1975: The Khmer Rouge captured Phnom Penh, and the city was evacuated. The regime's brutal rule led to the destruction of cultural heritage and loss of life.

1979: The Vietnamese military, along with anti-Khmer Rouge Cambodian resistance groups took decisive action leading to the fall of the Khmer Rouge, and Phnom Penh began a slow process of recovery.

1990s: With the end of civil conflict and the establishment of the Cambodian government, Phnom Penh experienced a period of reconstruction and growth.

2000s: The city saw rapid urbanization, with the development of new commercial centers, high-rise buildings, and expansion of infrastructure.

2010: The inauguration of new landmarks like the Win-Win Memorial symbolized the city's progress and commitment to peace and development.

Present: Phnom Penh continues to serve as the political, economic, and cultural heart of Cambodia. It is a dynamic city that reflects the country's rich history and promising future, with ongoing development projects, cultural festivals, and a growing international presence.

PHNOM PENH IN NUMBERS

Population: Phnom Penh is the largest and most densely populated city in Cambodia, with an estimated population of around 2.3 million people as of 2022. This marks a rapid expansion from the 334,000 who called the city home in 1950.

Urbanization: the urban population of Cambodia is growing at approximately 3% per year.

Urban Area: The urban area of Phnom Penh covers approximately 678.46 square kilometers.

Economic Contribution: Phnom Penh is a significant contributor to Cambodia's economy, accounting for about 20.3% of the country's GDP as of 2020.

Educational Institutions: The city is home to numerous educational institutions, including over 30 universities and higher education institutions, providing quality education to Cambodia's young students.

Tourism Potential: Although many use the city as a base to explore other parts of Cambodia, it is developing its own tourism offerings. In 2019, the city welcomed around 3.58 million domestic and international tourists to Phnom Penh international airport.

Cultural Landmarks: Phnom Penh is known for its iconic landmarks, such as the Royal Palace, Wat Phnom, the National Museum, and the Tuol Sleng Genocide Museum, reflecting the city's history and cultural heritage.

Infrastructure Development: Phnom Penh has seen significant infrastructure development, with ongoing projects to improve roads, bridges, and public transportation. The 824m, $38m Koh Pich-Koh Norea bridge, and the Cambodia-South Korea Friendship Bridge (to Be Built in Mid-2023), are key examples.

Quality of Life: Phnom Penh offers a blend of traditional and modern lifestyles, with a growing number of shopping malls (Aeon I, II and III), restaurants, and entertainment venues. The city is undergoing rapid urbanization, attracting investments and development projects. It receives a score of 0.731 on the Human Development Index (HDI).

Expanding Airports: Phnom Penh is already well serviced by the Pochentong International Airport, but this will soon be eclipsed by the Techo Takhmao International Airport. The new airport, located around 35 kilometers south of Phnom Penh, is a joint venture with plans for the airport to be the ninth largest in the world. The project spans over 2,600 hectares and will handle up to 50 million passengers in 2050.

THINGS TO DO IN PHNOM PENH

If you have just one day to explore Phnom Penh, here are some of the best things to see and do in the city:

Visit the Royal Palace: Start your day by visiting the Royal Palace, a complex of beautiful buildings serving as the royal residence of the king of Cambodia. Admire its stunning architecture and the Silver Pagoda located within the palace grounds.

Explore Wat Phnom: Head to Wat Phnom, a Buddhist temple located on a hill, to enjoy a peaceful atmosphere and beautiful views of the city. It's a great place to learn about Cambodian spiritual traditions.

Discover the Tuol Sleng Genocide Museum: Visit this museum, a former high school that was turned into a prison by the Khmer Rouge. It's a sobering reminder of Cambodia's tragic history and a place to reflect and learn.

Wander in the Russian Market: Experience the bustling Russian Market, where you can shop for everything from souvenirs and clothing to local food. Try some traditional Cambodian street food while you're there.

Visit the National Museum: Immerse yourself in Cambodian culture and history at the National Museum. Explore its exhibits showcasing traditional art, sculptures, and artifacts from different periods of Cambodian history.

Enjoy a Cruise on the Mekong River: Spend some time on the Mekong River, taking a boat cruise to enjoy the views of the city and the daily life along the riverbanks.

Shop at Central Market: If you're a fan of shopping, visit Central Market, one of the largest markets in Phnom Penh. Explore its wide range of local products, including jewelry, fabrics, and handicrafts.

Taste Local Cuisine: Treat yourself to the flavors of Cambodian cuisine. Enjoy a traditional Khmer meal at a local restaurant, savoring dishes like Amok, Lok Lak, and various delicious street food options.

Explore the Independence Monument: End your day by visiting the Independence Monument, a symbol of Cambodia's freedom from French rule. It's beautifully lit up at night and is located near some lovely public gardens.

Attend a Traditional Apsara Dance Show: If there happens to be a traditional dance show taking place during your visit, seize the opportunity to witness the vibrant traditions, music, and dances of Cambodia.

Remember to plan your day in advance, considering the opening hours of attractions and the traffic conditions in the city. Enjoy your day exploring the beauty and culture of Phnom Penh!

NEED TO KNOW BEFORE VISITING CAMBODIA

Weather: Cambodia has a tropical climate, with a wet season from May to October and a dry season from November to April. Temperatures typically range from 21°C to 35°C (70°F to 95°F).

Attire: Cambodia is generally more relaxed about clothing, but modest attire is recommended, especially when visiting religious sites. Shoulders and knees should be covered when visiting temples.

Cultural Norms: Cambodians are known for their politeness and hospitality. A traditional greeting involves placing the hands together in a prayer-like gesture and bowing slightly.

Language: Khmer is the official language of Cambodia. English is widely spoken in tourist areas but learning a few basic Khmer phrases can be appreciated by locals.

Safety: Exercise general caution, especially in crowded areas. Follow local advice and be aware of your surroundings. Hold on to your valuables when travelling in Tuk Tuks.

Currency: The currency in Cambodia is the Cambodian Riel (KHR), but the US Dollar (USD) is widely accepted. ATMs are available in major cities, and credit cards are accepted in many establishments. The KHR is pegged to the USD at a rate of approximately 1 USD: 4130 KHR.

Health and Hygiene: It's advisable to have vaccinations before traveling and to drink bottled or boiled water. Be cautious with street food and ensure good hygiene practices.

Transportation: Cambodia offers various transportation options, including tuk-tuks, taxis, and buses. Negotiate fares in advance and consider hiring a local guide for longer journeys.

Accommodation: Accommodations range from luxury hotels to budget hostels. Booking in advance is recommended, especially during peak tourist seasons.

Local Cuisine: Cambodian cuisine offers unique flavors, with dishes like Amok, Lok Lak, and Khmer curry. Try local food from reputable establishments.

Photography: Cambodia's landscapes and historical sites are photogenic. Always ask for permission before photographing people and respect restrictions at religious sites.

Festivals: Cambodia celebrates various festivals, such as Khmer New Year and Water Festival. These events showcase vibrant traditions and cultural performances.

Respect for Religion: Buddhism is the primary religion. Show respect when visiting temples, and follow local customs like removing shoes before entering religious buildings.

Connectivity: Mobile networks and internet connectivity are reliable in urban areas. Consider purchasing a local SIM card for convenience.

Time Zone: Cambodia operates on Indochina Time (UTC+7). Be mindful of time differences when planning activities and communications.

Travel Insurance: Having travel insurance that covers medical emergencies, trip cancellations, and lost belongings is highly recommended.

Cultural Sensitivity: Be mindful of local customs and traditions. Avoid touching heads (considered sacred) and pointing feet at people or religious objects.

Visa: Most visitors require a visa to enter Cambodia. E-visas can be obtained online, or visas on arrival for tourists are available at major airports and border crossings.

Sustainability: Consider responsible tourism practices, such as supporting local businesses, minimizing waste, and respecting natural and cultural sites.

Open-mindedness: Embrace Cambodia's rich culture and history. Engage with locals, explore ancient temples, and enjoy the natural beauty that Cambodia has to offer.

KEY PHRASES

Here are some key phrases in Khmer (the national language of Cambodia) along with their English pronunciations to help you make a good impression:

Hello - "Sua s'dei" (soo-ah s'day) - **សួស្តី**

Thank you - "Aw kohn" (ow kohn) - **អរគុណ**

Please - "Suom" (soom) - **សូម**

Excuse me - "Som dtoh" (som dtoh) - **សុំទោស**

Sorry - "Som toh" (som toh) - **សុំទោស**

Yes - "Baht" (for men), "Chah" (for women) (baht/chah) - **បាទ / ចា**

No - "Aht-te" (aht-te) - **ទេ**

Good morning - "Arakun chhnam thmei" (ah-ra-koon chnam tmay) - **អរគុណឆ្នាំថ្មី**

Good evening - "Sua s'dei tiveah" (soo-ah s'day tee-veah) - **សួស្តីអ្នក**

How are you? - "Sok sabay te?" (sok sa-bai te?) - **សុខសប្បាយទេ?**
My name is... - "Khnom chhmooah..." (k'nom chmoo-ah...) - **ខ្ញុំឈ្មោះ...**

Nice to meet you - "Rean roh hooy" (re-an roh hoo-y) - **រីករាយហើយ**

Can you help me? - "Som chuai khnom ban?" (som chuai k'nom ban?) - **សុំជួយខ្ញុំបាន?**

Where is the...? - "...tae-nov anaa?" (tae nov anaa?) - **...នៅណា?**

How much does it cost? - "Thlay ponman?" (t'lay pohn-mahn?) - **ថ្លៃប៉ុន្មាន?**

I am from England - "Khnom mok pi England" (k'nom mok pee Ing-land) - **ខ្ញុំមកពីអង់គ្លេស**

I am from Germany - "Khnom mok pi Germany" (k'nom mok pee Jermani) - **ខ្ញុំមកពីអាល្លឺម៉ង់**

I am visiting for work - "Khnom mok pi kaam" (k'nom mok pee kam) - **ខ្ញុំមកពីការងារ**

I am visiting for holiday - "Khnom mok pi chhnam thmei" (k'nom mok pee chnam tmay) - **ខ្ញុំមកពីឆ្នាំថ្មី**

I am 32 years old - "Khnom mean ayu 32 chhnam" (k'nom mean ayu 32 chnam) - **ខ្ញុំមានអាយុ៣២ឆ្នាំ**

In Khmer, the number thirty-two is pronounced as "saam'sip pii" (៣២), where "saam'sip" represents thirty (៣០) and "pii" represents two (២).

Using these phrases will show your interest in the local language and culture, and the locals will appreciate your effort to communicate with them. Remember to speak slowly and politely, and don't hesitate to ask for help or clarification if needed.

Here are the numbers from 1 to 10 in Khmer along with their English pronunciation:	And here are the words for 20, 30, 40, 50, 60, 70, 80, 90, 100, and 1000:
1 - “muay” (pronounced as “moo-ay”) - ១	**20** - “m’pai” (pronounced as “m’pie”) - ២០
2 - “pii” (pronounced as “pee”) - ២	**30** - “saam’sip” (pronounced as “saam’sip”) - ៣០
3 - “bei” (pronounced as “bay”) - ៣	**40** - “see’sip” (pronounced as “see’sip”) - ៤០
4 - “boun” (pronounced as “boon”) - ៤	**50** - “haa’sip” (pronounced as “haa’sip”) - ៥០
5 - “pram” (pronounced as “prahm”) - ៥	**60** - “hok’sip” (pronounced as “hok’sip”) - ៦០
6 - “pram muay” (pronounced as “prahm moo-ay”) - ៦	**70** - “chet’sip” (pronounced as “chet’sip”) - ៧០
7 - “pram pii” (pronounced as “prahm pee”) - ៧	**80** - “paet’sip” (pronounced as “paet’sip”) - ៨០
8 - “pram bei” (pronounced as “prahm bay”) - ៨	**90** - “gao’sip” (pronounced as “gao’sip”) - ៩០
9 - “pram boun” (pronounced as “prahm boon”) - ៩	**100** - “muay roy” (pronounced as “moo-ay roy”) - ១០០
10 - “dop” (pronounced as “dawp”) - ១០	**1000** - “muay poan” (pronounced as “moo-ay poan”) - ១០០០

Here are the colours in Khmer along with their English pronunciation:	Here are some key locations in Khmer along with their English pronunciation:
“Black” - ខ្មៅ (khmao)	**Hotel** - សណ្ឋាគារ (Santakar) - Saan-taa-kar
“White” - ស (sa)	**Airport** - អាកាសយានដ្ឋាន (Akaasayan Dattan) - Aa-kaa-saa-yahn Daat-taan
“Red” - ក្រហម (krav)	**Restaurant** - ភោជនីយដ្ឋាន (Phochni Yat Dattan) - Pohch-nee Yaa-taan
“Blue” - ខៀវ (kheav)	**Bank** - ធនាគារ (Thonakar) - Thoh-naa-kar
“Yellow” - លឿន (luen)	**Hospital** - មន្ទីរពេទ្យ (Montirpet) - Mohn-tee Peht
“Green” - បៃតង (baetong)	**Market** - ផ្សារ (Phsar) - Psaa
“Orange” - ទឹកក្រូច (tuk krour)	**Bathroom** - បន្ទប់ទឹក (Bantap Toek) - Bahn-tob Tuk
“Purple” - ស្រវឹង (sroveng)	**Beach** - ឆ្នេរ (Chhnear) - Chnay
“Pink” - ផ្កាឈូក (pkachouk)	**Temple** - ប្រាសាទ (Prasat) - Praa-saat
“Brown” - ត្នោត (tnaot)	**Taxi** - តាក់ស៊ី - taksai – tak-sai

Where is the market? - តើផ្សារនៅឯណា? - tae psaa nov anaa?

Where is the bathroom? - តើបន្ទប់ទឹកនៅឯណា? tae banh-tob Tuk nov anaa?

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