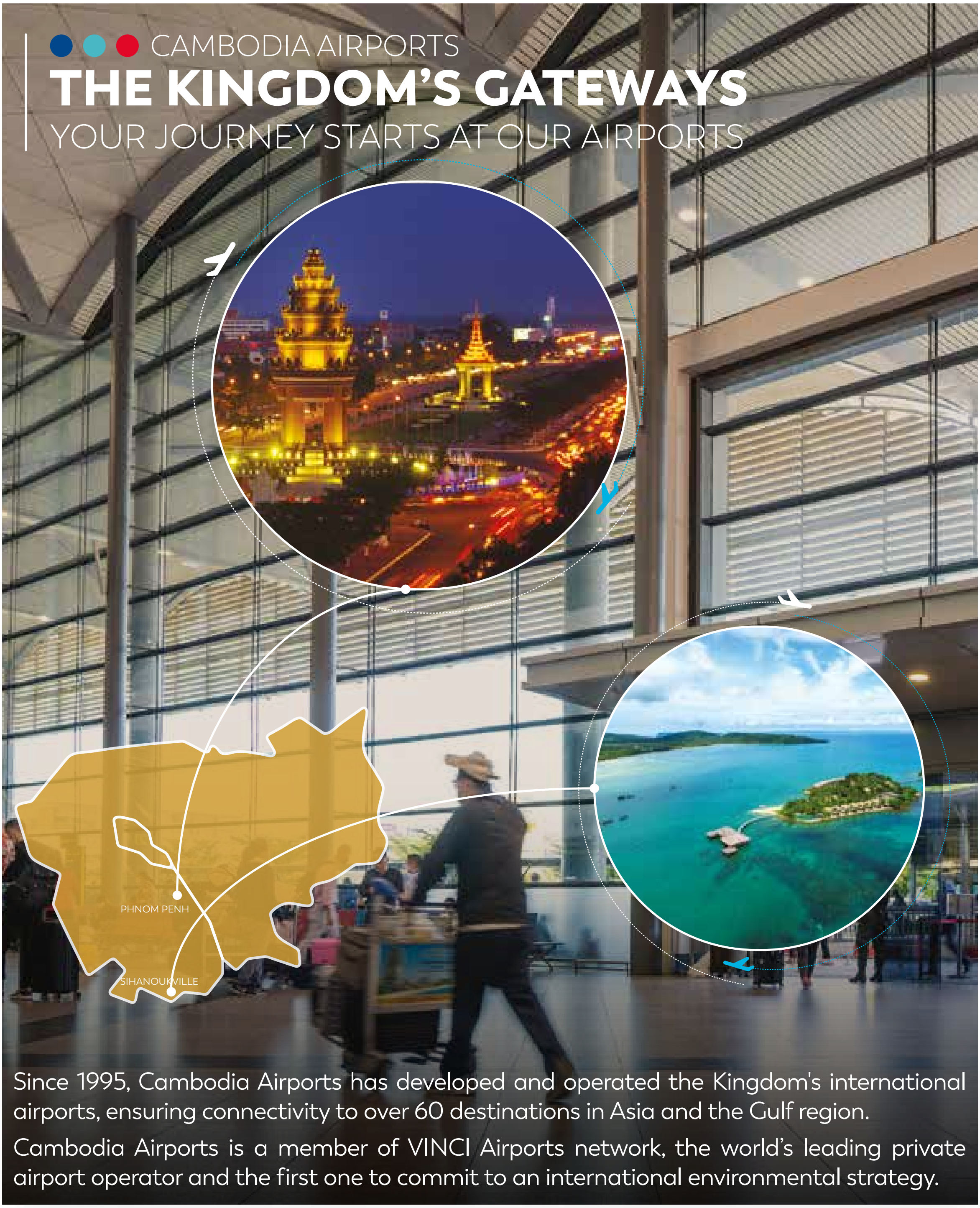
CCI FRANCE CAMBODGE

ENTREPRENEURSHIP

IN CAMBODIA

2025-2026


CAMBODIA AIRPORTS
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Since 1995, Cambodia Airports has developed and operated the Kingdom's international airports, ensuring connectivity to over 60 destinations in Asia and the Gulf region.
Cambodia Airports is a member of VINCI Airports network, the world's leading private airport operator and the first one to commit to an international environmental strategy.

EDITORIAL

Upon reading the new 2025-2026 edition of the guide "Entrepreneurship in Cambodia", it is evident that business opportunities abound in Cambodia! Thanks to the country's positive economic momentum, its pro-business government, and its integration within ASEAN — a market of over 675 million inhabitants with one of the highest economic growth potentials in the world — the Kingdom offers fertile ground for investment.

At the Chamber of Commerce and Industry France Cambodia (CCIFC), our teams work to ensure that the strong fraternal bond forged over centuries between France and Cambodia becomes an advantage, translating into the growth of bilateral economic exchanges.

In a context where both governments have multiplied gestures favoring closer and more ambitious cooperation, Franco-Cambodian businesses are benefiting from a favorable tailwind. The new Prime Minister, Samdech Thipadei Hun Manet, chose France for his first official foreign visit in January 2024. He made a point of meeting with numerous leaders of large and medium-sized enterprises, gauging their interest in the Cambodian market.

Amid this promising climate, Cambodia has been designated by Francophone Heads of State and Government to host the 20th Summit of La Francophonie in 2026—an event that should also provide an opportunity to promote and strengthen economic ties within the Francophone space.

The conditions are therefore currently aligned to develop Franco-Cambodian economic relations. However, given the rapid evolution of the economic environment in Cambodia, French companies must act at the same pace to position themselves in the Cambodian market. To do so, they can follow in the footsteps of their predecessors and rely on counterparts who have thrived in Cambodia for decades. And there are many such companies—active and leading in their sectors!

In this context, the Chamber of Commerce and Industry France Cambodia intervenes to support companies wishing to establish themselves in Cambodia. Founded in 1998 and based in Phnom Penh, we currently bring together over 230 French and Cambodian companies representing various sectors such as construction, tourism, hospitality, and airports. Our core missions are as follows:

- Facilitate market access to Cambodia for French companies and promote their interests with local authorities.
- Animate the Franco-Cambodian business community through various events.
- Offer services such as market studies, partner searches, and recruitment support.

The moment is opportune and set under the best auspices. Seize the business opportunities at hand, and let us work together to strengthen the bond that unites our two beautiful countries.

Established in 1998, the Chamber of Commerce and Industry France Cambodia (CCIFC) and its 230 members support you throughout your professional projects in Cambodia. An essential partner for small and medium-sized enterprises interested in Cambodia and France, the CCIFC possesses in-depth knowledge of the Cambodian market and has established privileged relationships with key public and private economic stakeholders.

Explore the opportunities related to membership on our website or by contacting our team at directeur@ccifcambodge.org.

Entrepreneurship in Cambodia

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The CCIFC would like to extend its warmest thanks to all those who contributed to the creation of this guide.

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CCI FRANCE CAMBODGE

SOMMAIRE

CHAPTER I

INTRODUCTION

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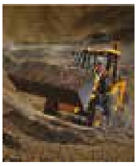
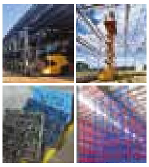


WAREHOUSE EQUPMENT



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Official name	Kingdom of Cambodia
Political system	Constitutional Monarchy
Population	17.64 million inhabitants (2024)
Area	181 035 km² (equivalent to 28% France's area)
Density	95.7 inhabitants/km² (2022)
Administrative and economic capital	Phnom Penh (2.3 million inhabitants)
Major cities	Siem Reap (Angkor Wat) : 245,000 Battambang : 250,000 Sihanoukville : 200,000
Official language	Khmer
Currencies	Riel (KHR) and US Dollars (USD) *(80% dollarized economy)*
Main religion	Theravada Buddhism
Average age	70% of the population is under 30 years old
French presence	Approximately 5,000 people

History

Cambodia is rooted in a millennia-old history, marked by the golden age of the Khmer Empire and the majesty of Angkor, a UNESCO World Heritage masterpiece. After periods of decline and a French protectorate until its independence in 1953, the country endured the tragic ordeal of the Khmer Rouge regime.

Despite this tumultuous past, Cambodia has risen with determination. Looking toward the future, it is now strengthening its role on the international stage, particularly within ASEAN, and attracting foreign investment to support its development. Tourism, a true economic driver, highlights Cambodia's cultural richness and diverse landscapes.

The country is also investing in education and sustainable development to build inclusive and harmonious growth. Aware of the challenges ahead, Cambodia is moving forward with confidence, driven by a spirit of resilience and an unwavering optimism for its future.

1953

CAMBODIA'S INDEPENDENCE

From July 1863 to 1953, Cambodia was under French protectorate status. On November 9, 1953, King Norodom Sihanouk negotiated directly with France and secured the complete independence of the Kingdom of Cambodia, marking the country's return as a sovereign state. Under the government of King Norodom Sihanouk, Cambodia entered a period of modernization and progress known as the Sangkum era.

1970

MILITARY COUP

General Lon Nol's coup d'état, American bombings, and the rise of the Khmer Rouge movement.

1975 - 1979

POL POT REGIME

On April 17, 1975, the Khmer Rouge, led by Pol Pot and Khieu Samphan, seized power and established the Democratic Kampuchea. This period was marked by a brutal genocide of the Cambodian people, resulting in over 2 million victims from a total population of 8 million.

1979

PEOPLE'S REPUBLIC OF CAMBODGE

Establishment of the People's Republic of Cambodia (1979–1989) under Vietnamese occupation. Continued conflicts among nationalists, the Khmer Rouge, and supporters of Norodom Sihanouk.

1985

PRIME MINISTER

Hun Sen, President of the Cambodian People's Party (CPP), is elected Prime Minister of the Kingdom of Cambodia.

Domestic policy

Constitutional monarchy was established in Cambodia in 1991 through the Paris Peace Agreements. In 2004, King Norodom Sihamoni succeeded his father, Norodom Sihanouk, to the throne, fulfilling a role defined by the Constitution which states that "the King reigns but does not govern."

On July 23, 2023, Hun Manet succeeded Hun Sen after the latter's 38 years at the helm of the Cambodian People's Party, winning all seats in the National Assembly with over 82% of the vote.

1991

PARIS PEACE AGREEMENTS

On October 23, 1991, Cambodian political factions signed the Paris Peace Agreements under the supervision of the United Nations. These agreements aimed to end the civil war between the Cambodian state and a coalition composed of the Khmer Rouge (Democratic Kampuchea), royalists (FUNCINPEC), and republicans (FNLPK). They marked a turning point towards peace in the region.

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1993

NEW CONSTITUTION

A coalition was formed between the royalist party (FUNCINPEC) led by Prince Norodom Ranariddh and the Cambodian People's Party led by Hun Sen. On September 21, 1993, a new constitution was adopted, reinstating the Constitutional Monarchy. Three days later, Prince Sihanouk was officially appointed King of Cambodia.

1997 - 1999

CAMBODIAN CRISIS

Prince Norodom Ranariddh was ousted. Hun Sen and the CPP once again won the parliamentary elections.

2004

SIHAMONI, KING OF CAMBODGE

Norodom Sihamoni became King of Cambodia following the abdication of his father, Norodom Sihanouk. A dedicated Francophone, he lived in France for 20 years.

2018

PARLIAMENTARY ELECTION

On July 29, 2018, the party of Prime Minister Hun Sen, the CPP, won the parliamentary elections by securing over 76% of the vote and all 125 seats in the National Assembly.

2023

PARLIAMENTARY ELECTION

Hun Manet succeeded Hun Sen after 38 years at the helm of the Cambodian People's Party, winning all seats in the National Assembly with over 82% of the vote.

MACROECONOMIC DATA

GDP *(World Bank)*	46.4 billion USD (2024)
GDP per capita *(World Bank)*	2,628 USD (2024)
Growth rate *(World Bank)*	5 % (2023) 6 % (2024) 4 % (2025)
Main economic sectors	Textile industry Tourism Agriculture Construction
Imports *(General Department of Customs and Excise)*	28.7 billion USD (2024)
Main imported goods (2024)	Textile inputs: 25% Mineral fuels, hydrocarbons, electricity: 13% Electrical/electronic equipment, machinery: 13% Metals: iron, aluminum, copper...: 10% Chemical products: pharmaceuticals, fertilizers, paints, organic chemicals...: 7% Plastic and rubber products: 6% Vehicles, transport equipment: 6% Agri-food products: 5%
Exports *(General Department of Customs and Excise)*	26.7 billion USD (2024)
Main exported goods (2024)	Textile products: 52% Agricultural products: 17.5% Electrical, electronic equipment and machinery: 8% Rubber & plastic products: 7% Lighting fixtures, furniture and mattresses: 4% Agri-food products: 2% Bicycles: 2%
Foreign Direct Investment (UNCTAD)	4,395 million USD (2024 flow); 52,670 million USD (2024 stock) 3,959 million USD (2023 flow); 48,420 million USD (2023 stock)

THALIAS

HOSPITALITY

L'histoire de Thalias Hospitality commence en janvier 1997 avec l'ouverture d'un petit restaurant familial au cœur de Phnom Penh. Plus de vingt-cinq ans plus tard, le groupe réunit plus de 500 collaborateurs et signe aujourd'hui certaines des marques les plus emblématiques du pays : Topaz, Malis, Khéma, Arunreas Hotel et Cambodge Mag, présentes à Phnom Penh et à Siem Reap. En 2025, Thalias franchit une nouvelle étape avec l'ouverture de Malis à l'aéroport international de Phnom Penh, le lancement d'Opal Catering et le déploiement de Khéma Go, tout en renforçant son écosystème digital avec l'application Thalias.

Topaz

L'élégance et la grande tradition gastronomique française au cœur de Phnom Penh, avec une ambition renouvelée autour du vin, des expériences exclusives et des dîners de prestige.

Malis

Passion, mémoire et créativité au service d'une cuisine cambodgienne réinventée, aujourd'hui déclinée à Phnom Penh, Siem Reap et bientôt à l'aéroport comme porte d'entrée culturelle du pays.

Khéma

Café-restaurant, boulangerie-pâtisserie et traiteur, proposant une sélection unique de fromages affinés, de charcuteries maison et de créations artisanales. Khéma Go ouvre la voie à une nouvelle génération de formats urbains et pratiques.

Opal Catering

Le nouveau visage du catering haut de gamme au Cambodge, réunissant l'expertise de Topaz, Malis et Khéma pour des événements privés, diplomatiques ou institutionnels.

Arunreas Hotel

Une expression de l'art de vivre de Thalias, au service d'un accueil raffiné et personnalisé.

www.thalias.com.kh

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Cambodia's strategic role in ASEAN

ASEAN ECONOMIC COMMUNITY AEC

On December 31, 2015, ASEAN launched the ASEAN Economic Community (AEC) with the aim of promoting regional economic integration and creating a single market, similar to that of the European Union.

The AEC seeks to ensure the free flow of goods, services, capital, and skilled labor among member countries. To realize this ambition, it is essential to reduce non-tariff barriers, improve transport infrastructure, and establish stricter mechanisms to ensure compliance by member states.

ASEAN has defined an initial blueprint covering the period up to 2015, followed by a second, ongoing one extending to 2025. The latter aims to deepen economic integration, build a more robust economic community, and enhance connectivity and cooperation among ASEAN members.

ASEAN FREE TRADE AREA AFTA

The creation of the ASEAN Free Trade Area (AFTA) was decided at the ASEAN Summit in Singapore in 1992. The main objectives of AFTA are as follows:

- Create a free trade area and an integrated regional production base.
- Attract foreign direct investment.
- Develop trade and investment within ASEAN.

AFTA was also established in response to the emergence of other regional groupings, such as the North American Free Trade Area (NAFTA) and the expansion of the European Union (EU). It was also designed to leverage the immense potential and complementarities of the region to strengthen and deepen industrial linkages within ASEAN, particularly through the development of robust and competitive small and medium-sized enterprises.

FREE TRADE AGREEMENTS FTA

In 2022, Cambodia signed Free Trade Agreements with China and South Korea, thereby strengthening trade exchanges with these two countries.

The strategic partnership between the United States and ASEAN is still under development. If realized, it would offer promising prospects for both sides.

Relations between France and Cambodia, despite the absence of free trade agreements, are strong. France supports Cambodia in various sectors, including education, science, infrastructure through the French Development Agency (AFD), as well as military cooperation. The visit of Prime Minister Hun Manet in January 2024, which followed the king's visit in 2022 and his predecessor's in 2023, demonstrates the dynamic relations between the two countries.

ASEAN has enabled Cambodia to strengthen and facilitate its trade with countries in the region. For example, a comprehensive economic partnership agreement was signed between Cambodia and the United Arab Emirates in July 2023. This agreement aims to enhance bilateral relations, thereby opening their respective markets and promoting investments.

SUPPORT TO ASEAN REGIONAL INTEGRATION ARISE

The relationship between ASEAN and the European Union has lasted for nearly 50 years. Currently, the European Union is ASEAN's second-largest trading partner, while ASEAN represents the third-largest trading partner for the EU.

Between 2013 and 2016, the ARISE program was created to strengthen cooperation between the EU and ASEAN to facilitate trade. This program was extended from 2017 to 2022 under the name ARISE Plus. It operated at several levels, including supporting the implementation of the AEC Blueprint 2025 and enhancing the institutional capacity of the ASEAN Secretariat and its sectoral bodies.

A recent example of this fruitful cooperation between ASEAN and the EU is the Comprehensive Air Transport Agreement (CATA) signed in October 2022. This agreement streamlined the 140 existing bilateral agreements between member countries of the two organizations in the field of air transport, while facilitating new connections between EU and ASEAN countries.

ASSOCIATION OF SOUTHEAST ASIAN NATIONS ASEAN

ASEAN is a regional organization aimed at strengthening cooperation among its members in economic, social, cultural, technological, educational, and security fields. It was also created to maintain economic and political stability in the region. To date, ASEAN has 10 member states. East Timor has been an observer member since 2023, its full membership not yet finalized due to reservations from Indonesia.

Cambodia joined ASEAN in 1999. It held the rotating chairmanship of the organization in 2022, hosting the ASEAN Summit in November of the same year. The current chairmanship is held by Malaysia. Cambodia's strategic role within ASEAN is to develop and strengthen opportunities for cooperation and dialogue among members, particularly on issues of security, economic and social development, and peacekeeping.

Being an active and long-term member of ASEAN enables Cambodia to strengthen its regional and international integration, particularly within the Asia-Pacific zone. Cambodia is committed to contributing to regional and global peace and prosperity, relying on its "win-win" policy and its participation in United Nations peacekeeping operations (supported notably by France). Bolstered by its socio-economic growth, the country aspires to play a leading role in deepening regional integration within ASEAN to address current and future challenges

COMMON EFFECTIVE PREFERENTIAL TARIFF SCHEME CEPT

Within the framework of AFTA's CEPT scheme, Cambodia has committed to eliminating import duties on goods originating from other ASEAN member countries. However, Cambodia was granted exemptions until 2018. These preferential tariffs apply to ASEAN members. ASEAN members have also committed to reducing non-tariff barriers, as well as quantitative restrictions and foreign exchange limitations.

WORLD TRADE ORGANIZATION WTO

Since joining the WTO on October 13, 2004, Cambodia has benefited from a tariff liberalization program and technical support from the Organization through a twelve-point action plan aimed at improving the investment environment and facilitating trade.

In February 2016, Cambodia ratified the WTO's Trade Facilitation Agreement, which entered into force on February 22, 2017. This agreement includes measures to expedite procedures, customs clearance, and the movement of goods, including goods in transit. It also promotes effective cooperation between customs and other relevant authorities to ensure trade facilitation and compliance with customs procedures.

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP RCEP

On November 15, 2020, Cambodia signed the Regional Comprehensive Economic Partnership (RCEP), a major free trade agreement linking the 10 ASEAN member states with five other countries: China, South Korea, Japan, Australia, and New Zealand. This partnership entered into force for

Cambodia on January 1, 2022. It constitutes the world's largest free trade agreement in terms of the combined GDP of its member countries.

Since its entry into force, Cambodia's exports to the international market have seen a marked increase. However, it is noteworthy that Cambodia already enjoyed free trade agreements, either directly or through ASEAN, with the 14 other RCEP participating countries.

"EVERYTHING BUT ARMS" TARIFF PREFERENCES
EBA

The "Everything But Arms" (EBA) tariff regime eliminates customs duties and quotas for imports of goods from the least developed countries, with the exception of arms and ammunition.

However, due to serious human rights violations, Cambodia was sanctioned by the European Union, leading to the suspension of 20% of the tariff preferences granted to the Kingdom since August 12, 2020. Despite this, the EU remains Cambodia's fourth-largest trading partner (but its third-largest export market, behind the United States and ASEAN).

Cambodia's 2030 vision

Development Projects and National Ambitions

Cambodia's 2030 vision is only the first stage of a broader plan: the Pentagonal Strategy. This strategy represents an evolution of the two previous government plans – the Triangular Strategy and the Rectangular Strategy, initiated by former Prime Minister Hun Sen. The Pentagonal Strategy is a long-term plan with a perspective extending to 2050, focusing on five priority sectors identified as essential to ensure the country's sustainable growth.

• PENTAGON 1

HUMAN CAPITAL DEVELOPMENT

Goal: To enhance a healthy, skilled, and capable human capital that can stimulate the economy, promote local cultures, and foster new ideas for dynamic and sustainable socio-economic development.

Key Action Areas:

- Improvement of education, sports, sciences, and technologies;
- Development of technical skills;
- Strengthening of the healthcare system and well-being;
- Enhancement of the social protection system and food security;
- Promotion of a quality urban living environment based on morality, equality, and inclusion

• PENTAGON 2

ECONOMIC DIVERSIFICATION AND ENHANCED COMPETITIVENESS

Goal: To support sustainable and resilient medium- to long-term growth through the development of a strong productive base, increased value addition, integration of production and logistics chains, and attraction of investments into emerging industrial sectors.

Key Action Areas:

- Development of key sectors and new sources of growth;
- Strengthening connectivity and infrastructure efficiency: transportation, logistics, energy, water, and digital;
- Improvement of the business and investment environment;
- Optimization of Special Economic Zones (SEZs), including industrial parks, agro-industrial parks, and free trade zones;
- Innovation in financial mechanisms and products to support investment.

• PENTAGON 3

PRIVATE SECTOR AND EMPLOYMENT DEVELOPMENT

Goal: To position the private sector as the central driver, making it the primary engine of growth, a creator of jobs, innovative solutions, and competitiveness at both regional and global levels.

Key Action Areas:

- Development of the labor market;
- Promotion of micro, small, and medium-sized enterprises (MSMEs), startups, entrepreneurship, and the transition from the informal to the formal economy;
- Strengthening of public-private partnerships;
- Encouragement of business competition;
- Development of the banking system and non-banking financial services..

• PENTAGON 4

RESILIENT, SUSTAINABLE AND INCLUSIVE DEVELOPMENT

Goal: To adopt a holistic approach in transforming the country's socio-economic development and addressing global challenges, such as climate change and geopolitical uncertainties.

Key Action Areas:

- Optimizing population growth, promoting gender equality, and improving demographic resilience;
- Sustainable management of natural resources, cultural heritage, and tourism;
- Development of agriculture and rural areas;
- Modernization of urban management;
- Implementation of environmental sustainability and climate adaptation policies, promotion of the green economy.

• PENTAGON 5

DEVELOPMENT OF THE DIGITAL ECONOMY AND SOCIETY

Goal: To harness the potential of digital technologies as a lever for economic growth, administrative modernization, and social transformation.

Key Action Areas:

- Establishment of a digital government and society;
- Development of the digital economy, e-commerce, digital enterprises, and technological innovation;
- Construction and expansion of digital infrastructure;
- Strengthening of cybersecurity and digital governance;
- Development of financial technology (fintech).

This Pentagonal Strategy aims to realize Cambodia's "Vision 2050": to become a high-income country, a prosperous nation with a resilient economy, an educated people, and enhanced influence on regional and global stages.

This represents an ambitious path, marked by challenges but also rich in opportunities, to secure a prosperous and sustainable future for Cambodia in the 21st century.

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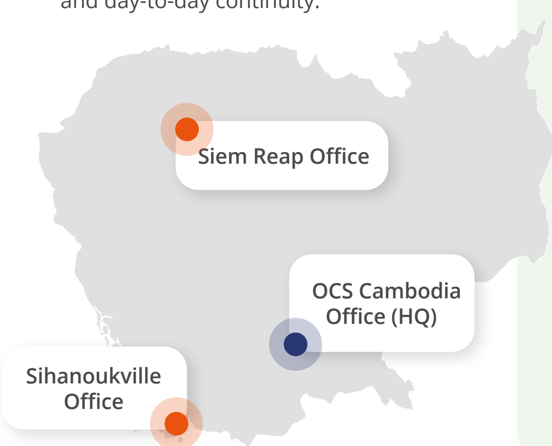

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CHAPTER II

INTERNATIONAL POLICIES AND FUNDING

Trade agreements and bilateral partnerships

By the end of 2024, Cambodia's total trade volume reached approximately $54.74 billion USD. However, the country recorded a trade deficit of $2 billion USD, with exports exceeding $25 billion USD and imports totaling over $27 billion USD.

CHINA

In 2024, bilateral trade between Cambodia and China continued to grow, reaching $15.19 billion USD, accounting for about 30% of Cambodia's total foreign trade. Cambodian exports to China increased by 18.4%, totaling $1.75 billion USD, while imports from China rose by 24.6%, reaching $13.44 billion USD. The trade deficit with China reached $11.69 billion USD, a figure that has increased since 2023. China remains Cambodia's largest foreign investor, with investments in 2024 nearing $6.9 billion USD, representing about 50% of the country's foreign direct investment. In reality, China's trade surplus with Cambodia largely translates to a Chinese surplus with the United States, extending beyond Cambodia's flagship textile export sector. The Cambodia-China Free Trade Agreement (CCFTA) and the Regional Comprehensive Economic Partnership (RCEP) have contributed to strengthening this trade, facilitating – to some extent – Cambodian exports to China, particularly in the agricultural sector.

UNITED STATES

Trade between Cambodia and the United States increased by 11.3% in 2024. The trade balance is particularly favorable for Cambodia, with exports reaching nearly $10 billion USD, while imports remained low at $264 million USD. The US President had initially imposed a 49% tariff—the highest in the world—on Cambodian exports due to Cambodia's close ties with China and the fact that a significant portion of Cambodian exports to the US originate from China. Following Cambodia and Thailand accepting a US-promoted ceasefire, the tariffs were ultimately set at 19% for both countries. Therefore, this should not have a major impact, relative to Cambodia's competitors, on the competitiveness of Cambodian exports.

EUROPEAN UNION

Bilateral trade reached $7 billion USD in 2024, making the European Union Cambodia's third-largest export market—it was the second before Brexit—resulting in a surplus of $5.1 billion USD for Cambodia. Undoubtedly, as a trading partner, the European Union contributes significantly to Cambodia's socio-economic development; more so than some countries with developed trade, albeit at the cost of a very high surplus over Cambodia. In addition to agreements with China, the US, Vietnam, Japan, and South Korea, Cambodia has also signed other trade agreements with countries such as Australia, the United Kingdom, and India. These agreements aim to diversify Cambodia's trade partnerships and strengthen sectors such as textiles, agriculture, and industry.

VIETNAM

Trade between Cambodia and Vietnam reached $10 billion USD in 2024. Cambodian exports to Vietnam increased by 37.7%, reaching $2.2 billion USD, while imports from Vietnam rose by 12.9%, totaling $2.4 billion USD. The trade balance is slightly in deficit, but the exchange remains significant for Cambodia, making Vietnam the country's second-largest trading partner after China.

JAPAN

Trade volume with Japan reached $2.2 billion USD in 2024, an increase compared to previous years. Japanese investments in sectors such as industry, agriculture, and infrastructure have also continued to grow, consolidating economic relations between the two countries.

SOUTH KOREA

Trade with South Korea reached $762 million USD in 2024, marking an 11.49% increase from the previous year. The Cambodia-Korea Free Trade Agreement (CKFTA), which recently came into effect, has contributed to this growth by facilitating Cambodian exports to South Korea. South Korea remains an important investor in sectors such as finance, agriculture, real estate, and manufacturing. Examples:

- Australia is a key partner for Cambodian agricultural exports, particularly rice and seafood.
- The United Kingdom continues to strengthen its trade links with Cambodia post-Brexit, with a particular focus on textile and garment exports.
- India plays a growing role as an investor in the pharmaceutical industry and infrastructure.

Cambodia is also striving to diversify its trade relations with countries in the Middle East and Africa, seeking investments in non-traditional sectors such as renewable energy and technology.

International trade

Cambodia continues to stand out in the ASEAN region, ranking as the second country with the highest growth rate. In 2024, its foreign trade growth rate was estimated at around 6%, supported by a notable 16.9% increase in its trade volume, reaching $54.7 billion USD, compared to $46.8 billion USD in 2023. This trend reflects strong trade momentum, where exports grew by 15.7%, reaching $22.2 billion USD, while imports increased by 18%, amounting to $28.5 billion USD in 2024.

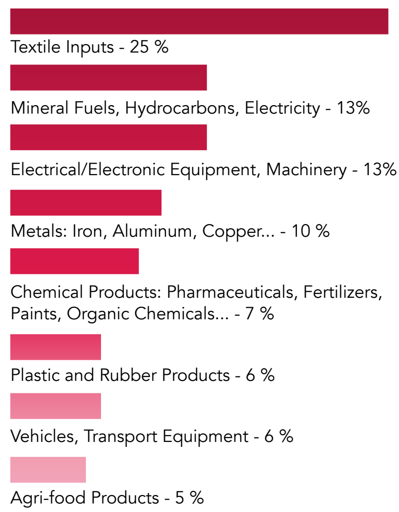
IMPORTS

In 2024, imports remain one of the largest burdens on Cambodia's trade balance. Nearly 47% of total imports come from China, increasing by 24.6% to reach $13.44 billion USD. China primarily exports raw materials for Cambodian factories, as well as consumer goods, food and beverages, vehicles, machinery, construction materials, electronics, pharmaceuticals, and agricultural products.

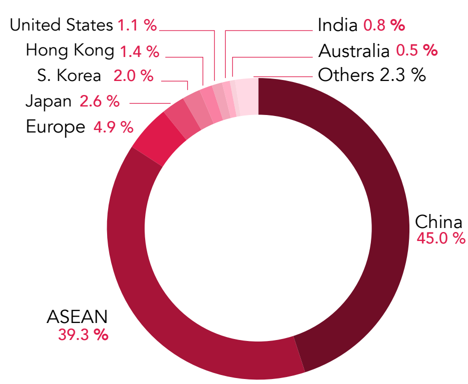
Other major imports largely come from neighboring ASEAN countries, with significant volumes from Vietnam ($4.2 billion USD), Thailand ($3.45 billion USD), Indonesia ($1 billion USD), Singapore ($800 million USD), and Malaysia ($718 million USD).

In terms of specific products, some saw significant import increases in 2024, including copper, with a dramatic rise of 93.3%, reaching $276.2 million USD. Metals, steel, and rubber were also among other products whose imports increased by 69.6% and 66.3%, respectively.

PRODUCTS IMPORTED INTO CAMBODIA (2024)



IMPORTS BY COUNTRY



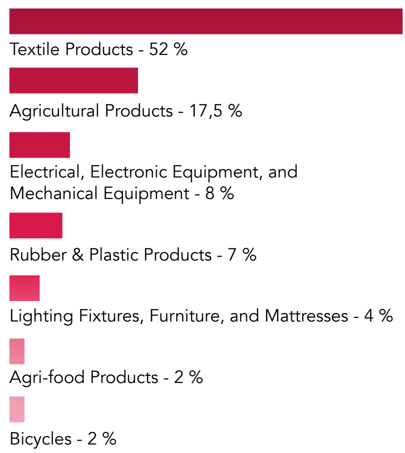
The energy and agri-food sectors represent the largest imports, with $5.8 billion USD for energy (20.3% of total imports), followed by the agri-food industry ($4.2 billion USD, or 14.8%) and the textile and apparel industry ($3.1 billion USD, representing about 10.8%). Finally, various chemical products saw a significant decline between 2023 and 2024, dropping by 45% from nearly $1 billion to about $543 million USD.

EXPORTS

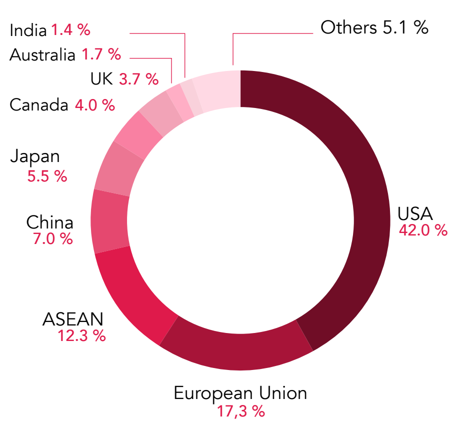
In 2024, Cambodian exports increased by 15.7%, rising from $22.6 billion USD to $26.1 billion USD. The main exports are dominated by the textile sector, with $11.7 billion USD, a large portion of which is destined for the United States, a key market representing nearly $10 billion USD of Cambodian exports. Other major destinations for Cambodian exports include Vietnam ($3.6 billion USD), China ($1.7 billion USD), Japan ($1.4 billion USD), Canada ($1.1 billion USD), and Spain ($1 billion USD). Unlike imports, Cambodian exports are relatively diversified globally.

In addition to textile products, Cambodian exports include raw materials such as rubber, leather, and wood (approximately $3.9 billion USD), as well as agri-food industry products ($3.5 billion USD). The equipment and machinery sector accounts for $2.6 billion USD, and leisure, home, and wellness products amount to about $1.5 billion USD..

PRODUCTS EXPORTED FROM CAMBODIA (2024)



EXPORTS BY COUNTRY

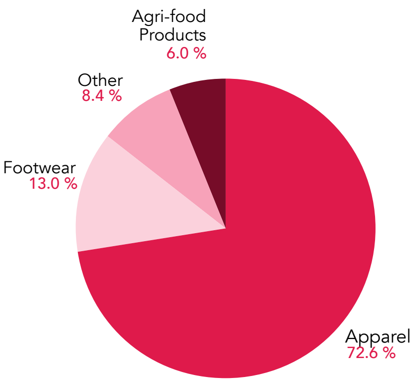


France-Cambodia trade exchange

In 2024, trade between France and Cambodia reached €1.51 billion, marking an increase of approximately 20% compared to the previous year. This growth was primarily driven by a rise in imports from Cambodia, particularly in the apparel sector, which grew by 20.8%. French imports from Cambodia thus totaled €1.357 billion in 2024, partially offsetting a 26.9% decrease in French exports to Cambodia. This trend is explained by a drastic reduction in exports of foundry and metallurgical products by 99.1%, dropping from €35.4 million to only €313,000 in 2024.

In terms of ranking, in 2023, Cambodia held the 67th position among France's trading partners. Cambodia is France's 103rd largest customer, 58th largest supplier, and the 35th country with which France records its largest trade deficit. It represents 0.029% of France's global exports.

FRENCH IMPORTS



French imports from Cambodia increased by 13.8% between 2023 and 2024. These imports are dominated by the apparel sector, which accounts for 72.6% of total imports, approximately €1.010 billion. Footwear and agri-food products constitute the two other most important categories, together representing nearly 20% of imports (13% and 6% respectively), for a total amount of around €280 million.

Despite an increase in Cambodian imports, French exports to Cambodia decreased by 26.9% in 2024 compared to 2023. Among the main French exports to Cambodia, agri-food products hold a significant place, recording a 3% increase between 2022 and 2024, reaching €43.3 million in 2024. This category is primarily dominated by various food products, which account for €20.2 million, almost half of the total value of agri-food exports. Additionally, beverages, including wine, alcoholic, and soft drinks, represent about 35.5% of French agricultural exports to Cambodia.

Pharmaceutical products rank second among French exports, with approximately €38.7 million exported in 2024. France is the second-largest supplier of pharmaceutical products to Cambodia, after India. French companies such as Sanofi, Pierre Fabre, and Servier are key players in this sector. Finally, various machinery and equipment represent about 6% of French exports to Cambodia. Notably, exports of machinery for various uses saw a dramatic increase of 116% between 2023 and 2024.

Support programs and international institutions

Access to financing in Cambodia is available through various channels, primarily via support programs offered by international and local institutions.

FRENCH DEVELOPMENT AGENCY AFD

The French Development Agency (AFD) has been present in Cambodia since 1993. It plays a key role in financing development projects across various strategic sectors. Each year, AFD allocates approximately €100 million to projects in Cambodia, bringing its total funding since its establishment to €880 million, distributed across 133 different projects. The sectors targeted by AFD are diverse, including:

- Water and sanitation;
- Sustainable development;
- Irrigation systems;
- Transportation infrastructure;
- Training centers.

AFD thus supports the development of key infrastructure and essential service projects, contributing to economic growth and improved living conditions in Cambodia.

PROPARCO

Proparco, a subsidiary of AFD, focuses on financing and supporting private enterprises. It operates in key sectors for Cambodia's economic and social development. Proparco supports projects in areas such as:

- Infrastructure (particularly renewable energy);
- Agri-food;
- Financial institutions;
- Healthcare;
- Education.

Proparco's interventions aim to strengthen the private sector's contribution to achieving the Sustainable Development Goals (SDGs), while promoting inclusive and sustainable economic growth. By supporting infrastructure projects and private initiatives, Proparco plays a crucial role in stimulating private investment in Cambodia, especially in sectors with high potential for ecological transition and sustainability.

Foreign Direct Investments (FDI)

In recent years, Cambodia has experienced sustained momentum in Foreign Direct Investment (FDI), further solidifying its position as one of Southeast Asia's attractive hubs for international capital. In 2023, inward FDI reached approximately $4 billion USD, a 10.6% increase compared to 2022 ($3.6 billion USD). This rebound, occurring in a global context still marked by economic tensions, underscores the country's resilience and growing attractiveness. By the end of 2024, the total stock of FDI in Cambodia amounted to over $55 billion USD. Contrary to the regional trend, where investment flows to developing countries fell by 7%, Cambodia maintained steady growth, driven by investment-friendly reforms, political stability, and its participation in several regional trade agreements such as the RCEP (Regional Comprehensive Economic Partnership) and all ASEAN agreements.

MAIN INVESTOR COUNTRIES

China remains, by far, the largest investor in Cambodia. In 2024, it accounted for approximately 50% of inward FDI, amounting to nearly $3.43 billion USD (Taiwanese investments, which are not clearly distinguished in Cambodian statistics, represent about 6 to 7 percentage points of this). It is followed by countries such as Vietnam (8.1%), South Korea, Singapore, Japan, Malaysia, Thailand, Canada, and the United Kingdom. It is also noteworthy that the domestic Cambodian private sector contributes significantly, representing nearly 34% of approved projects.

Evolution of Investment Flows into Cambodia (in Million USD)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Flow	1 823	2 476	2 786	3 213	3 663	3 625	3 483	3 579	3 959	4 395
FDI Stock	21 901	24 377	27 049	30 370	34 030	36 903	41 025	44 537	48 420	52 670

A CONCRETE FRENCH PRESENCE IN CAMBODIA

This situation stands in stark contrast to the actual French economic footprint in the country. Although their financial investments may not be highly visible in official statistics, several major French companies have established long-term operations in Cambodia, some for many years, conducting industrial, commercial, or service activities there. However, tracing all investments by French companies has become challenging, as many do not come directly from France.

Among them, Vinci Airports holds a major position through its management of Cambodia's main international airports. This significant presence highlights the importance of French companies in the airport infrastructure sector, a strategic domain for the country's economic development.

Concurrently, its subsidiary Vinci Construction Grands Projets is involved in public infrastructure projects, reinforcing the French presence in Cambodia's construction and civil engineering sectors.

The Saint-Gobain group is also well-established, particularly in the manufacturing and distribution of construction materials such as plasterboards and insulation, thus contributing to the modernization of the local building sector, as well as in supplying pipes for water distribution (PAM).

Similarly, Legrand and Schneider, global specialists in electrical equipment, offer Cambodia solutions tailored to the growth of residential and commercial infrastructure.

In the agri-food sector, Danone has established itself through local partnerships to supply dairy products and infant nutrition, while Newrest is a recognized player in collective catering, particularly in airport services. Furthermore, Pernod Ricard is very active in the distribution and promotion of its spirits, capitalizing on an expanding market (French wines and spirits hold the top position in Cambodia). The Michelin Group ensures the distribution of high-quality tires, meeting growing demand in the Cambodian automotive sector. Finally, BRED Banque Populaire is the only French – and even European – bank present locally, offering financial support to French companies and bilateral trade exchanges.

Beyond these major corporations, many small and medium-sized enterprises (SMEs) run by French nationals abroad, often members of the French Cambodian Chamber of Commerce and Industry (CCIFC), actively participate in the local economy. They operate in diverse sectors such as consulting, education, digital technology, agriculture, distribution, and hospitality. This varied and concrete presence illustrates that, despite modest financial flows, France maintains a solid foothold in Cambodia. It represents a significant foundation for more broadly developing French foreign direct investments in the coming years.

SECTORAL DISTRIBUTION

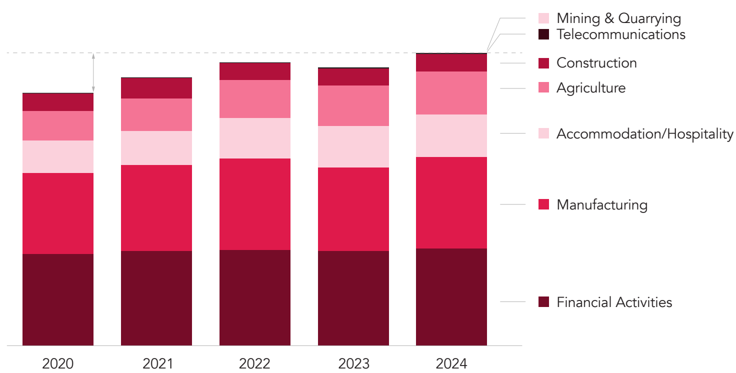
In 2024, the majority of investments flowed into the industrial sector, with 394 projects totaling $4.8 billion USD. Infrastructure hosted 8 projects amounting to $1.3 billion USD, while tourism benefited from 4 projects worth $738 million USD, and agriculture/agri-industry from 8 projects representing $121 million USD. This distribution confirms a concentration of investments in industrial value chains, logistics projects, and infrastructure development.

A DIVERSIFIED SECTORAL PRESENCE

Infrastructure and Logistics

The Vinci Group, via Cambodia Airports, manages the country's main international airports (Phnom Penh, Siem Reap, and Sihanoukville). CMA CGM, a shipping giant, is also very active in logistics and the supply of goods to Cambodia, notably via the port of Phnom Penh.

SECTORAL DISTRIBUTION OF FOREIGN DIRECT INVESTMENTS (2020–2024)



Energy and Environment

TotalEnergies has been present for many years in the distribution of fuels and petroleum products. The company contributes to the modernization of distribution infrastructure and the improvement of energy security.

Hospitality and Tourism

Accor, one of the world's leading hotel groups, operates several establishments in Cambodia under the Sofitel, Novotel, ibis Styles, and Raffles brands. These establishments contribute to the country's tourism boom, particularly in Siem Reap, the gateway to the Angkor temples.

Retail and Distribution

Decathlon opened its first store in Cambodia in 2021 in Phnom Penh. The company offers a wide range of sports goods at accessible prices, targeting both local and expatriate customers. Its establishment demonstrates the potential of the Cambodian market in terms of emerging urban consumption.

Agri-food and Spirits

Pernod Ricard is present in Cambodia through the distribution of its leading spirits brands (Ricard, Chivas, Absolut, etc.). The company enjoys strong brand recognition among the urban middle class and the high-end hospitality sector.

Automotive and Mobility

The **Stellantis** group, parent company of Peugeot, sells vehicles in Cambodia through a dealer network. The automotive market remains niche but is growing steadily, with increased demand for urban and utility models.

Industry and Tires

Michelin is present indirectly through the import and distribution of its tires via local partners. The development of road infrastructure and the country's increasing motorization support demand.

Healthcare and Pharmaceuticals

Sanofi, a major healthcare player, distributes its medicines and vaccines in Cambodia through local partnerships. The pharmaceutical market, still being structured, benefits from the recognized quality of French healthcare and prevention.

Banking and Financial Services

BRED Banque Populaire, a subsidiary of the BPCE group, has been present in Phnom Penh since 2017. It offers banking services to individuals and businesses, with expertise in financing solutions for foreign and local companies.

Professional Services and Entrepreneurship

Beyond these large corporations, numerous SMEs and startups founded by French nationals are active in sectors such as hospitality, agri-food, engineering, design, digital technology, and consulting. This entrepreneurial community contributes to the local economic dynamism by bringing technical know-how, innovative capacity, and a strong proximity to the needs of the Cambodian market.

CHAPTER III

PROMISING SECTORS

Agriculture

A Dynamic and Evolving Sector

A CENTRAL SECTOR FOR THE COUNTRY

With 79% of the population living in rural areas, agriculture is one of the most important sectors of Cambodia's economy, accounting for 22.2% of GDP (*World Bank, latest available data*) and directly employing 36% of the population, or 6 million people. According to the 2023 census, Cambodia has nearly 1.85 million agricultural households compared to 2.13 million in 2013, reflecting a shift towards larger farms. Concurrently, agricultural value added has increased significantly, rising from €4.3 billion in 2013 to €6.5 billion in 2023, a 51% increase.

According to the National Institute of Statistics, 75% of farms are one or two hectares in size and 98% of farmers own their land. For 59% of farms, agricultural production accounted for more than half of their total income. The Food and Agriculture Organization (FAO) identifies several sectors around which Cambodian agriculture is structured. Crops rank first, representing about 54% of agricultural GDP, followed by fisheries (25%), livestock (15%), and forestry (6%).

In 2024, approximately $569 million was allocated to this ministry, compared to $367 million in 2023 (+55%), an increase from 2023 to 2024 that followed the trend of previous years.

DIVERSE CROPS

Rice is Cambodia's main crop, representing 95% of cereal plantings, allowing Cambodia to fully meet its needs and contributing to 15% of the country's overall GDP (report by Agronomes et Vétérinaires Sans Frontières). In 2024, over 445,000 tons of rice were exported for an amount of $335 million USD (report by the Cambodia Rice Federation), mainly to the European Union, China, and ASEAN. Despite this, Cambodia's export level is lower than that of its neighbors Thailand and Vietnam.

Cambodian agriculture also includes production of cassava, corn, cashews, rubber, sugarcane, fruits (mangoes, bananas, durians…) and vegetables (cucumbers, cabbages…). These productions meet domestic needs and are exported to Asia or the European Union. Cambodia imports nearly 30% of its fruits and vegetables each year.

Furthermore, livestock represents a source of income for over 1.4 million agricultural households and covers about 80% of domestic demand (GIZ report), with the remainder coming from Thailand and Vietnam. The fisheries sector represents 22% of the country's agricultural GDP and is a source of income for over 60,000 agricultural households.

Therefore, in 2024, Cambodia exported 11.7 million tons of agricultural products, a 34% increase compared to 2023, generating revenue of $4.8 billion USD. However, the agri-food industry remains underdeveloped, representing only 2.4% of GDP in 2018. The country thus imports a large portion of raw materials from Vietnam or Thailand. Promoting this industry is central to the government, which is trying to attract investors through incentive measures (tax exemptions, reduced electricity costs, etc.).

LOGISTICAL CHALLENGES TO ADDRESS

Cambodia must also face logistical challenges and implement projects to solve them. Firstly, the electricity grid is improving despite difficulties related to costs and coverage. AFD and Electricité du Cambodge (EDC) are behind a project to extend and modernize the national electricity grid, which will assist farmers.

The lack of logistical infrastructure and its cost, especially in rural areas, also hinders the sector's growth. AFD is funding a road network improvement project that will partially address these problems. Maritime infrastructure is modernizing, but Cambodia remains highly dependent on foreign ports to export its goods.

Finally, the use of mechanization is progressing despite obstacles related to farm size and farmer income. Consequently, the Ministry of Agriculture, Forestry and Fisheries (MAFF) is collaborating with the private sector to help producers integrate their use and address the decline in the agricultural workforce (80% in 1993 compared to 32% today).

THE LIMITED DEVELOPMENT OF ORGANIC AND PROTECTED AGRICULTURE

Demand for healthy agricultural products is growing and encouraging the development of organic agriculture. The Cambodian organic market has developed with two main organic certification systems, USDA NOP and EU Organic. Rice, pepper, and herbs now represent the main organic crops. However, organic agriculture is almost non-existent, representing only 0.5% of farms (GIZ, 2019). Furthermore, pesticides are still widely used in agriculture. To make agriculture more sustainable and respectful, Cambodia must develop producer training regarding organic methods and strengthen control over the import and sale of chemical products.

Some products benefit from a Geographical Indication (GI), guaranteeing their origin and compliance with production specifications. In Cambodia, a consortium of NGOs led by Gret and supported by AFD has already secured GI status for three of the country's emblematic products: Kampot pepper, Kampong Speu palm sugar, and Mondulkiri wild honey.

THE RISK OF CLIMATE CHANGE

Cambodia is considered vulnerable to climate change due to its production (nearly 80% of agriculture relies on the country's climatic conditions) and also due to the agricultural sector's lack of adaptation. In 2024, the country experienced a very long dry season, which, coupled with poor water resource management and weak irrigation systems, led to the loss of part of the agricultural production. Additionally, 48% of villages suffered drought episodes and 39% were affected by floods.

AGRICULTURE ON THE POLITICAL AGENDA

Agriculture is a major sector in the Pentagonal Plan, and several objectives have been highlighted, including modernizing agricultural practices (use of machinery, improved irrigation, etc.), providing financial and technical support (training, access to credit, subsidies, etc.), and developing rural infrastructure (roads, storage facilities, etc.). The Plan also aims to encourage public-private partnerships in the agri-food sector.

Cambodia has strengthened its trade relations in recent years by signing bilateral or regional agreements:

The RCEP (Regional Comprehensive Economic Partnership), which came into effect in 2022, allows Cambodia access to key markets such as South Korea, Japan, and Australia.

Agreements in February 2025 aimed at cooperation with the Philippines to increase agricultural trade between the two countries.

A new protocol signed in April 2025 with China, authorizing Cambodia to export additional agricultural products, supplementing the Cambodia-China Free Trade Agreement (CCFTA) that came into effect in 2022 and allows for the export of approximately 350 agricultural products to China.

INTERNATIONAL ORGANIZATION PROJECTS IN CAMBODIA

Several international organizations finance and implement projects aimed at developing the agricultural sector, improving infrastructure, and assisting farmers. The AFD (French Development Agency) thus supports the government in its rural development strategy through three projects:

- Agriter Phase III, which plans to improve the transition of farms engaged in agro-ecology by disseminating knowledge and skills through training, public awareness, and network collaborations (particularly North-South).
- CapFish, which aims to address constraints in the aquaculture sector to ensure sustainable growth and food security by supporting both the private and public sectors.
- Agricultural Value Chain Competitiveness and Safety Enhancement Project (ACSEP), in partnership with the Asian Development Bank, which supports five developing value chains (cashew, mango, cassava, poultry, and market gardening) by facilitating access to financing and promoting links between agri-entrepreneurs and agricultural cooperatives.

The International Fund for Agricultural Development (IFAD) has also implemented various projects aligned with the Pentagonal Plan. IFAD has developed the COSOP (Country Strategic Opportunities Programme), a program defining major priorities for the country in the agricultural sector. The strategic objectives of COSOP for Cambodia are to increase the production capacity and income of 250,000 farming households and to strengthen environmental sustainability and climate resilience.

Among the projects outlined in COSOP, two are underway for 2025. The first is the ASPIRE-AT project (Agriculture Services Program for an Inclusive Rural Economy and Agriculture Trade), which aims to reduce poverty in rural areas while developing sustainable agriculture through training, technical assistance, and innovation.

The second project is CAISAR (Climate Adaptative Irrigation and Sustainable Agriculture for Resilience), which aims to improve the adaptation of small farms to climate change and strengthen the capacities of local institutions and ministries overseeing the project.

Finally, in June 2024, the World Bank and Cambodia launched the "Cambodia Water Security Improvement Project" (CaWSIP), aiming to improve water quality and refurbish hydraulic equipment to ensure the country's water security. The CaWSIP project will also help farmers obtain support to adopt new, more environmentally friendly technologies. This $145 million project is expected to benefit nearly 115,000 people by 2030.

The CCIFC would like to thank East-West Seed for their contribution to the writing of this chapter.

Textile industry

An economic pillar transitioning towards greater sustainability

MARKET INTRODUCTION

Cambodia's textile sector is a key driver of the country's economy, representing approximately 45% of total exports in 2024. Indeed, this sector employs nearly 1 million people, more than 10% of the active workforce. The majority of workers are women, primarily aged 18 to 30. For several years, Cambodia has been attracting an increasing number of major international brands due to its competitive production costs and its capacity to supply products on a large scale. However, the sector faces significant challenges, particularly regarding working conditions and regional competition.

Cambodia's exports of textile products, which include clothing, footwear, and travel goods, reached $13.94 billion USD in 2024. This performance marks a growth of 23.3% compared to the previous year, demonstrating the sector's resilience. Export figures for 2024 are as follows (in USD):

- Clothing: $9.79 billion (+24%)
- Footwear: $1.68 billion (+18%)
- Travel Goods: $1.95 billion (+21%)
- Raw textiles and other related products: approximately $520 million

The main export markets are the United States, representing over 40% of exports, followed by the European Union (around 25%), the United Kingdom, Japan, and South Korea. Cambodia remains a strategic location for major international brands, attracted by low production costs, high productivity, and a well-established supply chain. Among the brands benefiting from this production are Adidas, H&M, Levi's, Zara (Inditex), and Puma, all of which have established business relationships with Cambodian factories. Today, the country is home to over 1,200 textile and garment factories, primarily concentrated around Phnom Penh and in surrounding provinces like Kandal and Svay Rieng.

The Cambodian textile sector relies heavily on a female workforce, with nearly 85% of workers being women. They mainly hold positions in garment factories, often working long hours in demanding conditions. The textile sector is the only one that applies a fixed monthly minimum wage. In 2024, this was revised to $200 USD per month for workers in this sector. However, with housing and transportation allowances, female workers can earn an average monthly salary between $217 and $228 USD. This amount remains relatively low but is slightly higher than in other regional countries like Vietnam and Bangladesh.

STRONG INVESTMENT GROWTH

Despite cyclical challenges, the textile sector continues to attract foreign investment. In 2024, the Council for the Development of Cambodia (CDC) approved 43 industrial projects, including 11 textile projects, representing a total investment of $940 million. These projects are expected to create approximately 39,000 new jobs in the sector. Furthermore, Cambodia is establishing Special Economic Zones (SEZs) to encourage the growth of the textile industry. The government has also announced initiatives to strengthen logistical infrastructure, such as the China-funded Funan Techo Canal project, which aims to improve connectivity between Phnom Penh and the Gulf of Thailand. This project is expected to help improve export flow and reduce transportation costs.

A SECTOR FACING NUMEROUS CHALLENGES

The Cambodian textile sector, while dynamic, faces several challenges that make the country less attractive than some neighbors:

- Dependence on Raw Material Imports: Over 80% of fabrics used in Cambodian factories are imported, primarily from China and Vietnam, creating vulnerability to global raw material price fluctuations.

- Regional Competition: The sector faces strong competition from neighboring countries, notably Bangladesh, Vietnam, and Myanmar, which benefit from even lower production costs and greater competitiveness.

- Working Conditions: Although progress has been made, partly thanks to the International Labour Organization's (ILO) "Better Factories Cambodia" program, NGOs and trade unions continue to denounce difficult working conditions, unpaid overtime, and wrongful dismissals. Respect for safety standards in factories also remains a major concern.

In response to these challenges, Cambodia is seeking to diversify its textile industry by moving towards higher value-added products: sportswear, technical fabrics, and luxury goods. Some companies are also striving to preserve artisanal know-how through traditional fabric or garment production. Thus, the country is beginning to invest in vocational training to improve the skills of its workforce and strengthen its competitiveness. Cambodia is gradually beginning a transition towards a more sustainable and ethical textile sector. Environmental standards are being implemented to reduce the impact of textile factories, particularly regarding wastewater recycling and waste management. Additionally,

major brands producing in Cambodia are increasingly imposing social and environmental audits to ensure decent working and production conditions. The country is also implementing strategies to improve product traceability and encourage responsible consumption practices globally.

The Cambodian textile sector, despite its challenges, remains a key sector for the country's economy, with significant growth potential. Upgrading products, diversifying markets, and investing in sustainability will be determining factors for the sector's future. However, to ensure inclusive and sustainable growth, it will be essential to continue improving working conditions and to implement policies aimed at attracting investment while guaranteeing greater respect for workers' rights and environmental standards.

Automobile

A growing market turning green


Photo Crédit : RMA Cambodia

THE CURRENT MARKET

The Cambodian automotive sector is undergoing rapid transformation, driven by economic growth, urbanization, a young population, and ambitious government policies. While the country was historically dominated by imported used vehicles, the trend is gradually reversing in favor of new vehicles and greener technologies.

The Cambodian automotive market exhibits robust health. In 2024, new vehicles account for over 40% of total sales, with a stated ambition to reach 50% by 2026. This progress is supported by improved purchasing power, the growth of an urban middle class, and the rise of financing solutions offered by official dealerships, now established in the country. Concurrently, demand for personal vehicles remains strong, particularly in urban centers like Phnom Penh, Sihanoukville, or Siem Reap, where mobility is becoming a major issue.

Chinese automotive brands, notably BYD and Chery, are experiencing rapid growth in Cambodia. In 2024, they hold a 29% market share in the new vehicle segment, compared to only 12% in 2023. Their success is based on competitive pricing, high marketing visibility, and a quick adaptation to the expectations of Cambodian consumers. The establishment of local assembly plants demonstrates their commitment to becoming a lasting part of the country's industrial landscape.

In 2019, imports of cars, motorcycles, and bicycles reached 95,000, 512,000, and 466,000 units respectively, generating trade worth nearly one billion dollars. Despite the COVID-19 pandemic, sales rebounded quickly: during the first nine months of 2021, new car sales increased by 24%, according to the Cambodia Automotive Industry Federation (CAIF). By the end of 2021, the Ministry of Public Works and Transport recorded over 920,000 cars and more than 5.2 million registered motorcycles in the country.

The tax regime applied to automobiles remains one of the highest in the region. Depending on engine size, customs duties, special taxes, and VAT can total up to 145% of the vehicle's value. Luxury vehicles are taxed the most, while pick-ups or family vehicles benefit from more moderate rates.

TOWARDS A GREENER SECTOR

Electric vehicles (EVs), on the other hand, benefit from a much more favorable tax regime: they are currently taxed at 40%, a reduced level compared to internal combustion engine vehicles. Cambodia also applies tax exemptions or reductions within the framework of free trade agreements such as ATIGA (ASEAN Trade in Goods Agreement) or AJCEP (ASEAN-Japan Comprehensive Economic Partnership).

As part of its transition toward a green economy, the Cambodian government has launched a National Strategy for the Development of Electric Vehicles (2024–2030). The strategy aims to have 800,000 electric vehicles on the roads by 2030. As of June 2024, the country already had 1,614 electric cars in circulation, with BYD (658), Toyota (261), and Tesla (186) leading the market, alongside 914 electric scooters and 440 electric tricycles. This transition is supported by a charging infrastructure development plan. Currently, only 70 charging stations are available nationwide, mainly located in major cities and along the highways connecting Phnom Penh to Kampot and Sihanoukville. Looking ahead to 2050, the government aims to electrify 40% of cars and urban buses and 70% of motorcycles. This ambition could foster a local ecosystem for EV production and related services, stimulating employment in manufacturing, sales, maintenance, and green technologies.

Photo Crédit : RMA Cambodia

CHALLENGES AND ISSUES

Despite this positive momentum, Cambodia's automotive sector faces two major challenges. The grey market remains a structural issue: approximately 40,000 vehicles are imported each year outside official channels. These vehicles, often cheaper, evade taxes and create unfair competition for authorized dealerships. More concerning, they can pose safety and technical compliance risks, particularly regarding fuel standards and adaptation to local road conditions. This phenomenon hampers foreign investment in the automotive sector.

Secondly, the market remains vulnerable to economic fluctuations. Its growth is highly dependent on macroeconomic stability, both domestically and regionally. A recession or monetary instability could slow sales and undermine consumer confidence. The Cambodian automotive market is entering a new era. Driven by a young population, rapid urbanization, and ambitious energy transition policies, it represents fertile ground for investors and innovative manufacturers.

Infrastructure and logistics

Modernizing to connect

Photo Crédit : OCIC Group – Techo International Airport, Phnom Penh, Cambodia (09/2025)

AIR SECTOR

In 2024, Cambodian tourism saw a rebound, with the country welcoming 6.7 million foreign visitors, a significant increase of 22.9% compared to the previous year. This momentum was reflected in the performance of the two international airports managed by the French group VINCI Airports' Cambodian subsidiary, which continued an upward trajectory. For example, Phnom Penh International Airport handled over 4.7 million passengers (combined arrivals and departures).

Similarly, traffic grew by more than 19% compared to 2023. Routes connecting Phnom Penh to Seoul, Bangkok, Singapore, and certain Vietnamese cities exceeded their 2019 levels; others saw a resurgence, such as those between the Cambodian capital and several major Chinese cities. Furthermore, 2024 was a period of significant developments with the opening of a route to/from Delhi, the resumption of flights between Phnom Penh and Dubai, and the entry into the market of a new airline, Air Asia Cambodia.

Meanwhile, Sihanoukville International Airport remains in a recovery phase, having handled 95,000 passengers, and seeing its traffic level increase by 71% compared to 2023.

Regarding Siem Reap Airport, the Chinese group managing the facility announced having registered 1.4 million passengers, compared to around 1 million in 2023.

Overall, driven by the vitality of the country's economy and strong global demand for travel, air transport in Cambodia is expected to continue its growth. In terms of regional air connections, Cambodian airports are linked to nearly all major ASEAN capitals such as Jakarta, Vientiane, Kuala Lumpur, Manila, Singapore, Bangkok, and Hanoi. Brunei and Myanmar are not served on a regular basis. Many secondary destinations in the region also have connections with Cambodian airports. In addition to direct flights connecting Cambodia to other major metropolises in the Asia-Pacific region, the airports have routes to global hubs handling connecting flights, such as Hong Kong, Singapore, Seoul, Taipei, Shanghai, Doha, or Dubai, New Delhi... Thanks to this network, the presence of leading airlines in the sector, and the quality of airport infrastructure, air access to Cambodia and to the rest of the world is at a good level. As an illustration, the two international airports in Cambodia managed by VINCI Airports operate more than 140 flights per day.

Flights from the country's airports are partly operated by the four Cambodian airlines: Sky Angkor Air, Cambodia Airways, Air Cambodia, and Air Asia Cambodia (the latter having joined their ranks in 2024). Their market share has remained relatively stable over the past three years, representing about one-third of the total number of flights and passengers carried in Cambodia. Unlike their predecessors, the airlines currently operating appear to be more robust and capable of withstanding the crises that regularly shake the air transport industry.

The inauguration of Techo International Airport in Phnom Penh on September 9, 2025, marks another step in the evolution of the Cambodian airport industry over the last 30 years, a period historically shaped by the role of VINCI Airports through its local subsidiary, Cambodia Airports. This new infrastructure, owned by the Cambodian consortium OCIC, will contribute to the continued development of air traffic in Phnom Penh.

To achieve this goal, Cambodia Airports has been appointed as the operator of this airport, aiming to maintain operational excellence and continue to enhance connectivity—particularly by targeting underserved or unserved destinations and attracting new airlines. Furthermore, in the face of the climate challenge, Cambodia Airports is committed to upholding very high environmental standards and practices. The teams at VINCI Airports are dedicated to, on one hand, maintaining operational excellence and, on the other, continuing to develop connectivity by targeting underserved or unserved destinations and attracting new airlines. Additionally, in response to the climate challenge, Cambodia Airports ensures the maintenance of very high environmental standards and practices.

Despite these advancements, the aviation sector continues to face various challenges in an industry involving many stakeholders—airports, airlines, their suppliers, the regulatory authority which is the civil aviation administration—yet whose actions are nonetheless governed by a strict international regulatory framework. One of the major future challenges will be related to the ability to fill open job positions with a qualified workforce and to have the capacity to train them throughout their careers.

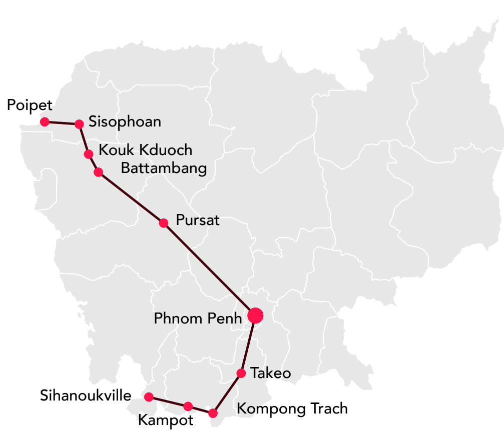
In this evolving context, the Comprehensive Air Transport Agreements (CATA) signed between the European Union and ASEAN represent a major step forward. By establishing a "common airspace," these agreements aim, among other things, to simplify the rules governing air services, which have historically been based on inter-state bilateral agreements. These are now being replaced, since 2022, by "bloc-to-bloc" agreements, specifically between ASEAN and the European Union. These agreements represent an excellent initiative for air transport within ASEAN and in Cambodia.

In the long term, they should contribute to significant growth in flights between the European Union and ASEAN, offering economic benefits to passengers, air transport stakeholders, and tourism professionals, while also enabling the harmonization of rules in several areas, such as aviation safety and security, and environmental standards.

RAIL SECTOR

The Cambodian rail sector is undergoing modernization. Currently, the rail network comprises two main lines serving passenger and freight transport: the Northern Line, running 386 km from Phnom Penh to Poipet, and the Southern Line, running 264 km from Phnom Penh to Sihanoukville.

However, the rail modal share among transportation options in Cambodia remains low. Rail services are indeed limited due to aging infrastructure, restricted service speeds, and a lack of national and regional connectivity. For example, services between Battambang and Poipet are suspended on the Northern Line, reducing the frequency of train journeys.



Rail Network Map

All these issues represent challenges that Cambodia and railway operators must address to make rail transport more attractive and productive. To improve the railway sector, Cambodia is collaborating with national and international partners, notably through public-private partnerships, to modernize its railway infrastructure. For instance, a framework

agreement was signed with Royal Railway PLC in February 2025 to strengthen the existing rail system and accelerate its development.

Thus, the government plans to deploy eight major railway projects in the coming years, including the Phnom Penh - Bavet line scheduled for 2030. The total investment for creating new railway lines and modernizing existing ones would exceed $10 billion. By 2035, the country aims to have the capacity to transport approximately 1.5 million passengers and 8 million tons of freight annually, thereby strengthening its regional integration.

Furthermore, projects aim to connect Cambodia to its Lao, Thai, and Vietnamese neighbors, creating a Pan-Asian railway network, enhancing Cambodia's regional integration, and improving trade links between the countries. Currently, the railway line connecting Phnom Penh to Bangkok, Thailand, is in place, but direct services have not yet begun, as international agreements are still required. Other projects, such as the line connecting Cambodia to Vietnam and the one connecting Cambodia to Laos, have not yet commenced due to a lack of funding.

MARITIME SECTOR

Located on the Gulf of Thailand, Cambodia benefits from direct access to the region's maritime routes. Consequently, the Cambodian maritime sector is set to play a strategic role in the country's economic development and in enabling it to become a major regional player in maritime trade.

The maritime sector, already crucial for the national economy, is undergoing significant development in Cambodia, driven by the growth of international trade and investments in port infrastructure. In 2024, the Sihanoukville Autonomous Port (PAS) recorded a traffic volume of 1,032,191 TEUs (Twenty-foot Equivalent Units), an increase of 29.38% compared to 2023.

Cambodia has two main ports: the Port of Phnom Penh, which is exclusively riverine but had a turnover exceeding $30 million USD in 2022; and the Sihanoukville Autonomous Port, the main entry point for international maritime trade and the country's only deep-water port. The ports are equipped to handle various types of cargo, with facilities for containers and bulk goods.

The Sihanoukville Autonomous Port, for example, is capable of accommodating vessels with a draft of up to 9 meters and has an oil jetty as well as storage areas covering more than 80,000 m^2, enabling it to handle numerous ships and cargoes. Furthermore, Cambodia implements the ISPS (International Ship and Port Facility Security) Code to ensure the security of port facilities and facilitate the international transport of goods.

As mentioned earlier, maritime trade is expanding in Cambodia, and several projects are being implemented to facilitate this growth. These include increasing the handling capacity of the Sihanoukville Autonomous Port to 3 million TEUs by 2032, and constructing a new container terminal, funded by Japan, to transform the port into a regional hub by 2029.

Internationally, Cambodia is a member of the International Maritime Organization (IMO) and participates in regional agreements like ReCAAP to enhance maritime security. The country also seeks to strengthen its regional cooperation to develop the maritime sector, notably through projects such as the Funan Techo Canal. This canal aims to establish a direct waterway linking the capital, Phnom Penh, to the ports on the Gulf of Thailand, thereby eliminating the need to pass through traditional trade routes that traverse Vietnamese territory.

ROAD SECTOR

In 2025, the road network is improving thanks to major infrastructure projects, which are reducing logistics costs and stimulating domestic and regional trade. However, challenges remain, particularly in terms of provincial connectivity.

Currently, the country plans the construction of nine expressways, including one connecting Phnom Penh to Bavet, which will improve connectivity with Vietnam. Projects to modernize 85 national and provincial roads by 2033 are also planned, with an investment of $13.6 billion. Finally, the development of public road transport is also being considered, particularly in the country's major cities.

These projects would help address the expected increase in road traffic in the coming years, notably by improving traffic management through modern infrastructure and integrated transport policies. Public-private partnerships, often with foreign investors, play a key role in the development of road infrastructure.

The CCIFC thanks VINCI Airports for their contribution to the writing of this chapter.

Banking and finance

A highly competitive sector in constant flux

The Cambodian banking sector is experiencing sustained growth and plays a key role in the kingdom's economy. Driven by strong expansion over the past two decades, it now stands as one of the pillars of the country's economic development. In 2024, Cambodia is home to over sixty commercial banks, nine specialized banks, sixteen financial institutions, and eighty-seven microfinance institutions.

This diversity reflects the sector's vitality, also characterized by a strong presence of Asian international banks. The growth in banking assets has been fueled by a continuous increase in loans and deposits, with an annual average of 16.5% for loans and 16.9% for deposits between 2018 and 2024. Since the COVID-19 pandemic, the sector has demonstrated its resilience through an accelerated adoption of digital technologies.

Electronic payment solutions, including digital wallets and the Bakong system, have greatly contributed to this transformation. Bakong, developed by the National Bank of Cambodia, is based on blockchain technology and simplifies and secures digital transactions while promoting the use of the riel in daily exchanges. The QR code payment system, now widespread across ASEAN, is being interconnected between countries, illustrating Cambodia's increasing regional integration.

BETWEEN CHALLENGES AND ISSUES, A CONSTANTLY EVOLVING SECTOR

Despite this positive evolution, the sector faces several major challenges. One of the most pressing is the rapid increase in the non-performing loan (NPL) ratio, which rose from 2.6% in 2022 to 7.9% in 2024. Intense competition among institutions, particularly among the roughly forty banks with a market share below 2%, such as BRED Bank Cambodia, signals an upcoming consolidation phase. The market is currently dominated by three major banks, ABA, ACLEDA, and CANADIA, each holding over 10% market share. About ten others, such as KB Prasac, Maybank, FTB, or Sathapana, fluctuate between 2% and 10% market share.

On the technological front, Cambodian banks have heavily invested in their digital platforms over the last decade. The development of intuitive, secure, and accessible mobile applications has broadened access to banking services for individuals, SMEs, and large corporations alike. These tools facilitate daily financial operations, both locally and internationally, and contribute to strengthening financial inclusion, particularly in rural areas, in a country where smartphone adoption is constantly rising.

To ensure economic stability and strengthen trust in the financial system, the National Bank of

Cambodia has established a rigorous regulatory framework.

It notably imposes minimum capital requirements among the highest in ASEAN, obliges banks to maintain a percentage of their deposits as required reserves—currently set at 7% for both dollar and riel deposits—and regulates interest rates to prevent predatory lending practices. Consumer protection is also central to the regulation, with the implementation of a standardized loan contract for financing below $50,000. In September 2024, the NBC relaxed provisioning rules to allow banks to support their clients more flexibly through debt restructurings tailored to the uncertain economic context.

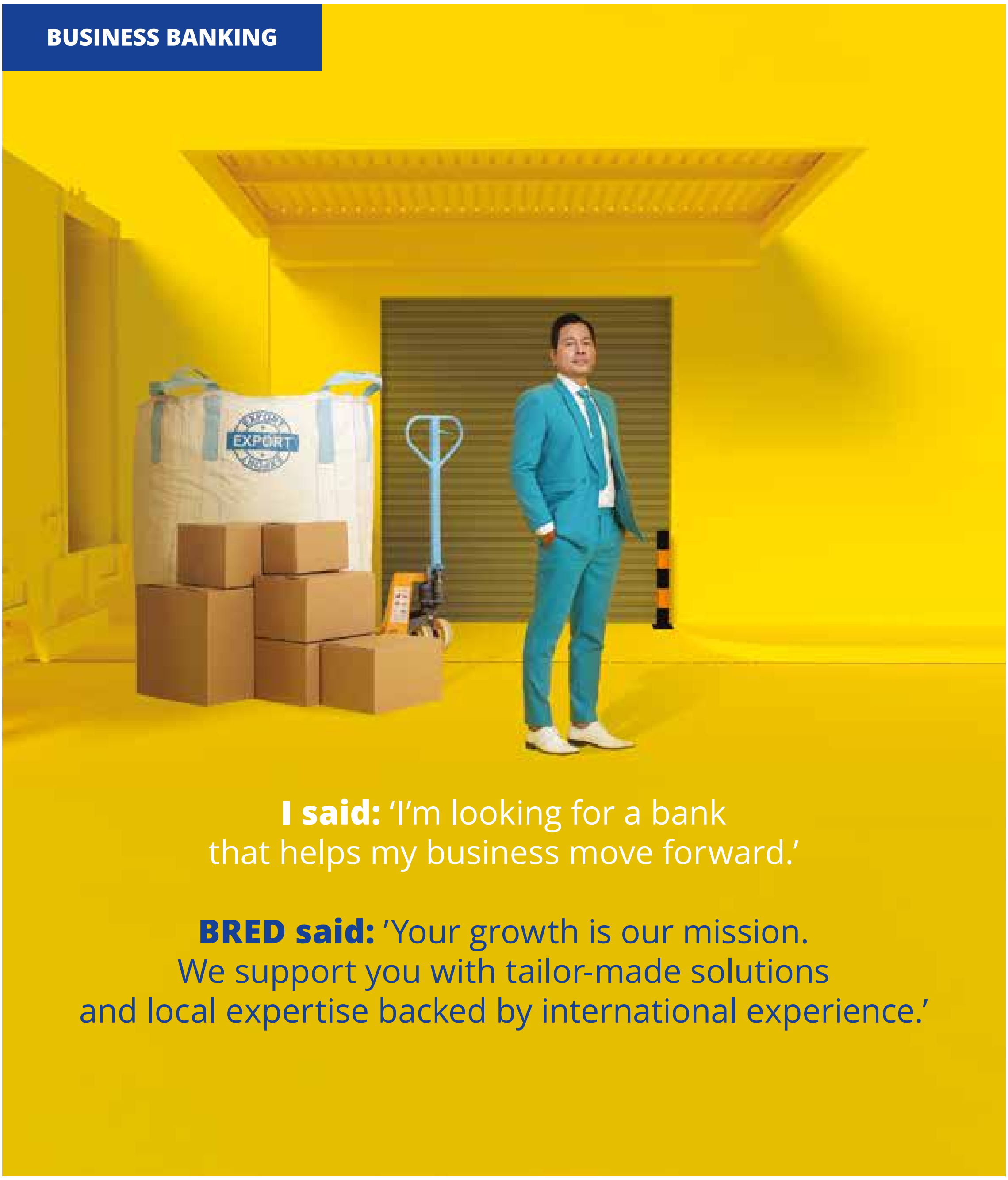
Simultaneously, the National Bank actively promotes the de-dollarization of the Cambodian economy, which has historically been heavily dependent on the US dollar, by encouraging the use of the riel through awareness campaigns and practical incentives.

The Cambodian financial system still faces structural challenges. Dollarization limits the effectiveness of monetary policies, even though the stability of the riel in recent years demonstrates the Central Bank's effective exchange rate management. Household over-indebtedness, fueled by rapid credit growth and the existence of unregulated lenders, represents a significant risk. Furthermore, intense competition among banks intensifies pressure on liquidity management, which led the National Bank to reduce the required reserve ratio on dollar deposits in 2023 to inject more liquidity into the system. The widespread adoption of digital tools has also increased the risks of cybercrime and fraud, necessitating constant reinforcement of IT security systems.

Cambodia's rapid economic growth fuels demand for banking and financial services. Companies seek to finance their development, while individuals—particularly an emerging middle class—aspire to homeownership and modern financial products. The gradual shift of the sector, moving away from heavy reliance on unregulated private lenders towards a system overseen by licensed financial institutions, has reinforced this dynamic. Consequently, there is an increase in demand for savings accounts, digital payments, insurance, credit cards, and banking applications.

However, the tightening of economic conditions in 2024 led to a sharp slowdown in credit growth, limited to 4.4%, compared to an average of 16.5% over the previous six years. In this context, foreign investments play a structuring role. When they involve capital, these external inflows strengthen the financial solidity of institutions, facilitate their solvency and credit-granting capacity. They also help finance long-term infrastructure projects and accelerate the adoption of international standards in governance, regulation, and social responsibility.

The Cambodian government, through the National Bank, is actively committed to strengthening the security and regulation of the sector. It has adopted Basel II and III standards, increased capital requirements, developed an anti-money laundering and counter-terrorism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financing (AML/CFT) framework, and established a financial intelligence unit. These efforts have gained international recognition, notably with Cambodia's removal from the FATF grey list in February 2023. The government has also implemented strict consumer protection rules, complaint mechanisms, financial education campaigns, and enhanced transparency requirements.

At the regional level, Cambodia is gradually integrating into the ASEAN financial system. Its active participation in the ASEAN Economic Community and the ASEAN Banking Integration Framework (ABIF) demonstrates this commitment to openness, despite the specificities of a highly dollarized economy. Advancements like the Bakong system are creating payment gateways between countries in the region, promoting the interconnection of Asian financial systems.

Finally, with increasing digitalization and the internationalization of banking services, Cambodian institutions will need to address new challenges. The rise of neobanks, the widespread adoption of artificial intelligence, and heightened cybersecurity demands require a deep transformation of traditional business models. Institutions that successfully integrate these innovations while adapting to an ever-evolving regulatory framework will be best positioned to compete regionally and globally.

The CCIFC thanks to BRED Bank Cambodia for their contribution to the writing of this chapter.

Digital technology

Towards a connected and innovative cambodia

Figures for 2025 indicate that Cambodia's population is almost 18 million, with nearly 70% under the age of 30. The country has also experienced economic growth of around 7% for nearly 20 years. These statistics position it as a potentially highly attractive market for the development of the digital and tech sectors in the coming decades. Today, Cambodia possesses significant potential for digital evolution, largely due to its increasingly connected young population and government initiatives promoting its development.

KEY FIGURES

- 10.8 million internet users, representing 56.7% of the population, and 24 million mobile connections (144%).
- The number of Facebook users is 14 million, approximately 78% of Cambodia's total population.
- A 4G network covering 82% of the territory and 93% of the population, with the goal of covering the entire country by 2027.

These figures demonstrate that the potential of the Cambodian market offers significant opportunities for companies to develop there.

It should be noted, however, that the digital sector is somewhat paradoxical. It is developing with a young and connected population, yet its infrastructure lags behind expected levels despite advancements in certain areas like Fintech adoption or the use of QR codes for payments. Furthermore, the kingdom can leverage French expertise in this field, notably through the presence of French Tech and several companies like Confluences, which operates several specialized subsidiaries.

Cambodia is currently the leading country in the ASEAN region in terms of mobile banking service penetration, with over 60% of the adult population using it. By comparison, the other countries completing the podium are Thailand (30%) and Vietnam (20%). The same applies to the e-commerce market, which is significantly smaller than that of its neighbors, Thailand ($35 billion USD) and Vietnam ($15 billion USD), but boasts the fastest growth rate. Finally, it has been noted that Phnom Penh is the second global destination for digital nomads worldwide, particularly due to its attractive cost of living (around $770 per month). In 2024, there were no fewer than 40 million digital nomads globally.

GOVERNMENT INITIATIVES

The Cambodian government has worked extensively in recent years and continues to work today to promote the digital development of the economy and society. This includes the implementation of a new policy framework by 2035, emphasizing digitalization and technology through new ambitious objectives: stimulating technological innovation across the country, fostering economic growth, and improving the quality of life for the Cambodian population.

SEVERAL KEY DATES

- In 2016, the government launched the Digital Economy Policy, aimed at promoting digitalization by improving internet infrastructure and developing a specialized workforce.

- In 2017, the E-Government Master Plan was implemented, aiming to make government services more accessible and efficient online.

- In 2018, the government launched the Digital Cambodia initiative to support the Kingdom's digitalization, providing financial support to businesses in the sector and enabling, among other things, the creation of an online education platform and a digital payment system.

This government-led digitalization begins with the development of an online administration, through initiatives to provide online administrative services to citizens, such as tax declarations or e-visa applications.

The Cambodian government has also established educational programs to train highly qualified civil servants with advanced technological and financial skills. These programs are offered by institutions such as the National Institute of Posts, Telecommunications and Information and Communication Technology (NIPTIC), the Techo Start-up Center, and the National Bank of Cambodia (NBC). This initiative has fostered a new generation of public sector leaders and employees who are now more open to digital entrepreneurs, new technologies, and private sector initiatives.

Furthermore, the government has other major projects to affirm its ambition for growth and expansion in this sector. The first is a submarine fiber optic cable project linking Hong Kong to Sihanoukville, costing approximately $165 million, with the objective of increasing the capacity to provide reliable, high-speed internet connectivity across the entire country. The second project involves installing one thousand antennas in Phnom Penh to resolve phone coverage issues, particularly in densely populated urban areas.

Finally, the government established the Cambodia Information and Communication Technology Federation (CICT) and the Cambodia ICT

Development Fund (CIDFF), demonstrating its commitment to creating a favorable environment for the technology and digital sector.

Following the fifth strategy of the Pentagonal Plan concerning the development of the digital economy and society, the government aims to base a portion of its growth on the tech and digital sectors across various aspects.

Thus, the plan will address the overall development of the digital economy and e-commerce, as well as the construction of digital infrastructure, particularly to improve telecommunications sources and extend internet access to rural and more remote areas. This will therefore require building trust in the digital economy and gaining acceptance for this evolution from the population and institutions. It will be translated into the establishment of a National Center and a Digital Security Committee, as well as the creation of laws, rules, and procedures to foster the development of digital systems and infrastructure.

E-COMMERCE

E-commerce in Cambodia is experiencing rapid and structural growth, driven by the digitalization of shopping behaviors, the rise of digital payments, and the widespread use of social media. In 2024, its value reached $1.51 billion USD, or 6.68% of GDP, with a projection of $1.78 billion USD in 2025, representing annual growth of nearly 10%. Concurrently, digital payments are booming. The blockchain-based Bakong system facilitated over 608 million transactions in 2024, representing 330% of GDP. QR code payments (KHQR) are gaining ground, accounting for 47.15% of transactions, surpassing cash payments and promoting a transition towards a cashless economy.

This dynamism is fueled by a connected population: 68.4% of Cambodians are active on social media, and 56% of them have already made an online purchase. Driven by fashion, beauty, food, and electronic equipment, e-commerce is constantly developing. Social media and marketplaces dominate e-commerce, particularly through platforms like Facebook Marketplace, TikTok Shop, or Khmer 24 and Cambodia Trade. Live sales and local influencers play a key role in sales conversion, especially among urban youth. E-commerce also plays a role in economic inclusion, allowing SMEs and micro-entrepreneurs to sell online without costly physical infrastructure, serving as a lever for modernization and competitiveness for small sellers.

However, several obstacles remain, such as limited logistics infrastructure in rural areas which extends delivery times, distrust in online payments with some consumers preferring cash on delivery, and the absence of a national logistics player preventing the widespread growth of e-commerce across the entire territory.

To strengthen trust, the government is considering creating an "e-commerce Trustmark" label to certify the reliability of online sellers. Return policies and customer reviews also encourage better business practices.

Therefore, e-commerce is an accelerator for transforming Cambodian consumption: it expands access to a varied offering, pushes businesses to innovate (fast delivery, subscriptions, personalized offers), and aligns Cambodia with regional standards. In the medium term, it could become the dominant form of commerce in several sectors, provided the challenges related to infrastructure, logistics, and digital trust are overcome.

FRENCH TECH IN CAMBODIA

LA
FRENCH TECH
PHNOM PENH

The French Tech ecosystem refers to all French startups and a dynamic network of public and private actors fostering entrepreneurial growth, from creation and financing to market launch. In Cambodia, French Tech Phnom Penh was founded in 2015, with the support of the Economic Service of the French Embassy, the French Cambodian Chamber of Commerce and Industry (CCIFC), and institutional partners such as the Ministry of Posts and Telecommunications (MPTC).

After receiving its initial official designation as a French Tech Community in 2019, followed by a renewal in 2022, French Tech Phnom Penh now plays an active role in the local digital ecosystem. It unites a dynamic community of entrepreneurs, startups, and innovation stakeholders through multi-actor collaboration involving public institutions, the private sector, and local tech ecosystem partners. French Tech Phnom Penh aims to promote Franco-Cambodian bilateral innovation and strengthen the connections between the two countries' technology ecosystems.

Today, this momentum is intensifying: the Mission French Tech and the Conseillers du Commerce Extérieur (CCE - French Trade Advisors) have signed a partnership aimed at promoting French technologies and strengthening innovation dialogues on a multilateral scale, thereby actively contributing to the growth of the digital sector in Cambodia.

French Tech Cambodia regularly organizes meetings and events to support the local ecosystem's dynamism and foster collaborations, both at the national and regional levels.

Thus, French Tech can be found at conferences and workshops addressing diverse topics within the digital sector alongside experts, investors, and Cambodian tech players, sharing experience and best practices.

French Tech Phnom Penh regularly participates in economic forums and roundtables organized in collaboration with chambers of commerce, businesses, and government representatives, focusing on themes such as digitalization, innovation, and investment opportunities in Cambodia.

Finally, French Tech undertakes collaborations with actors across the ASEAN region. For example, it co-organized the APAC Gathering event with the Cambodia Academy of Digital Technology (CADT), bringing together innovation players from across the Asia-Pacific region, and participates in events with other French Tech communities in the region, notably those in Vietnam, Thailand, and Singapore.

French Tech Phnom Penh frames its development prospects within a strategy of promoting French technologies and reinforcing innovation dynamics. The partnership established with the Conseillers du Commerce Extérieur aims to support this ambition by facilitating multilateral exchanges around emerging technological solutions. In parallel, French Tech develops partnerships with local, regional, and international actors to nurture shared innovation, encourage collaborations, and stimulate value creation within technological ecosystems. This approach is based on a logic of co-construction between communities, serving the mutual interests of France and Cambodia, and promoting open, collaborative innovation.

THE CAMBODIAN STARTUP ECOSYSTEM: INCUBATORS, ACCELERATORS, AND INVESTMENT FUNDS

The Cambodian startup ecosystem is in full ex-

pansion, having grown from 98 startups to 177 startups between 2022 and 2023, with nearly 129 of these startups belonging to the tech sector. It is supported by numerous government initiatives such as the "StartupCambodia National Program." Launched in 2019, this program aims to support the development of local startups and create a dynamic entrepreneurial ecosystem, leveraging the vitality of the Cambodian market.

Despite being a relatively small and young startup ecosystem, it is driven by highly dynamic sectors such as Fintech, E-commerce, Agritech, Edtech, and Healthtech.

The first sector mentioned, Fintech, is rapidly growing, fueled by technological innovations in mobile payments, digital banking services, and blockchain solutions. For example, digital transactions reached $12 billion, marking the massive adoption of this technology by the Cambodian population.

E-commerce is an equally dynamic field, with growing demand for online shopping services, supported by a young, tech-savvy population that is constantly evolving. As one of the key drivers of the Cambodian economy, agriculture has a role to play in the development of innovative startups. Agritech is one of the areas where startups innovate the most, particularly in finding solutions to improve agricultural productivity through resource management or the supply chain, enabling the modernization of the agricultural sector in many aspects.

Finally, Edtech and Healthtech are two equally dynamic sectors. For instance, Edtech involves the development of distance learning, while Healthtech focuses on providing accessible online healthcare services, primarily addressing the needs of rural populations where access to such services can be more difficult.

These are promising sectors within the Cambodian ecosystem, spearheading an economy that seeks to digitalize and modernize but must overcome obstacles to progress.

Entrepreneurs in Cambodia indeed face structural obstacles and challenges that can hinder the maturity of the ecosystem. Access to financing is one of the main barriers to the growth of startups. Despite definite progress, the lack of investors discourages individuals from fully embarking on the entrepreneurial journey, especially since the available funding does not align with the profiles of startups developed in Cambodia. Lastly, the lack of standardization in terms of governance, economic viability, and potential for international development limits the ability to attract investors.

The second obstacle on the regulatory front is the presence of uncertainties in taxation and regulatory compliance, hindering investment, development, and the attractiveness of entrepreneurship, as well as the creation of startups for young Cambodians.

The third major challenge is the scarcity of qualified professionals in this sector within Cambodia. Despite a new generation trained in new technologies, education and training remain very limited, and the entrepreneurial mindset has yet to become widespread. Furthermore, as previously mentioned, there is a need to raise awareness among the Cambodian population about entrepreneurial culture and the personal, family, and social implications of entrepreneurship. This cultural shift is essential to encourage initiative, risk-taking, and the creation of ambitious projects.

Today, Cambodia is establishing itself as an emerging digital player at the heart of Southeast Asia. Bolstered by a young, connected, and innovation-hungry population, the country demonstrates remarkable development potential in the digital, e-commerce, and fintech sectors. The momentum provided by the government through a clear strategy, ambitious infrastructure projects, and a commitment to nationwide digital transformation is helping to structure a rapidly evolving digital ecosystem.

In this dynamic context, the role of French Tech Phnom Penh is strategically important. By fostering exchanges between France and Cambodia, it supports the growth of an innovative entrepreneurial fabric, strengthens local capabilities, and encourages regional cooperation within ASEAN.

However, while opportunities abound, the challenges to overcome remain significant: improving logistical infrastructure, accessing financing, ensuring a stable regulatory framework, developing qualified talent, and promoting an entrepreneurial culture.

Therefore, the future of digital technology in Cambodia will depend on the ability of public and private actors to collaborate, innovate together, and develop solutions tailored to local realities. A promising trajectory is underway: one towards a connected, inclusive, and forward-looking kingdom.

The CCIFC thanks French Tech Phnom Penh for their contribution to the writing of this chapter.

Real estate and construction

Sectors restructuring to meet new challenges

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The construction and real estate sector in Cambodia, long a driver of the kingdom's economic growth, is navigating a pivotal period. After more than a decade of sustained expansion marked by massive investments, particularly from China, the country must now contend with a regional economic slowdown, regulatory adjustments, and sustainability ambitions.

According to the Cambodian Ministry of Land Management, Urban Planning and Construction, 1,330 construction projects were approved between January and May 2024, a decrease of 9% compared to the same period in 2023. The total value of investments fell by 20%, standing at $1.81 billion, compared to $2.27 billion the previous year. The total area of registered projects also decreased by 22.6%, to approximately 4.2 million square meters. This slowdown is partly explained by the persistent real estate crisis in China, which remains one of the main investors in the Cambodian sector. Furthermore, Phnom Penh, the heart of real estate activity, appears to be reaching a certain level of saturation, with a large number of unoccupied condominiums and declining rental yields.

Facing this economic climate, the Cambodian government has introduced several fiscal measures to stimulate domestic demand. In 2025, first-time homebuyers can now benefit from an exemption on real estate transaction taxes for purchases up to $210,000 USD, provided the purchase is made from duly registered developers validated by the tax authorities. Furthermore, the administration has strengthened controls on unauthorized projects and illegal constructions. A land reform project aimed at clarifying property titles is also underway, with the goal of improving market transparency and strengthening the legal security of transactions.

One of the most emblematic projects of the recovery strategy is the Funan Techo Canal, a 151.6-kilometer-long construction project designed to connect the Mekong River to the Gulf of Thailand. Funded to the tune of $1.7 billion, primarily by China through a public-private partnership model, this canal is expected to significantly reduce logistics costs for Cambodian exporters and create up to 50,000 direct and indirect jobs. Besides the canal, other major infrastructures are under development: Phnom Penh's third ring road, the Preah Sihanouk Special Economic Zone, and the new Techo International Airport, with costs exceeding $1.5 billion.

The Cambodian government, in collaboration with international partners, has also launched a series of initiatives to promote sustainable urban planning. It encourages green construction, energy certification for buildings, and intelligent urban planning. The Ministry of Construction has signed several partnerships to enhance the training of architects, engineers, and urban planners in environmental standards.

Furthermore, policies supporting affordable housing for low-income households are beginning to emerge, with pilot projects backed by the Asian Development Bank (ADB) and international NGOs.

Despite the headwinds, the market fundamentals remain solid. Cambodia benefits from dynamic demographic growth, with a rapidly increasing urban population, and growing appeal for regional investors seeking diversification.

However, several challenges persist: the risk of oversupply in the condominium segment, the lack of access to credit for the middle class, and environmental pressures related to urban sprawl. In the medium term, the sector's recovery will depend on its ability to adapt to a new paradigm: less speculative, more structured, and more sustainable.

The construction and real estate sector in Cambodia is at a crossroads. Faced with a slowdown in the model based on intensive foreign investment, the country is now seeking to build a more balanced real estate ecosystem, oriented toward the real needs of the local market and the imperatives of sustainable development.

Energy

A greener future

The Kingdom of Cambodia aims to become a major player in the energy transition and has already begun dedicating significant investments to this goal.

In 2024, Cambodia's energy mix clearly illustrates its national ambitions for energy transition: approximately 61% of the installed capacity, or 2,672 MW, comes from renewable sources. Among these, hydropower represents 41% (1,796 MW), solar energy 19% (827 MW), and biomass 1% (49 MW). Fossil fuels complete the energy mix with a total capacity of about 1,700 MW, divided between coal (approximately 1,300 MW, or 30%) and fuel oil (approximately 400 MW, or 9%). Cambodia benefits from electricity imports, amounting to 672 MW in 2024, from its neighboring countries (mainly Vietnam (50%), Thailand (42%), and Laos (8%). This dependence is particularly noticeable in border villages and during the dry season. In recent years, Cambodia's reliance on imported electricity has decreased, falling from 31% in 2020 to only 8% in 2024. In 2024, the total installed capacity reached 5,044 MW and is expected to increase by about 15% in 2025, with a projection of 6,044 MW of electricity produced.

Electricity production in Cambodia relies predominantly on independent power producers (IPPs), which account for nearly 98% of national production. This situation reflects strong private sector involvement, dominated by Chinese and local companies. Cambodian players, such as SchneiTec and Royal Group, contribute to the development of the sector, particularly through projects in solar energy, energy storage, and liquefied natural gas (LNG). Regarding transmission and distribution, Electricité du Cambodge (EDC) is responsible for the entire high-voltage grid. Distribution is handled jointly by EDC and rural electricity enterprises (REEs), which operate their own networks under license. These REEs also play an important role as investors, holding 63% of installed meters nationwide, compared to 37% for EDC.

Cambodia has achieved remarkable progress in electricity access: out of approximately 14,168 villages across the entire territory, over 99% are now electrified. The government is currently focusing its efforts on electrifying the remaining villages, located in remote and hard-to-reach areas.

Facing rapid growth in energy demand and increasing exposure to fluctuations in international markets, energy prices in Cambodia have risen. To mitigate the impact, the Royal Government has taken measures by absorbing part of the costs related to fuel, coal, and imported electricity. Targeted subsidies have also been implemented for low-income households, ensuring continuous access to electricity for the most vulnerable.

The agricultural sector benefited from reduced tariffs to support irrigation and farming operations. Tourism saw a reduction in operational costs for hotels and resorts. Finally, support was provided to industry through lower electricity prices to improve factory competitiveness and reduce production costs. These measures have helped

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households and various economic sectors better cope with rising prices and maintain their economic resilience.

CAMBODIA ON THE INTERNATIONAL STAGE

Cambodia is resolutely committed to a more sustainable energy model, aligned with the development of a greener economy. This commitment is reflected in regional and global rankings: in 2021, renewable energy accounted for 24.36% of final energy consumption, placing the country 4th in the Asia-Pacific region, behind New Zealand and Laos, and 33rd globally.

This momentum is supported by French cooperation, notably through the French Development Agency (AFD), which is actively involved in modernizing the national electricity transmission and distribution network. In May 2022, AFD and Electricité du Cambodge (EDC) inaugurated new high-voltage lines in three provinces (Koh Kong, Kampong Cham, and Kratie) to enhance electricity access. Strengthening the system will directly contribute to achieving the target of 60% renewable energy in the energy mix by 2040.

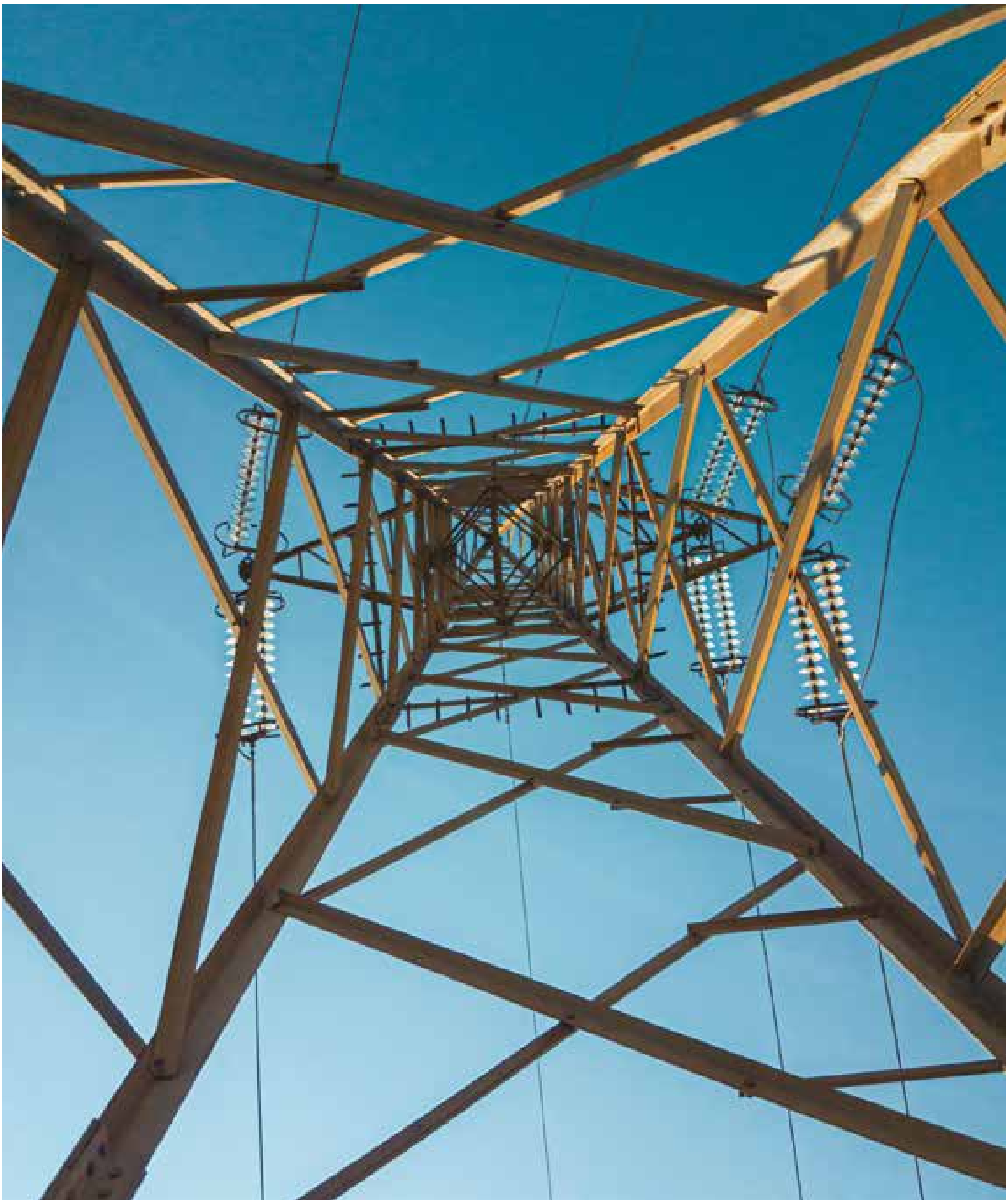
The government also collaborates with several international partners to promote energy efficiency, including the European Union, the United Nations Development Programme (UNDP), the Cambodia Australia Partnership for Resilient Economic Development (CAPRED), and the Asian Development Bank (ADB), which supports the country through targeted financing and technical assistance to ministries.

ENERGY CHALLENGES AND OBJECTIVES

In a context where the country has set a goal of carbon neutrality by 2050, the energy sector stands as one of the most promising in Cambodia. This transition relies on the implementation of numerous structuring projects. For the period from 2024 to 2029, the government has approved 23 initiatives representing a total investment of $5.79 billion, covering both renewable energy and transportation electrification. Two tenders were launched by Electricité du Cambodge in September 2024 and March 2025 for the installation of battery energy storage systems (BESS) with capacities of 125 MWh and 200 MWh, respectively. Among the renewable projects are also 12 solar farms, a biomass-solar hybrid project, a hydropower project, and 6 wind farms totaling 900 MW in Mondulkiri and Kampot provinces. These wind projects mark a first at the national level and pave the way for the development of this sector in Cambodia. This deployment is part of a broader perspective, as the country's wind potential is estimated at 6,500 MW by the National Renewable Energy Laboratory (NREL). Concurrently, the solar sector continues to gain momentum, with a target of 3,155 MW installed capacity by 2040, compared to 437 MW in 2023.

The residential, commercial, and public sectors play a key role in the energy transition, accounting for 63.9% of the country's electricity consumption in 2022. Under the National Energy Efficiency Strategy 2022-2030 (NEEP), the government has set a goal to reduce total energy consumption by 19% by 2030, with specific targets of 34% for the residential sector, 25% for the commercial sector, and 29% for the public service sector. The government has already launched a project called Asia Low Carbon Building Transition (ALCBT), which aims to transition towards more sustainable and energy-efficient buildings. This will significantly contribute to reducing the building sector's carbon footprint and achieving the goal of a green economy by 2050.

Several private companies offer solutions to improve energy efficiency in Cambodia. Incubators like EnergyLab and Impact Hub encourage entrepreneurs to develop clean and innovative technologies. Local SMEs, such as Sevea, provide services and strategic support for projects in this sector. Since 2021, Sevea has organized an annual competition, which has evolved into an energy efficiency program officially recognized as a public utility by the Ministry of Environment and the Ministry of Mines and Energy. Sectoral initiatives like the SWITCH to Garment program have aimed to improve the energy practices of textile factories by deploying renewable energy and promoting energy efficiency measures. As distributors, installers of electrical equipment, or maintenance operators, companies such as ATS, Comin Khmere, Legrand, and Schneider Electric are also active in this sector.



Promising projects have emerged to support the Cambodian government's ambition for energy transition. Under the Power Development Plan (PDP) 2022-2040, Cambodia plans to integrate pumped storage hydropower (PSH) plants that can be coupled with solar installations. Additionally, innovative solutions involving hydrogen are under study, as are emerging technologies aimed at converting waste to energy. French stakeholders are involved in these developments, notably by currently conducting feasibility studies.

The CCIFC thanks SEVEA for their contribution to the writing of this chapter.

Environment

Towards a green and inclusive economy

To meet its environmental ambitions, Cambodia must structure its transition and seize existing opportunities.

CAMBODIA AT AN ENVIRONMENTAL CROSSROADS

Like many emerging economies, Cambodia must reconcile rapid economic growth with environmental preservation. The country's GDP experienced an average annual growth of 7% between 2010 and 2019 (World Bank), but this dynamism has been accompanied by increased pressure on natural resources: massive deforestation, rapid urbanization (with 24% of the population living in urban areas in 2023, compared to 19% in 2010), growing pollution, and still nascent waste management.

Air quality in Phnom Penh has significantly deteriorated: according to IQAir, the Air Quality Index (AQI) regularly exceeded 150 ("Unhealthy" level) during the dry season in 2024, heightening public awareness. This situation directly affects public health—respiratory diseases are among the leading causes of hospital visits—as well as the country's image for investors and tourists.

A TRANSFORMING INSTITUTIONAL FRAMEWORK

Three key ministries share the levers of environmental action:

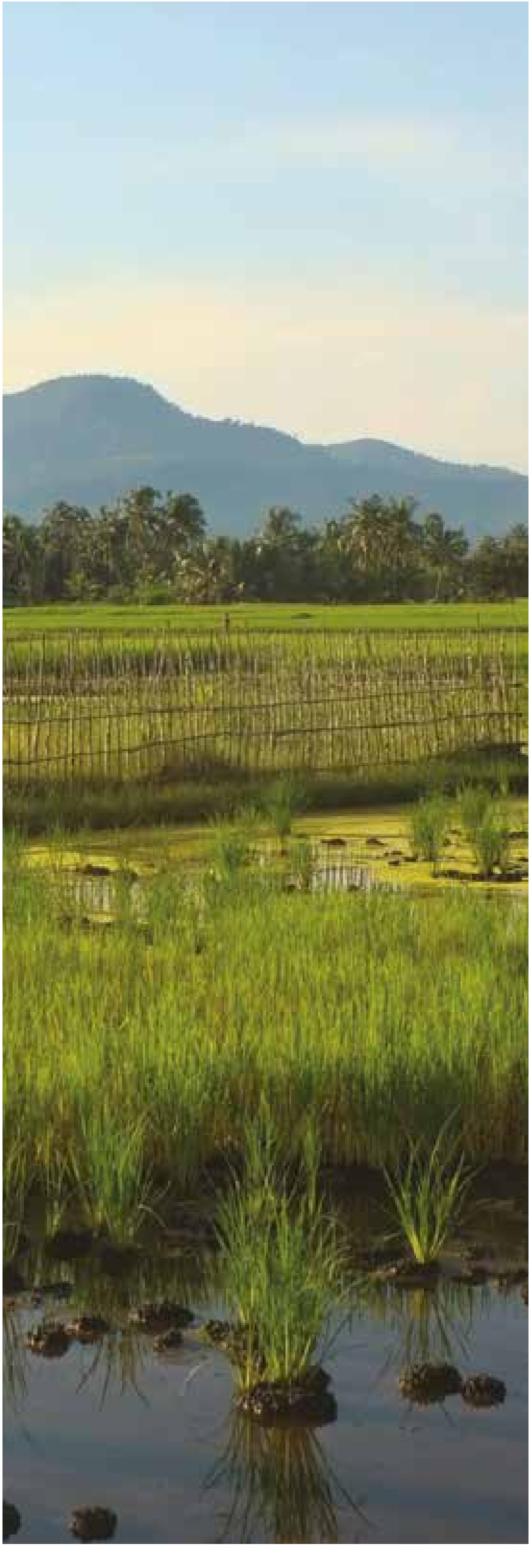
- The Ministry of Environment leads the National Climate Change Strategy (2013-2023, currently under revision).
- The Ministry of Mines and Energy (MME) is responsible for the energy transition, with an ambition to achieve 25% renewable energy in the mix by 2030.
- The Ministry of Agriculture, Forestry and Fisheries manages 7.3 million hectares of forest land and 4.6 million hectares of agricultural land.

These institutions benefit from the technical and financial support of partners like the French Development Agency (AFD), the Asian Development Bank (ADB), and the Green Climate Fund, with over $90 million USD committed to environmental projects in Cambodia since 2016. However, the challenge remains implementation, as only 38% of surveyed enterprises in 2022 (World Bank Enterprise Surveys) believe environmental regulations are applied consistently. There are still no effective fiscal mechanisms to encourage green investments (exemptions, differentiated tariffs, carbon credits, etc.).

DRINKING WATER: AN EMBLEMATIC SUCCESS

The Phnom Penh Water Supply Authority (PPWSA) covers over 90% of the capital with water meeting WHO standards. Network losses have decreased from 72% in 1993 to less than 10% in 2022.

This success is based on an autonomous management model, sustained investments totaling over $400 million, primarily funded by



AFD and the Japan International Cooperation Agency (JICA), and transparent governance. This successful experience now serves as a reference for authorities, who seek to apply a similar logic to urban waste management, with the ambition of structuring the sector through public-private partnerships (PPPs).

ENERGY: A TRANSITION BEGUN, BUT SLOW

Long dominated by hydropower and regional imports, Cambodia's energy system is seeking new, more sustainable and secure balances.

Coal still represents one-third of the country's electricity production, a significant proportion reliant on a mostly imported resource, raising issues of energy dependence and carbon footprint. Furthermore, approximately 30% of the electricity consumed in Cambodia is imported, exposing the country to a certain structural vulnerability.

After a period where authorities were limiting new private solar projects, the market is now reopened and once again welcoming investors. Solar now represents 7% of national electricity production and is a strategic development axis for the energy transition. This potential is likely greater than that of wind power, which is still marginal.

The needs are significant, both to meet the growth of urban areas and to secure the supply of industrial and rural zones. Beyond solar, opportunities are emerging in:

- Biomass, particularly from agricultural by-products;
- Biogas, derived from organic waste and livestock effluents;
- Waste-to-energy, a circular solution still to be built;
- Wind power, which is beginning to be studied, particularly in coastal areas.

Several major Cambodian groups are already positioning themselves in these segments and are actively seeking international technical and financial partners.

WASTE: A SECTOR UNDER PRESSURE, WITH IMMENSE POTENTIAL

The waste sector remains one of the least advanced, but undoubtedly one of the most strategic to structure. Phnom Penh produces over 3,000 tons of solid waste per day (GGGI, 2023), with less than 10% being recycled. The rest is buried in open landfills without any recovery.

Any waste management strategy must necessarily integrate an active policy to reduce the volume produced. Without source reduction, treatment solutions will remain insufficient.

The authorities now wish to change their approach by developing integrated management, from collection to recycling, up to energy recovery. However, waste-to-energy should be considered a solution of last resort.

Waste incineration raises significant health concerns (toxic emissions, hazardous residues) and should only be considered after waste reduction and recycling efforts. Moreover, this practice generates substantial CO2 emissions—largely from burning plastics—and cannot be classified as a renewable energy source. It is crucial to remain vigilant against the perverse effect of a "more waste for more energy" logic and ensure it does not create a counterproductive cycle.

Current priorities include implementing source-separation systems in major cities, developing waste-to-energy facilities, and promoting public-private partnerships to modernize waste collection, such as the ongoing pilot project with Cintri supported by JICA.

Finally, the issue of plastic waste, particularly its marine impact, must be integrated into the strategy. Each day, the equivalent of 2,000 garbage trucks filled with plastic are dumped into the oceans. The Mekong River, which flows through Cambodia for nearly 480 km, alone carries approximately 40,000 tons of plastic annually into the oceans. Due to poor waste management and the ubiquity of plastic, Southeast Asian countries, including Cambodia, are among the top contributors to global marine pollution. Rapid urbanization and population growth over the past decade have exacerbated the situation.

The government is considering a national circular economy roadmap, which could create opportunities for French companies specializing in engineering, recycling, and biotechnology.

AGRICULTURE AND FISHERIES: TOWARD A SUSTAINABLE AND RESILIENT TRANSFORMATION

Agriculture remains a fundamental pillar of Cambodia's economy, accounting for about 32% of GDP and employing over 3.5 million people, or nearly 40% of the workforce (World Bank, 2023). The country is internationally recognized for certain high-value-added niche products, such as:

- Kampot pepper, protected by a Geographical Indication (GI);
- Jasmine rice (Phka Romduol), which has won multiple international awards;
- Tropical fruits (mango, longan, durian) that are gaining traction in export markets.

A NECESSARY AGRICULTURAL TRANSITION

To remain competitive and meet international market demands, Cambodia must modernize its agricultural practices while reducing its environmental footprint. Three key priorities have emerged:

- Reduction of chemical inputs: Farmers use an average of 50 kg of chemical fertilizers per hectare per year—more than double the FAO's sustainability recommendation of 20 kg/ha/year. This overuse harms soil biodiversity and water quality.
- Improvement of irrigation: Only 30% of farms have access to regular irrigation systems, with the rest dependent on rainfall, increasing their vulnerability to climate variability.
- Promotion of agroecology: Over 3,000 agricultural cooperatives are active (MAFF, 2024), with some experimenting with agroecological practices such as organic fertilizers, crop rotation, and live fencing. However, scaling up remains limited without structured technical support. Pilot initiatives, supported by AFD and

GRET, aim to introduce sustainable value chains in rice, vegetable, and fruit sectors by promoting organic and fair-trade certification.

FISHERIES AND AQUACULTURE: PRESERVING TONLÉ SAP AND STRUCTURING AQUACULTURE

The fisheries sector, which is an essential source of protein for the Cambodian population, is facing a critical period:

Inland fishery production has declined by nearly 30% between 2015 and 2022 (UNDP), primarily due to overfishing, hydropower dams, and the degradation of the Tonlé Sap Lake wetlands.

Aquatic ecosystems, home to one of the world's greatest freshwater fish biodiversities, are under threat.

To address these challenges, the government, in partnership with the Food and Agriculture Organization (FAO), JICA, and the World Bank, has launched several major programs. These aim to strengthen fishery regulation (protected areas, seasonal restrictions, gear control), modernize port, processing, and cold chain infrastructure—particularly in Kampong Chhnang and Pursat provinces—and accelerate the development of sustainable aquaculture. In 2023, there were over 1,500 aquaculture farms, with 15% certified to environmental standards (ASC or equivalent).

A FIELD OF OPPORTUNITY FOR FRENCH EXPERTISE

The modernization of the agricultural and fisheries sectors offers a broad spectrum of potential collaboration with French companies, notably in:

- Agroecology and input reduction;
- Precision irrigation technologies and water management;
- Digital traceability for agricultural products;
- Agri-food processing, particularly for fruits, rice, and seafood;
- Valorization of agricultural or fishery by-products (compost, bioenergy, animal feed...).

Public-private partnerships, combining technical expertise, donor funding, and local grounding, can help develop sustainable models adapted to Cambodian realities while creating value for all stakeholders.

A COLLECTIVE MOMENTUM STILL TOO LITTLE KNOWN

Professional networks like the CCIFC and EuroCham play an important role in bringing stakeholders together and stimulating exchanges between local companies and international experts.

Initiatives such as the energy efficiency competition demonstrate that it is possible to mobilize local companies around best practices. However, French actors remain under-represented, often in a wait-and-see posture, despite immediate needs and demand from local partners.

A PRIORITY SECTOR, CONCRETE OPPORTUNITIES, A CALL TO ACTION

Cambodia is now positioning itself as a future market for environmental solutions. Water, energy, waste, agriculture, fisheries... all sectors are open for partnerships and await concrete solutions, many of which are already available from French companies. The liberal economic framework, the growing mobilization of authorities, and the presence of international funders create a favorable environment for actors willing to commit now to a logic of co-development and long-term engagement.

It is time to move from observation to action and build on initial successes to make Cambodia a laboratory for sustainable solutions adapted to the realities of emerging economies. Now is the moment for French companies to take action by proposing tailored solutions, co-developed with Cambodian partners, to make Cambodia a model of pragmatic ecology in emerging countries.

The CCIFC thanks Concorde for their contribution to the writing of this chapter.

Tourism

A time for renewal

Driven by the fame of Angkor, Cambodia experienced continuous growth until 2019. However, the pandemic caused international arrivals to plummet by over 80% in 2020-2021. Despite the early reopening of borders, the recovery remains uneven: in 2024, Angkor's visitor numbers are still 55% below 2019 levels, and the actual number of foreign tourists is around 2 million, far from the peak years.

This delay is explained by a brand image overly centered on Angkor and the history of the Khmer Rouge. Cambodia, despite being one of the countries that managed the health crisis best, now finds itself lagging in the region. Hence the necessity for a critical review of official statistics and a revision of promotional strategies. The state, nonetheless, continues its investments (infrastructure, tax relief, professional training) to strengthen the sector's competitiveness.

DIVERSIFICATION AND NEW TRENDS

Cambodian tourism is currently experiencing a diversification dynamic driven by new trends. Ecotourism, in full swing, attracts a clientele seeking nature and authenticity, notably in regions like Mondulkiri or the Cardamom Mountains. In parallel, beach tourism is developing rapidly, with destinations like Koh Rong and Koh Rong Samloem offering preserved beaches and a more tranquil alternative to the region's overcrowded beach resorts.

Community-based and sustainable tourism is also gaining ground, thanks to increased involvement of local populations and initiatives focused on environmental preservation.

Finally, the promotion of artistic expressions—music, dance, theater, sculpture—is emerging

as a strategic lever to strengthen the country's soft power and enrich the cultural experience of visitors.

Cambodia is targeting new markets (India, Indonesia, Malaysia) while consolidating its presence in Europe (Destination Cambodia 2024 campaign). Under the banner "Tourism for All, All for Tourism," it aims for 7.2 to 7.5 million visitors in 2025 and 8.5 million by 2028.

Cambodia benefits from numerous assets that shape its regional positioning. Beyond its iconic temples, the country captivates visitors with the warm welcome and sincere kindness of its people, perceived as one of its principal human riches. Its natural heritage, comprising beaches, islands, and national parks, helps to extend the length of stays and establish the country as a rising ecotourism destination in Southeast Asia.

Compared to its neighbors, Cambodia bets on the uniqueness of its offering. Unlike Thailand or Vietnam, it offers a more peaceful and authentic experience. Compared to Laos, it benefits from better accessibility and more developed infrastructure. However, its strong dependence on the Angkor site, although a major tourism asset, also constitutes a weakness: the majority of visitors stay only three to four days, reducing the economic impact of their stays.

The tourism sector plays a key role in the national economy, representing about 25% of GDP. Since 2020, the decline in visitor numbers, particularly at Angkor, has resulted in an estimated revenue shortfall of over $200 million, directly impacting public finances and weakening small and medium-sized enterprises in the sector.

GOVERNANCE, CHALLENGES, AND PERSPECTIVES

The governance of Cambodia's tourism sector is at a turning point with the creation of the Cambodia Tourism Board (CTB) in 2024, which

brings together public and private stakeholders. This initiative has raised high expectations: the private sector now hopes for a structured and coordinated revival to reposition Cambodia on the international stage.

However, numerous challenges persist. The understanding of sustainable tourism remains partial and often limited to ecotourism or symbolic campaigns focused on plastic pollution. This conceptual deficit is accompanied by a lack of local expertise, particularly among small operators, who struggle to integrate the social, environmental, and cultural dimensions of sustainable development.

Informal employment, which accounts for nearly 88% of tourism jobs, complicates skills recognition and limits the adoption of responsible professional practices. Furthermore, structural inequalities persist: women and youth are still underrepresented in skilled positions, especially in rural areas. Finally, excessive dependence on the Angkor site makes the sector vulnerable to crises, as demonstrated by the pandemic.

Infrastructure also remains a constraint. While main routes are improving, many secondary destinations are still difficult to access due to a lack of passable roads or efficient air links. Essential public services (restrooms, waste management, signage) are often lacking outside major centers. Accommodation quality varies greatly, and the adoption of international standards remains limited, particularly in rural areas.

To address these challenges, several strategic axes are being deployed: targeted investments in key infrastructure (airports, secondary roads, tourist ports), development of tailored regional master plans (Siem Reap, Mondolkiri, Kep), and the promotion of public-private partnerships aimed at encouraging sustainable infrastructure and eco-friendly accommodations. These efforts must be part of an integrated approach combining shared governance, capacity building, and territorial anchoring.

ECONOMIC AND ENVIRONMENTAL ISSUES

Before the health crisis, tourism was one of the pillars of Cambodia's economy. In 2019, it generated over $4 billion in annual revenue and employed, directly or indirectly, more than 2 million people, representing between 20 and 25% of the active population. This sector played a cross-cutting role, stimulating numerous value chains such as hospitality, transportation, crafts, agriculture, public services, finance, healthcare, and leisure. Women held a central place, particularly in roles related to hospitality, sales, and artisanal production.

But this economic importance is accompanied by persistent structural weaknesses. The mismatch between the training offered and the skills actually in demand hinders employability. The widespread reliance on informal employment deprives many workers of social protection and complicates the professional structuring of the sector. The consideration of environmental and social issues remains limited, despite the growing prominence of sustainable tourism.

Finally, the private sector has limited involvement in initial and continuing training programs, which hinders the alignment between educational offerings and operational needs.

In response to these challenges, the government has launched several structuring initiatives:

- The creation of two hotel schools in Phnom Penh and Sihanoukville, supported by the French Development Agency (AFD), to strengthen vocational training;
- The update of the National Qualifications Framework, now aligned with ASEAN standards, to better recognize and certify acquired skills;
- The gradual integration of modules on responsible tourism, environmental management, and heritage valorization into training curricula;
- The promotion of alternative segments with high potential: ecotourism, agritourism, community-based tourism, and wellness tourism.

The future of Cambodian tourism will depend on its ability to modernize, diversify its offerings, and adopt genuinely sustainable practices. By strengthening collaboration with NGOs, donors, and local stakeholders, the country can develop a more balanced tourism model that reconciles economic development, social inclusion, and environmental preservation. This positioning is essential to ensure the sector's resilience against future crises and to build a tourism industry that is both competitive and ethical.

The CCIFC thanks All Dreams Cambodia and Millennium Destinations for their contributions to the writing of this chapter.

Healthcare

Between progress and inequalities

In recent years, and particularly since the COVID-19 pandemic, Cambodia has made significant progress in the field of public health.

Life expectancy in Cambodia has seen a significant increase, rising from 65 years in 2018 to 76 years in 2022. Concurrently, the neonatal mortality rate dropped from 37 to 8 per 1,000 live births, and the under-5 mortality rate decreased from 124 to 16 per 1,000 live births over the last two decades. The country eradicated polio in 1997 and has recorded significant progress in the fight against malaria, with no deaths from the disease since 2018. The incidence and mortality rates of tuberculosis decreased by approximately 50% between 2000 and 2021. Consequently, Cambodia achieved the UN's Sustainable Development Goals nearly eight years ahead of schedule. The improvement in the health sector has also been enabled by government policies implemented before 2020. These notably helped increase healthcare coverage from 24% in 2000 to 58% in 2021 and reduced patients' out-of-pocket health expenditures from 70% in 2000 to 60% in 2020.

However, Cambodia's healthcare system still presents many shortcomings and delays, especially compared to its neighbors. Regarding access to quality care, a portion of the Cambodian population lacks access to healthcare, particularly in rural areas where only 56% of the population has access to drinking water, and 18% to improved sanitation facilities. These conditions contribute to high rates of malnutrition and communicable diseases. Similarly, many medical specialties (neurology, hand reconstructive surgery, etc.) and specific equipment are not or are scarcely available in Cambodia. The cost of accessing quality care is very high, and the country lacks trained personnel, particularly nurses and specialized doctors. As a result, some people do not seek treatment, while others go abroad for care. Finally, pharmaceutical and drug regulation remains very weak, leading to high rates of self-medication.

Cambodia has implemented initiatives to improve access to care, notably through the existing National Social Security Fund (NSSF) for workers and employers in the formal sector, which is expected to extend health coverage to the majority, including self-employed individuals (tuk-tuk drivers, delivery persons, street vendors, etc.) who represent most of the active population. Efforts are also being made to provide free medical assistance to the most vulnerable populations. Furthermore, through the Pentagonal Plan, the government has set several objectives to improve the health sector by 2028, including reducing the population's mortality rate, strengthening the quality of care, enhancing inter-ministerial cooperation, and finally, adopting new laws on the health sector.

A MARKET IN CONSTANT EVOLUTION

The Cambodian pharmaceutical market is undergoing significant transformation. Still dominated by traditional drugstores, it has seen the emergence of modern pharmacy chains in recent years, focusing on quality, transparency, and customer experience, such as UCare and Pharmacie de la Gare. The country now counts approximately 4,000 pharmacies, but with highly uneven quality levels in terms of pharmacist training, product storage, and traceability.

Founded in 2004, UCare Pharmacy has established itself as the leader in modern pharmacy in Cambodia. With 27 outlets across 6 provinces, UCare operates on a model based on a wide selection of health, beauty, and wellness products, predominantly French, European, and generally Western, in professional and controlled environments. The chain trains its own pharmacists to ensure a high level of competence, in a context where initial training remains improvable and represents a challenge for the government. International distributors such as DKSH and Zuellig Pharma, as well as French institutions like the Institut Pasteur, play a key role in supplying Cambodia with medicines, ensuring the distribution of quality pharmaceutical products across the country.

Healthcare products represent a major share of France's exports to Cambodia, and many French companies are interested in entering the Cambodian market, as the local population particularly appreciates the quality of French products. In 2023, Cambodia imported $415 million worth of pharmaceutical products, covering approximately 80% of its needs. French products accounted for 27% of French exports to Cambodia, amounting to $51 million (data from the French Treasury Directorate). While France shines with its luxury cosmetics and dermopharmacy brands, Korean products are also gaining popularity among young consumers attracted by their technical features and affordable prices.

The Cambodian market for beauty and personal care products reached $116.5 million USD in 2024, with an annual growth rate projected at 3.49% between 2024 and 2029. This expansion is fueled by rising disposable incomes, urbanization, and a young population increasingly concerned about their appearance. Cambodian consumers show a growing interest in natural and local products, particularly those made with traditional and organic ingredients. This trend offers opportunities for local brands and environmentally friendly products.

SELF-MEDICATION AND COUNTERFEITING: PERSISTENT SCOURGES

The country faces a persistent circulation of counterfeit or substandard medicines, despite real efforts to combat this issue. The difficulty in obtaining marketing authorization (MA) for new products drives some operators to resort to parallel importation, often outside official channels. This situation complicates quality control and drug traceability. Thus, counterfeit or non-compliant medicines accounted for 13% of the market according to a Ministry of Health survey. A new pharmaceutical products law, currently being finalized, should expedite registration procedures, especially for medicines already approved in the European Union, thereby enhancing health security.

The training deficit remains one of the major obstacles to the sector's development. Each year, 700 to 1,000 pharmacists graduate from universities, but the lack of practical experience under standard conditions prevents them from fully fulfilling their roles, often limiting them to the function of drug sellers. Some chains, like UCare Pharmacy, train their staff themselves, in partnership with certain universities, and host many pharmacy students for internships. Cambodia plans to create university hospital centers and develop exchange programs with foreign universities to strengthen local skills.

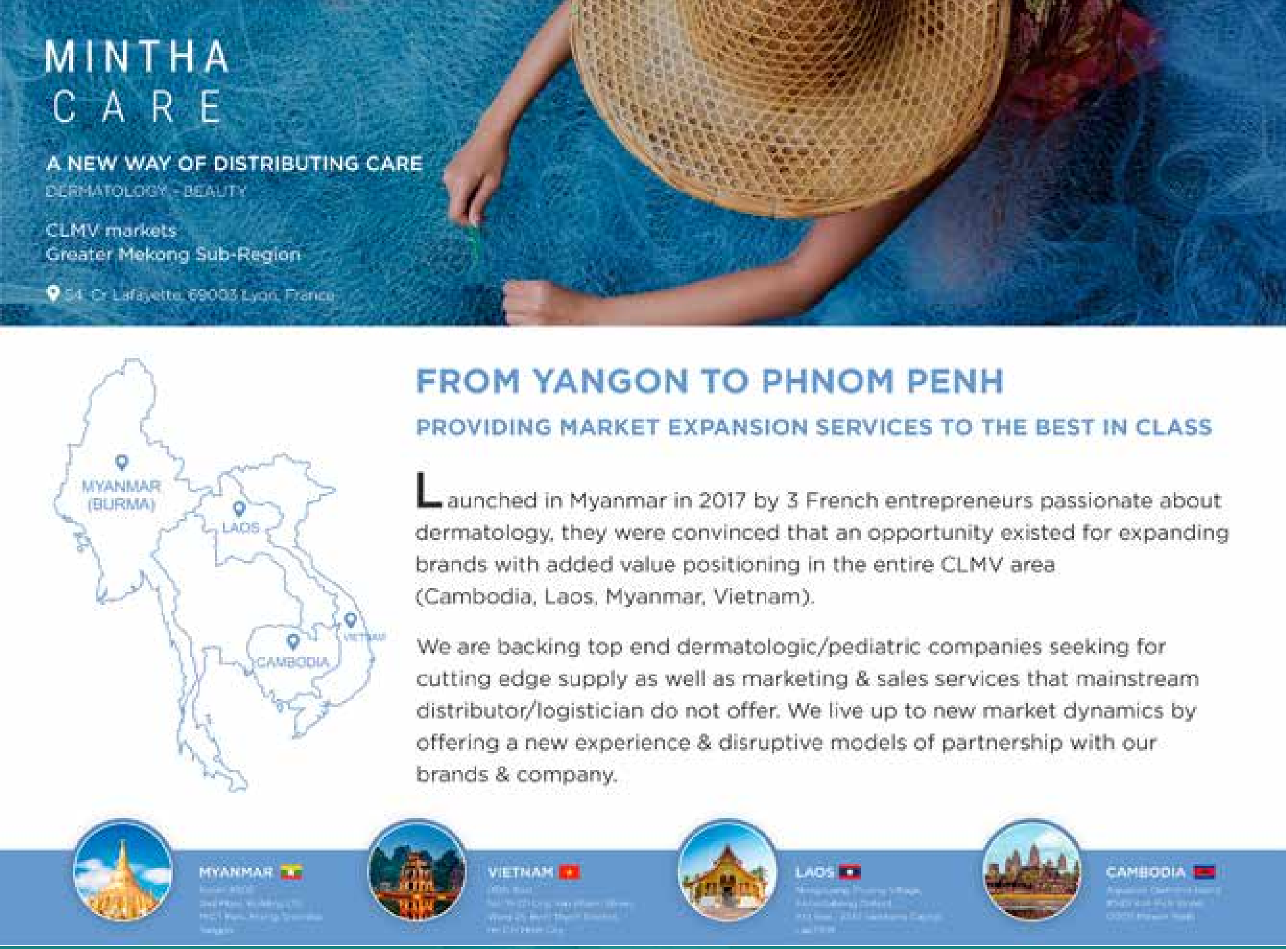
Self-medication remains widespread, especially in areas where doctors are scarce. A particularly problematic practice is that of "drug cocktails": unlabeled packets sold without a prescription containing an unidentified mix of antibiotics, corticosteroids, and other painkillers. These practices pose serious risks to public health (antibiotic resistance, side effects, drug interactions). The Ministry of Health and local universities are working to raise awareness among professionals and the general public about the dangers of these habits.

HOSPITALS: A SHORTFALL FOR THE CAMBODIAN POPULATION

Finally, the hospital sector represents approximately $760 million in 2024, with an annual growth of 5% projected by 2029, driven particularly by improved infrastructure and better access to quality care.

Currently, the country has twelve national hospitals but also attracts numerous private and sometimes foreign investments (Japan, Singapore, Thailand…). Consequently, Cambodia has several private hospitals compliant with international standards and managed by foreign companies, such as Royal Angkor International Hospital or Royal Phnom Penh Hospital, operated by Bangkok Dusit Medical Services Public. Despite this, a portion of the population lacks access to hospital-provided care due to costs and the lack of infrastructure in rural areas.

To address this lack of access, international organizations or NGOs have established hospitals and medical centers to provide free healthcare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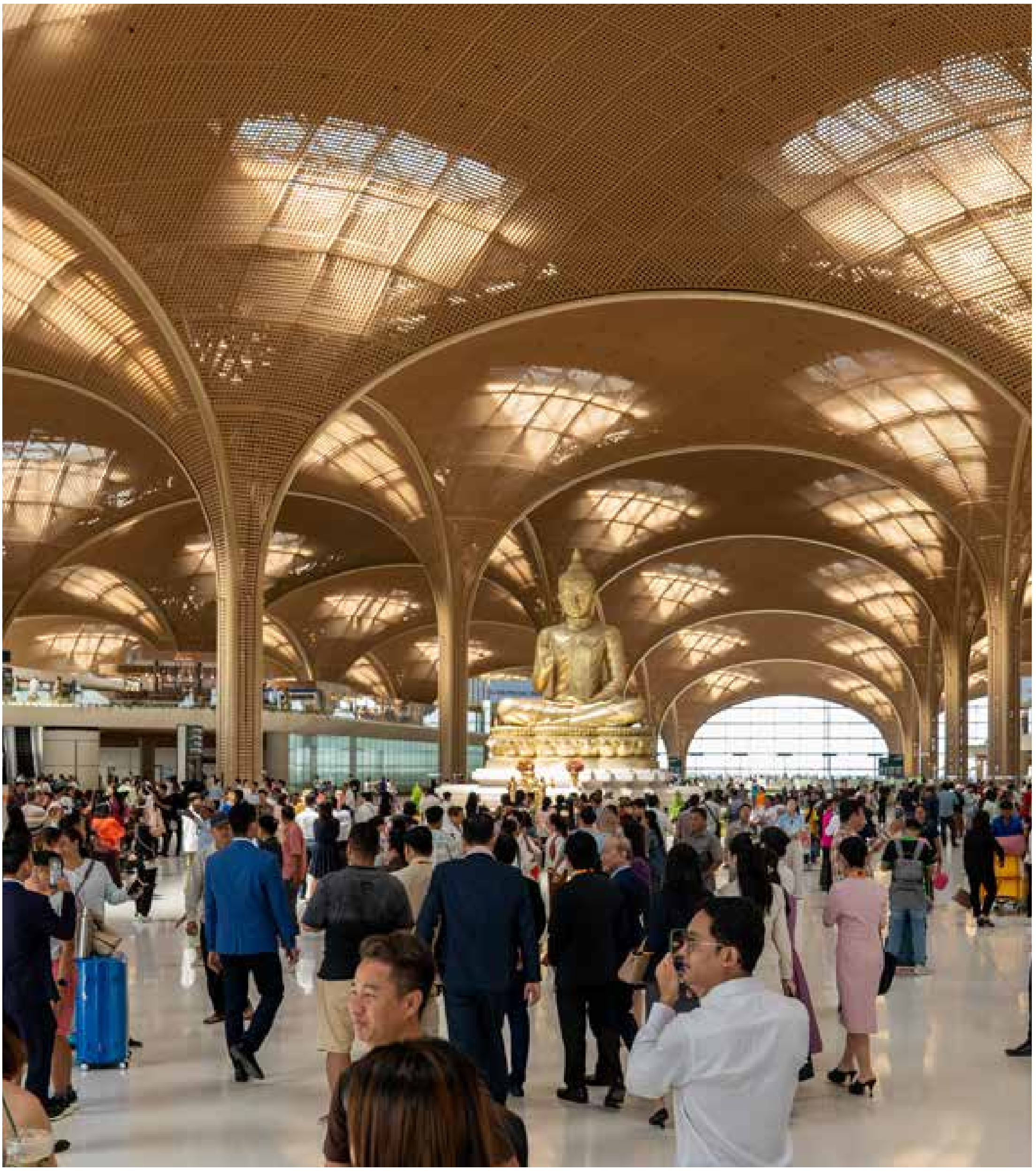

to all, such as the Angkor Hospital for Children (AHC) based in Siem Reap or the Kantha Bopha Hospitals, helping to improve the situation in certain areas of the country.

Cambodia is committed to continuing its efforts to enhance the healthcare system, with investments in infrastructure, staff training, and pharmaceutical sector regulation to address new challenges, particularly the rise of non-communicable diseases (diabetes, asthma, cancer), which are responsible for 39% of deaths. Collaboration between the public and private sectors will be essential to ensure equitable access to quality care for the entire population.

The CCIFC thanks Ucare Pharmacy for their contribution to the writing of this chapter.

CHAPTER IV

ENTREPRENEURSHIP & LEADERSHIP

Portraits of french entrepreneurs: Lessons and strategies

PASCAL CATRY AND UCARE PHARMACY: SERVING THE HEALTH OF CAMBODIANS

Introduction

Ucare Pharmacy is the first modern pharmacy chain in Cambodia, with 27 outlets across 6 provinces, over 95 pharmacists, and 220 employees in total. Ucare pharmacies, now a benchmark in Cambodia, have distinguished themselves from traditional pharmacies by offering products primarily imported from France and internationally, alongside quality service. The clientele consists mainly of Cambodians keen on taking care of their health, as well as expatriates and tourists.

Born in Cambodia where he lived until the age of 7, Pascal Catry spent time in Japan before moving to France. There, he completed his pharmacy studies at the University of Grenoble, earning a doctorate. He gained experience in various pharmacies in the south of France before purchasing his own first pharmacy near Arles in 2000. After 12 years of practice and significant growth, he decided to sell his pharmacy and move into large-scale retail by becoming an Intermarché member. In 2016, Pascal Catry decided to return to Cambodia and, with his father's help, acquired the brand and the entire Ucare Pharmacy chain of stores.

First Steps as an Entrepreneur in Cambodia

For Pascal Catry, becoming an entrepreneur was not a calling; he built it through his numerous experiences as an employee. His first entrepreneurial venture was a success, developing his pharmacy for nearly 12 years, improving service quality, and most importantly, tripling the pharmacy's revenue. This initial experience managing his own pharmacy greatly inspired and aided him in developing the Ucare brand and its pharmacies in Cambodia.

Acquiring Ucare Pharmacy wasn't starting from scratch; it was taking over the leading pharmacy chain in Cambodia, which was struggling to establish itself as uncontested. Thanks to his 30 years of experience, Pascal Catry was able to add value to this brand, which still lacked rigor, and turn it into a true leader in pharmacy across the country.

As a leader, he was able to contribute not only his experience and expertise as a pharmacist but also in administration, accounting, marketing, and customer service.

Pascal Catry had to assemble a competent team to grow Ucare both as a brand and in terms of the number of physical stores across the country. Furthermore, he did not hesitate to train his staff personally, helping to create a genuine corporate culture.

What Does It Mean to Be an Entrepreneur?

According to Pascal Catry, being an entrepreneur is about: "expertise, customer focus, and the desire to always move forward. On a daily basis, this translates into training (we train our pharmacists internally), the multiple projects we launch, and of course our expansion plan with the opening of several new pharmacies each year."

Pascal Catry favors leadership based on example and collaboration, staying close to all team members. His varied career, spanning from pharmacy to business management, has strengthened his managerial legitimacy.

His varied career, spanning from pharmacy to business management, has reinforced his managerial legitimacy. In Cambodia, he observes that respect is earned by concretely demonstrating the effectiveness of one's choices.

For Pascal Catry, success is an uncertain notion, with no guarantee that what works today will remain valid tomorrow. He sees the reputation of his chain—among both expatriates and Cambodians, who now represent over 60% of the clientele—as a true marker of success. This strong brand image attracts numerous suppliers, both local and international, especially French companies, who wish to have their products listed in the Ucare Pharmacy network.

Pascal Catry has succeeded in building a solid and unique model in the region, far removed from Asian chains focusing on rapid but unprofitable expansion. He instead favors a controlled growth, based on profitability, service quality, and a long-term vision.

Ucare Pharmacy in Full Expansion

Pascal Catry positions Ucare Pharmacy as a premium brand, thanks to a high-quality product offering and meticulous services. The pharmacists, trained internally and multilingual, follow strict protocols to guarantee an impeccable customer experience. Ucare Pharmacy also stands out through its thoughtful store layout, innovative marketing, and advanced technological tools, giving it a competitive edge in Cambodia.

Although Ucare Pharmacy is now the leader in the Cambodian retail pharmacy market, the sector remains largely dominated by traditional pharmacies whose practices often fall far short of required standards. The lack of control over storage, medication quality, and the unregulated dispensing of treatments raises significant public health concerns.

The future of Ucare Pharmacy involves actively contributing to the evolution of the healthcare system: partnerships with universities, hosting hundreds of interns each year, collaboration with the Ministry of Health, and engagement in prevention, screening, or vaccination campaigns.

To address current challenges, Ucare Pharmacy is venturing into digital health through telemedicine and the development of e-pharmacy services with home delivery. Integration into the future Cambodian social security system is also a priority, to enable the reimbursement of treatments.

The objective remains clear: to make quality healthcare and services accessible to the greatest number of people.

Portraits of french entrepreneurs: Lessons and Strategies

CONFLUENCES: SOREASMEY KE BIN, A BRIDGE BETWEEN FRENCH AMBITIONS AND CAMBODIAN OPPORTUNITIES

Introduction

Founder of Confluences, a consulting firm specialized in supporting foreign companies in Cambodia, Soreasmey Ke Bin shares his vision of the country, his entrepreneurial journey, and his ambitions for the coming years. Born in France to a Franco-Khmer family, he discovered Cambodia as a teenager during family trips that became more frequent. He settled there permanently in the early 2000s, after his military service in France.

"I started in the early 2000s without specialization or experience, but with the desire to be an entrepreneur. Thanks to several key encounters, I launched into different projects, often partnering with more experienced profiles. IT, media, distribution, communications: these fifteen years in the field trained me. They allowed me to understand the codes, build networks, and identify what was missing, namely a structure capable of bridging the standards expected by international players and the realities on the ground in Cambodia. Confluences was born from this conviction."

Cambodia, still relatively unknown, is in fact one of the most impressive success stories of recent decades: sustained growth, a young population with 70% under 30, and genuine openness to the world. One of the major challenges faced by Confluences is precisely to make this market and its opportunities known, as they are still too often underestimated.

"The primary objective has been to build Cambodia's credibility as an economic destination."

Founded in 2015 in Phnom Penh, Confluences assists French, European, and Asian companies in understanding the Cambodian market, their business development efforts, their local establishment, and the growth of their activities. From the outset, the mission was clear: to structure the role of the local partner into a true expertise. The company now offers a comprehensive range of services: market studies, prospecting, commercial representation, administrative management, employer of record services, as well as HR support via Convergences, development assistance via Concorde, M&A via Confluences Capital, and investment projects under the Tandem group, to which Confluences belongs. This integrated approach allows for 360-degree support, regardless of the project's size or sector. For Confluences, there are no small clients: every initiative deserves the same rigor and commitment.

"Cambodia didn't just welcome me; it made me become an entrepreneur."

Confluences has faced numerous challenges in its development. It had to structure a credible offering with limited resources, convince clients in a market still difficult to read, and adapt to rapid growth. This journey led to a progressive transformation of the internal organization, notably through the implementation of HR tools, a structured managerial culture, and the creation of specialized entities. Recruiting and retaining teams have also been central.

"Even today, we continue this momentum, with the ambition to build a coherent small group of projects and companies."

Confluences now employs over 40 staff, with a predominantly Franco-Khmer management team. The company has built a community of stakeholders—partners, resident companies, institutions—who collaborate and share opportunities. It acts as a project catalyst and a space for exchange.

“This culture of sharing is at the heart of our operations. It allows us to welcome very diverse projects and create the conditions for collective growth.”

Confluences’ values are simple: loyalty, high standards, adaptability, and a service-oriented approach. “These principles are lived daily in how we collaborate, recruit, support our clients, and build our partnerships.” Loyalty is expressed in long-term commitment; high standards in the quality of deliverables; adaptability in the ability to handle very different projects; and a service-oriented approach in the constant attention to the needs of clients and partners.

The company also plays an active role in structuring its economic environment. It works closely with Cambodian authorities, as well as with the French ecosystem: the French Cambodian Chamber of Commerce (CCIFC), the French Embassy, Business France (of which it is the referenced partner), Bpifrance, several French Regions, and networks such as French Tech, French Founders, and the Alliance des Patronats Francophones. It also collaborates with Investissement Québec, AWEX for Wallonia, and other institutions. Confluences often acts, in effect, as an economic ambassador for Cambodia. Being active, for Confluences, also means participating in dialogue spaces between public and private actors, promoting the country internationally, fostering new projects, and supporting young enterprises. “Cambodia is a fantastic entrepreneurial playground. We have known how to benefit from it. Today, our ambition is to allow others to benefit from it as well.”

Confluences’ goal remains unchanged: to actively contribute to Cambodia’s socio-economic development through useful, credible, and high-impact projects. The ambition is also regional: to make Cambodia a strategic entry point and a deployment platform for the entire Greater Mekong region.

Advice on implementation

STARTING A BUSINESS IN CAMBODIA: KEYS TO SUCCESS

Cambodia is attracting an increasing number of entrepreneurs and investors drawn by its dynamism, young population, strategic position in Southeast Asia, and attractive fiscal framework. However, as with any emerging market, successful establishment requires building the right support network, understanding the local ecosystem, and activating the right levers from the outset.

MARKET RESEARCH

Before establishing a presence, it is essential to thoroughly understand the environment in which you wish to develop. For this, in-depth market research is indispensable to lay the foundation for a solid project adapted to the local context.

This research should enable the entrepreneur to grasp the various dimensions of the target market. Firstly, the legal framework, often very different from that of France, must be well understood. It is highly recommended to engage a local law firm, which can provide appropriate advice. Next, the analysis should include the cultural and social specificities of the population: consumption patterns, cultural practices, income levels, etc.

To successfully conduct this process, two reference organizations can assist you: the French Cambodian Chamber of Commerce and Industry (CCIFC) and Confluences. Their deep knowledge of the Cambodian market and the expertise of their teams are valuable assets for any company wishing to establish a sustainable presence in the country.

In summary, successful establishment involves a good understanding of the environment, a tailored offering, relevant communication, and strategic partnerships.

CHOOSING A LOCAL PARTNER

One of the first challenges any entrepreneur wishing to establish in Cambodia faces is the choice of a local partner. In an environment where cultural codes, business practices, and legal frameworks can differ significantly from those French companies are accustomed to, relying on a solid, competent, and trustworthy local partner represents a major strategic asset. A local partner should not be viewed solely as a shareholder or supplier: they can be a genuine lever for success. A good partner often plays a decisive role in understanding local customs and specificities, interpreting informal norms, identifying the right contacts, and establishing a climate of trust with administrative authorities or business communities. They can also facilitate access to essential networks for business development, expedite registration or licensing procedures, and help avoid mistakes stemming from a lack of familiarity with the local context.

However, this choice must be approached with the utmost rigor. It is imperative to conduct thorough due diligence, which will cover both the financial strength of the potential partner entity, its history, its market reputation, its possible relationships with public or private institutions, and its actual capacity to support the company's development. It is also advisable to favor a relationship based on balanced reciprocity of commitments, shared objectives, and clear governance mechanisms. All agreements should be formalized in writing, with precisely drafted contracts, possibly in two languages.

JOINING A NETWORK

In a constantly evolving business environment like Cambodia's, integration into a structured and active network is an indispensable lever for successful establishment.

Growing a business is never done in isolation: understanding local dynamics, identifying the right contacts, picking up on early market signals, or simply benefiting from the feedback of other professionals are considerable assets. This is precisely what integration into the Chamber of Commerce and Industry France Cambodia (CCIFC) offers.

By joining the CCIFC, companies gain access to a strong community of over 230 members, comprising French, Cambodian, and international companies operating across a wide range of sectors: industry, services, agri-food, distribution, construction, energy, tourism, technology, etc. This sectoral diversity fosters synergies, opportunities for cross-company collaboration, and the emergence of joint projects. The CCIFC is also part of the global network of French Chambers of Commerce and Industry abroad, present in 95 countries with over 120 chambers, providing exceptional connectivity for any company looking to internationalize or develop partnerships on a regional scale. This is complemented by automatic membership in EuroCham Cambodia, which grants direct access to an expanded network of European companies, enhances visibility with local institutions, and enables participation in public-private dialogues on strategic issues (taxation, customs, labor law, etc.).

But joining the CCIFC also means benefiting from active daily support. The Chamber plays a central role in targeted business matchmaking, thanks to its deep understanding of the local ecosystem and its ability to recommend potential partners, service providers, or clients. It also ensures increased visibility for its members through effective communication tools: a member directory, monthly newsletter, social media outreach, promotion at events, and opportunities for sponsorship or publication in the Chamber's communications materials. The networking events regularly organized by the CCIFC are prime opportunities to expand one's network, exchange with other business leaders, and integrate into the dynamics of the local economic fabric. Whether it's thematic breakfasts, sectoral conferences, CEO Dinners, or inter-chamber networking evenings, these gatherings help forge lasting connections, better understand the issues of the Cambodian market, and showcase one's business to a targeted and influential audience.

BENEFITING FROM PERSONALIZED SUPPORT

Establishing a presence in a new country often involves navigating a complex environment marked by cultural, regulatory, and operational differences. To secure each step of the process, it is essential to be able to rely on localized, responsive, and context-specific support. This is precisely what the Chamber of Commerce and Industry France Cambodia (CCIFC) offers through a comprehensive range of business support services, designed to meet the concrete needs of entrepreneurs, whether they are in the exploration, establishment, or growth phase.

From the initial discussions, the CCIFC provides its expertise on the Cambodian market to help project holders refine their entry strategy. It can organize personalized prospecting missions, including the identification of potential partners or clients, the preparation of agendas with qualified meetings, and the coordination of targeted encounters. This service saves valuable time, avoids ill-timed contacts, and maximizes the chances of success from the very first steps.

B2B matchmaking is one of the cornerstones of CCIFC's activities. Thanks to its dense, multi-sector network, the Chamber facilitates access to the right contacts within economic, institutional, and professional circles. Whether it's finding a reliable supplier, a local distributor, a service provider, or an investor, the CCIFC plays the role of a trusted intermediary, capable of creating the connections vital for your business development.

Recognizing that linguistic and cultural barriers can pose an obstacle in the initial months of operations, the Chamber also provides translation and communication services. This ensures a clear understanding of administrative documents, marketing materials, and exchanges with local stakeholders. It is important to note that several of the CCIFC members are themselves specialized providers in key areas such as business law, taxation, logistics, distribution, and administrative outsourcing. The Chamber thus also acts as a facilitator, guiding entrepreneurs towards the experts best suited to their project, while ensuring continuity of follow-up and coordination if needed.

By leveraging CCIFC's expertise, entrepreneurs benefit from tailored support that is both grounded in local reality and focused on operational efficiency. This comprehensive support not only helps lay a solid foundation for their establishment but also enhances their agility, responsiveness, and visibility. Integrating into this ecosystem means choosing confidence, peace of mind, and structured development within an environment that is still rapidly evolving.

FUNDING YOUR ACTIVITY

Financing is a central pillar of any market entry strategy, and Cambodia today offers a rapidly expanding banking environment, marked by the coexistence of dynamic local players and well-established international financial institutions. This diversity allows companies to find solutions tailored to their profile, size, and the nature of their project, while benefiting from an increasingly structured regulatory framework.

Within this landscape, BRED Bank Cambodia, a subsidiary of the French cooperative bank BRED, holds a privileged position for French and Francophone companies. Drawing on its dual Franco-Cambodian culture, it offers tailored support based on a deep understanding of the specific needs of foreign investors in Cambodia. BRED Bank Cambodia stands out for its ability to combine European banking standards with local responsiveness, while maintaining a close relationship with its clients. It provides a comprehensive range of financing solutions, including medium and long-term loans to support initial investments, working capital lines to sustain operational management, and bank guarantees useful for tenders or commercial contracts. It also facilitates foreign exchange operations and international transfers, which are essential for companies operating in a country with significant external dependencies and intense international trade flows.

Beyond traditional banking services, BRED Bank Cambodia acts as a strategic partner by guiding clients towards best management practices, supporting structuring projects, and actively participating in the country's Francophone entrepreneurial ecosystem. Its close collaboration with the CCIFC and participation in economic events organized by the business community further strengthen its legitimacy and involvement in the development of the local economic fabric.

RECRUITING THE RIGHT TALENT

Recruitment is one of the major challenges for companies establishing themselves in Cambodia.

While the country benefits from a young, dynamic, and eager-to-learn population, foreign companies may sometimes face a mismatch between available profiles and their specific needs, particularly in managerial roles, technical professions, or positions requiring a good level of foreign language proficiency. To effectively address these challenges, it is essential to structure the recruitment process and rely on reliable partners.

It is precisely with this in mind that the Chamber of Commerce and Industry France Cambodia (CCIFC) offers its members a tailored recruitment service. This service supports companies throughout the entire process: job definition, job description writing, targeted distribution, receiving and screening applications, and even

organizing interviews. By entrusting their search to the CCIFC team, companies benefit from a single point of contact, both close to the local context and familiar with the expectations of international companies.

In addition to this service, the CCIFC also makes available, under certain conditions, a rich and regularly updated CV database. This database includes a wide variety of profiles – Francophone, Anglophone, and Khmer – covering a broad range of sectors and experience levels. While not part of the standard recruitment offering, this resource can be accessed under specific terms, depending on the company's expressed needs.

To strengthen their workforce, companies can also utilize French international mobility schemes, such as the International Corporate Volunteer Program (VIE) or the International Solidarity Volunteer Program (VSI).

These programs allow for the integration of qualified young professionals into local teams, for mission durations typically ranging from 12 to 24 months. Finally, the use of local recruitment platforms like BongThom.com remains a common practice for job postings. These channels help reach a broad audience, although they often require rigorous screening of received applications, which is precisely where the CCIFC service can help optimize the process.

By combining professional support, specialized tools, and a good understanding of the local market, companies have all the tools to build high-performing teams aligned with their development ambitions in Cambodia.

EVOLUTION OF CONSUMER BEHAVIOR

Purchasing Power

Despite the reduction in poverty, the number of people living in poverty decreasing from 5.6 million to 2.8 million between 2014 and 2022, economic inequalities remain strongly present in Cambodia. Consequently, the majority of the population remains very price-sensitive to goods and services and prefers local markets, where prices are more affordable than in supermarkets. The latter, being more expensive, are primarily frequented by the middle and upper classes as well as expatriates.

Compared to neighboring countries, supermarkets in Cambodia have higher prices due to insufficient local production, necessitating heavy reliance on imports, high logistics costs, the widespread use of the US dollar, and still limited competition in the retail sector.

However, the purchasing power of the wealthier households should not be overlooked, as evidenced by the development of upscale residential neighborhoods, shopping malls hosting luxury boutiques, and the growing demand for imported products, particularly French ones, often perceived as synonymous with quality and exclusivity.

Payment Methods

Cash (Riels and US dollars) is still used daily in Cambodia, especially in markets or by tourists. However, since the pandemic, its use has significantly decreased (-22% in 2021), giving way to the growth of banking transactions. The possibility to pay by card in shops or hotels has increased, but fees (often between 3% and 5%) are usually applied for transactions. Financial inclusion in the country relies primarily on the Bakong payment platform, based on a blockchain system and developed by the National Bank of Cambodia. It enables interoperability between different financial institutions and guarantees users secure transfers within the network. Thus, in 2024, QR code payments represented 47.15% of transactions in Cambodia, and the transaction volume on the platform reached $104.8 billion USD, a 95% increase compared to 2023.

E-commerce

E-commerce has developed significantly and undergone several transformations in Cambodia in recent years, especially during and after the COVID-19 period, due to the rise in internet access and its growing adoption by the population. Online purchases are mostly made via Facebook, Instagram, or Taobao, with an average frequency of about one order per month, for an amount between $11 and $50 USD. Other specialized platforms have also contributed to the growth of online commerce, such as FoodPanda and Grab for food sales and delivery as well as for urban transport, grocery shopping, and errands, or BookMeBus for online bus reservations. Consequently, online shopping, especially for food, has become a common consumption habit.

In recent years, the government has acted on various regulatory and incentive fronts to create a trustworthy framework and foster the development of online commerce. The 2019 E-commerce Law defines the rules and regulations applicable to online commercial activities, while the Consumer Protection Law outlines the roles and responsibilities of buyers and sellers to ensure a secure digital environment. Furthermore, the Ministry of Commerce, in collaboration with the United Nations Development Programme (UNDP) and the Enhanced Integrated Framework (EIF), has implemented the Go4eCam strategy aimed at promoting e-commerce. This program notably includes granting subsidies and providing training for small and medium-sized enterprises, with a total funding of $2.5 million USD.
Finally, the fiscal framework governing e-commerce companies in Cambodia has been significantly reformed to adapt to the digital economy. E-commerce activities are now subject to Value Added Tax (VAT), and the companies concerned must register for VAT once their annual turnover exceeds a threshold set by the General Department of Taxation (GDT). According to the iTrade bulletin of March 2025, revenues from e-commerce are expected to exceed $1.78 billion USD by the end of the year, indicating strong sector growth and significant development potential for the country. However, its contribution to GDP remains modest, estimated between 4% and 5%, a figure significantly lower than that observed in other ASEAN countries like Thailand or Malaysia, where e-commerce can represent up to 25% of GDP.

Legal framework and business environment

For several years, Cambodia has been implementing new legal mechanisms to facilitate the creation of new businesses, the establishment of foreign entities, and to attract foreign investors. The country's primary investment laws, the Law on Commercial Enterprises and the Law on Investment, do not discriminate against foreign investors and offer attractive conditions for many. Cambodia aims to stand out through a proactive policy in favor of welcoming both foreign and local companies.

Among the flagship measures are the modernization of the legal and tax framework, including corporate income tax exemptions, simplified customs procedures for imports, and the establishment of a one-stop online service to streamline the administrative processes required for business registration.

Furthermore, in recent years, the use of arbitration has increased with the creation of the National Commercial Arbitration Center (NCAC), a result of Cambodia's willingness to facilitate the resolution of commercial disputes. Indeed, investors often prefer arbitration due to its flexibility and speed, notably allowing parties to enforce the arbitral award both in Cambodia and in all countries that are signatories to the New York Convention (156 countries in total). Additionally, in February 2023, the government signed a protocol with the Asian Development Bank (ADB) to establish a commercial court in Cambodia to handle all trade-related disputes, and in November of the same year, the government completed the draft law to make the court operational.

Regarding intellectual property rights, by becoming a member of the World Intellectual Property Organization (WIPO) in 1995, Cambodia has established several protection mechanisms. Thus, discoveries, inventions, trademarks, and copyrights are protected by the various existing mechanisms in Cambodia. Moreover, the country recognizes European patents, making it the first Asian country to protect patents issued in the EU.

Cambodia is also combating counterfeiting, particularly in the textile and pharmaceutical sectors, by implementing new mechanisms. In previous years, the Counter-Counterfeiting Committee has seized and destroyed several hundred tons of counterfeit products, often in collaboration with the private sector and foreign aid.

Finally, Cambodia has also been working for several years to reduce corruption in the public sector, applying the measures provided for by the United Nations Convention against Corruption and undergoing UN assessment missions. The country remains ranked 158th out of 180 countries in terms of corruption in 2024, according to Transparency International's Corruption Perceptions Index (CPI), a stable result compared to previous years. Several laws have been adopted, such as the Consumer Protection Law in 2020, to promote competition and trade integrity while reducing unfair trade practices in Cambodia. Additionally, the Anti-Corruption Unit (ACU), the public organization responsible for suppressing corruption, has implemented key measures to address corruption, including awareness-raising, control, and strict law enforcement.

COMPANY LAW AND REGISTRATION

Different Forms of Companies

It is essential for any entrepreneur wishing to launch a commercial project in Cambodia to understand the different existing legal forms of companies before making a choice. The legal structure must be chosen based on the project, and not the other way around, as it constitutes the "legal envelope" of the business, governing its activities, responsibilities, and development.

The legal forms of companies in Cambodia are few. The most common are:

- The Limited Liability Company, which also encompasses the Subsidiary;
- The Branch Office;
- The Representative Office;
- The Sole Proprietorship.

The Limited Liability Company (LLC) is the most common form of company ("Limited Liability Company") that can be created by a single shareholder, whether a natural or legal person, foreign or Cambodian. The liability of the shareholder(s) is limited to the amount of their contributions. As for the liability of the manager, it can be engaged beyond the amount of the contributions in case of managerial fault. The Subsidiary, encompassed within the LLC, is a company registered in Cambodia where at least 51% of the share capital is owned by a foreign company. The subsidiary has its own legal personality distinct from that of the parent company and can engage in all activities except those prohibited for foreign natural or legal persons under Cambodian laws.

The Branch Office is a legal entity established by the parent company to carry out specific commercial activities in Cambodia. It must bear the same name as the parent company, which remains liable for its losses and debts, as the branch does not have its own legal personality. Its registration procedure is comparable to that of a limited liability company. Its scope of activity is broader than that of a representative office, as it can perform the functions of the latter and also engage in revenue-generating commercial activities in all sectors open to foreign investors. It is also subject to local tax obligations. Finally, its commercial registration is done with the Ministry of Commerce (MOC).

The Representative Office is an option for foreign companies wishing to explore the Cambodian market before committing to creating a more substantial legal structure. However, this form of establishment is subject to certain restrictions. Indeed, a representative office cannot engage in commercial activities or provide services, sell, buy, manufacture, process, or build in Cambodia. It does not have a legal personality separate from its parent company.
On the other hand, it is authorized to:

- Conduct market research;
- Promote the parent company's products and services;
- Rent an office and employ local staff;
- Enter into contracts with local clients on behalf of the parent company.

As for the Sole Proprietorship, the entrepreneur is personally liable: their personal assets can be seized, as there is no separation from their personal estate. They, as the sole manager, are liable with all their professional assets for debts arising from their independent activity, unlike companies where managers do not act on their own behalf but in the name and for the account of the company.

Company Registration

To legally begin its activities in Cambodia, every company must be registered. The registration of a company is done first with the Ministry of Commerce (MOC) and the General Department of Taxation (GDT), then with the Ministry of Labour and Vocational Training (MLVT). If necessary, registration continues with another ministry, depending on the license required for the activity conducted.

Among the documents to be provided, particularly for an LLC, are the articles of association of the company to be created, typically drafted in English and Khmer. These articles constitute the social, fiscal, and legal rules of the company and define its share capital, its corporate purpose, according to a precise list and nomenclature provided by the MOC. In the case where the company is a subsidiary, the parent company's articles of association, certified by a notary in its country of establishment, must be provided. Only activities listed in the corporate purpose are authorized; therefore, it is essential to formulate them carefully.

Once the MOC approves the registration and issues a Certificate of Incorporation (in Khmer and English), the company is legally recognized. This certificate, equivalent to the French Kbis, contains essential information: registration number, activities, registered office, legal form, capital, as well as the names of directors and shareholders.

The next step takes place at the GDT, where the physical presence of a director or one of the shareholders is required for a photo and fingerprint. The company will also have to pay, among other things, a "patent tax" (professional tax), calculated according to the chosen corporate purpose. Once registration is complete, a VAT number is assigned to the company.

Finally, if no specific license is required, the last step is to register the company with the MLVT. This allows for declaring its opening as well as its employees. This process is also necessary for foreign employees—subject to a quota—to obtain their work permits.

For other forms of companies, the required documents are generally similar to those required for a limited liability company.

Company Obligations

From the moment of company registration, several obligations must be met, depending on its legal form. For limited liability companies (LLCs), there are ongoing obligations in legal secretariat, taxation, and accounting matters. Here are some examples:

1. Legal Secretariat Obligations

The obligations include:

- Holding an annual general meeting of shareholders;
- A board of directors meeting every three months;
- Submitting an annual return to the Ministry of Commerce (MOC), aiming to inform of any updates related to the company (even in the absence of changes).

2. Tax Obligations

Tax obligations primarily concern the declaration and payment of taxes, including:

- The monthly tax return, comprising:
- Provisional Tax on Income (PTOI);
- Value Added Tax (VAT) and the reverse charge mechanism;
- Tax on Salary (TOS) and Tax on Fringe Benefits (TOFB);
- Withholding Tax (WHT).

These declarations must be submitted to the General Department of Taxation (GDT), accompanied by the payment of amounts due, with or without the assistance of a tax advisor.

3. Accounting Obligations

In terms of accounting, the company must maintain monthly accounting records, including:

- Recording accounting transactions;
- Entering entries related to prepaid expenses, amortization, and depreciation;
- Preparing monthly financial statements.
- Branch offices and representative offices must also comply with tax obligations.

INTELLECTUAL PROPERTY AND PATENTS

Intellectual Property

Cambodia became a member of the World Intellectual Property Organization (WIPO) in 1995. More recently, the country also joined the Hague System for the International Registration of Industrial Designs, which entered into force on 25 February 2017.

Patent

Equipped with a relatively recent internal patent application processing mechanism, the Ministry of Commerce (MOC) issued its first patent in 2015.

An invention can be patented provided that it is new, innovative, and capable of being industrialized. The patent, held by the inventor and transferable to heirs, grants the inventor exclusive exploitation rights. Patent registration follows the "first-to-file" principle and must therefore be completed before the products or services are launched on the Cambodian market.

The cost of registering a patent is USD 80. In addition, a publication certificate issuance fee of USD 180 applies. Legal fees may also be required for companies not based in Cambodia.

Once the patent is registered and the certificate is issued, the holder must pay an annual fee ranging from USD 20 in the second and third years to USD 890 in the twentieth year of protection (progressive amounts). Cambodia was the first Asian country to recognize European patents on its territory in 2017. EU patent holders may apply for patent protection in Cambodia without the requirement to file a separate patent application within the country.

However, it is important to note that European pharmaceutical patents are not valid in Cambodia. The country currently benefits from the WTO waiver that allows least developed countries (LDCs) to avoid granting and enforcing intellectual property rights on pharmaceutical products until 2033.

Trademarks

The number of trademark registration applications has increased significantly in Cambodia in recent years. Applications must be filed with the Ministry of Commerce (MOC) and are valid for 10 years, renewable. Trademark owners must provide a declaration of use or non-use of the trademark after the sixth year.

Once the national registration application is approved, a registration certificate is issued and the trademark is published in the Official Journal of Trademarks of the Ministry of Justice. According to Cambodian law, there are no restrictions for non-residents seeking to register and protect their intellectual property.

Subsequently, the applicant may submit an international application with the World Intellectual Property Organization (WIPO) to register the trademark in the international register and have it published in the WIPO International Trademarks Gazette. The cost of this registration application is USD 105 (for a single trademark), and its validity is 10 years, after which renewal of the registered trademark is required.
Trademark Registration

However, registering a trademark is not always a straightforward process. In addition to very lengthy processing times (on average 6 to 9 months), trademark applications are frequently rejected for multiple reasons. To maximize the chances of successfully registering a trademark, it is advisable to engage the services of a law firm.

Copyright

Copyright protects the works of authors, artists, music producers, and broadcasting organizations. Copyright is registered with the Ministry of Culture and Fine Arts (MCFA), which issues a registration certificate.

The law on copyright protection came into force in 2003. The MCFA may, upon request, authorize the establishment of a collective management system for copyrights of a work and related rights held by others.

Geographical Indications (GIs)

GIs protect the origin and identity of specific products. They apply only to certain types of products: agricultural, food, and handicraft items.

The GI law, which came into effect in January 2014, established a legal framework for the registration and protection of GIs. Applicants must submit a dossier defining the product specifications (description of the product, geographical area, and the expertise used) to the Intellectual Property Department of the MOC.

Counterfeiting

The fight against counterfeiting is supported by the Cambodian government. The Counter Counterfeiting Committee has reported several raids on warehouses producing counterfeit goods across various sectors: pharmaceuticals, clothing and footwear, alcohol, cosmetics, etc. For instance, in 2019, over 100 tons of counterfeit goods were destroyed by Cambodian authorities, and in 2020, 130 tons of counterfeit medicines and medical products were seized and destroyed.

This effort benefits from support from the private sector (including the development of companies specializing in assisting businesses affected by counterfeiting) and foreign aid. In 2019, the European Chamber of Commerce (EUROCHAM) and the Counter Counterfeiting Committee in Cambodia (CCCC) signed a Memorandum of Understanding (MoU) to optimize information sharing, educate consumers, producers, and importers about the risks of counterfeit products, and improve regulations concerning counterfeit, illegal, and unauthorized goods.

Despite these efforts, counterfeiting remains widespread in Cambodia, particularly in markets and sometimes even in modern shopping centers.

Drafting and Enforcing Commercial Contracts

There are many elements to consider in a contract; therefore, we recommend that contracts be drafted by a Cambodian law firm. In general, the most important points to include in a written contract are:

- The identity of the parties and their legal capacity to contract (legal age, mental capacity, authority to represent for companies);
- A dispute resolution clause (recourse to Cambodian courts or arbitration, such as the NCAC);
- A force majeure clause;
- A clause providing for the payment of liquidated damages, for example, in case of delay or non-payment;
- A confidentiality clause;
- The determination of applicable law (especially if it is not Cambodian law);
- The language of the contract.

Taxation

Cambodia has a tax system that applies to both companies and individuals. Tax obligations are specific and governed by a set of rules administered by the tax authorities. The following sections detail the main taxes in effect, their application procedures, and the related filing requirements.

CORPORATE INCOME TAX (CIT)

Corporate income tax in Cambodia is set at 20%. Generally, expenses are deductible if they are paid or incurred during a tax year as part of the company's business activities. Any expense reasonably related to the operation of the business may be deducted, including foreign exchange losses. However, Article 33 of Prakas 098 specifies that certain expenses are not tax-deductible: expenses related to abnormal management, those providing benefits to third parties, personal expenses, and excessive expenditures.

Under certain conditions, losses may be carried forward for a maximum period of five years. They cannot be carried back and must be deducted starting from the first profitable financial year following the loss. If the profit is insufficient to absorb the entire loss, the remaining undeducted balance may be carried forward to subsequent years, up to a maximum of five years. In the case of losses incurred over multiple years, they must be deducted in chronological order.

Under Cambodian law, an expense is deductible for income tax purposes only if it is actually borne by the company. These expenses fall into two categories:

- Operating expenses, deducted from the income of the period in which they were incurred;
- Capital expenditures, recorded as assets on the balance sheet in the corresponding account and then depreciated over their useful life.

Business filing obligations are numerous. Withholding tax, tax on salaries and benefits in kind, prepayment of profit tax, VAT, and public lighting tax must be declared no later than the 25th day of the following month via the e-filing system. Annual income tax and minimum tax must be settled within three months after the end of the fiscal year. The patent tax, on the other hand, must be paid before March 31 of each year.

Entities subject to external audit in accordance with Prakas 563 must submit their audited financial statements to the Accounting and Auditing Regulator (ACAR) no later than six months and 15 days after the close of the accounting period, generally before July 15. In accordance with Instruction 002, entities not subject to audit must nevertheless file their unaudited financial statements within three months and 15 days after the end of the accounting period, generally before April 15.

VALUE ADDED TAX (VAT)

The standard VAT rate in Cambodia is 10% and applies to the supply of goods and services, including hotel activities and serviced residences. The VAT mechanism is based on a system of output VAT and input VAT. Registered taxpayers can offset the VAT collected from their customers with the VAT paid to their suppliers. However, certain expenses are not eligible for deduction, including entertainment expenses, the purchase or import of certain petroleum products, the acquisition or import of passenger vehicles, and mobile phone calls.

Registered VAT taxpayers must remit the net VAT due to the tax authorities after offsetting output VAT against input VAT. When input VAT exceeds output VAT in a given month, the excess may be carried forward to subsequent periods to offset future VAT liabilities. This VAT credit carry-forward mechanism applies only to taxpayers classified as medium or large.

Certain transactions benefit from a zero rate. This applies, on the one hand, to goods and services exported from Cambodia, including international transport of passengers or goods and related services; and, on the other hand, to supporting industries or subcontractors providing certain goods and services to exporters (particularly in the textile, garment, and footwear manufacturing sectors), subject to specific criteria.

PERSONAL INCOME TAX

Resident taxpayers are taxed on salaries earned in Cambodia and abroad, while non-residents are taxed only on Cambodian-sourced income. Resident taxpayers receiving foreign employment income may benefit from tax credits for taxes paid abroad.

Non-resident taxpayers are subject to a flat rate of 20%. Certain deductions are possible. A deduction of 150,000 riels is granted for each dependent child, provided the child is aged 14 or under, or under 25 if pursuing full-time education. The same deduction applies for an unemployed spouse exclusively managing the household. Foreign residents in Cambodia are subject to the same tax obligations as Cambodian residents. They are taxed on their worldwide income, whether sourced locally or abroad.

Tax residency is determined based on the place of residence, primary domicile, or duration of stay in Cambodia. An individual is considered a resident if they reside there, have their primary home there, or stay for more than 182 days within a 12-month period ending in the current tax year. Non-residents are those who do not meet these conditions. Taxable salary includes all remuneration, allowances, bonuses, overtime pay, compensation, and other payments in cash or in kind made to the employee or for their direct or indirect benefit. Residents are subject to a progressive salary tax (TOS) scale ranging from 0% to 20%:

Riel Khmer (KHR)	USD	Rate
From 0 KHR to 1,500,000 KHR	0 – 375	0 %
From 1,500,001 KHR to 2,000,000 KHR	375 – 500	5 %
From 2,000,001 KHR to 8,500,000 KHR	500 – 2,125	10 %
From 8,500,001 KHR à 12,500,000 KHR	2,125 – 3,125	15 %
More than 12,500,000 KHR	More than 3,125	20 %

The Cambodian tax system is based on relatively clear rules: a corporate tax rate of 20%, a standard VAT rate of 10%, and a progressive personal income tax rate of up to 20%. However, complexity lies in the strict adherence to filing obligations and deadlines, which require rigorous management by both businesses and individuals. Expatriates should also keep in mind that if they are considered tax residents, they are subject to taxation on their worldwide income.

CAPITAL GAINS TAXATION

Cambodia introduced a specific capital gains tax regime through Prakas 496 MEF.PRK, published on July 18, 2025. This new regulation marks a significant development: gains from real estate, shares, and financial assets are no longer outside the tax scope. The fixed tax rate is 20%. Implementation begins on September 1, 2025, for leases, investment property (including shares), business assets, intellectual property, and foreign currencies, and will apply to real estate from January 1, 2026.

The capital gains tax applies to two broad categories of taxpayers. On the one hand, it concerns resident individuals—those who reside in Cambodia or spend at least 182 days per year there. On the other hand, it targets non-resident individuals or legal entities, as long as they derive gains from assets located in Cambodia.

ASSETS COVERED

The assets subject to this tax are clearly defined by Prakas 496. They include:

- Real estate (land, buildings, and structures according to property tax rules);
- Leases and subleases;

- Investment assets such as shares, bonds, and securities;
- Business assets (including licenses, trademarks, or customer lists);
- Intellectual property (patents, literary and artistic works, logos, or commercial designs);
- And foreign currencies (any currency other than the Cambodian riel).

The taxable gain is recognized upon the transfer of ownership or rights, registration, or a judicial declaration.

CALCULATION METHODS

The tax rate is set at 20% of the net capital gain. For real estate, two methods are possible:

The standard method, which allows for deducting 80% of the sale proceeds to calculate the taxable gain;

The actual cost method, which permits the deduction of actually incurred and justified expenses (acquisition price, registration taxes, legal fees, advisory fees, property tax, maintenance costs, loan interest related to the holding period).

For shares and other assets, deductible expenses include paid-up capital or purchase cost, appraisal fees, commissions, advisory fees, and direct costs. In the absence of an agreement or documentary evidence, the market value applies.

Certain transactions are exempt from this tax, including:

- The sale of agricultural land by a resident farmer actively engaged in agricultural activity (subject to approval by the competent authority);
- The sale of a primary residence occupied for at least five years;
- Resident taxpayers who have already paid capital gains tax abroad (with possible tax credit);
- Transfers of real estate through inheritance between close biological relatives;
- The first gift between close biological relatives;
- Transactions involving public institutions, diplomatic missions, or those serving the public interest.

Additionally, the issuance of shares as part of a capital increase is not considered a transfer and is therefore not taxable. Finally, a share transfer subject to capital gains tax is automatically exempt from withholding tax on deemed dividends.

The tax return must be filed within three months after the realization of the capital gain. In the case of a share transfer, the relevant Cambodian company must act as a withholding agent and remit the tax to the tax authorities. Any transfer made without a capital gains tax certificate is legally invalid.

The tax authorities retain the right to inspect and reassess. Taxpayers under the self-assessment regime must comply with the general rules of income tax. Transactions related to capital gains are also subject to applicable bilateral tax treaties.

IMPLEMENTATION TIMELINE

The tax will be applied in two phases:

- September 1, 2025: Leases, investment assets, business assets, intellectual property, and foreign currencies;
- January 1, 2026: Real estate transactions.

Indirect transfers via holding structures or offshore entities are not yet regulated but are expected to be addressed in the future, as is already the case in Vietnam.

KEY CONSIDERATIONS

Certain situations require particular attention, especially group restructurings, which may trigger the tax whenever there is a loss of control or ownership, even without a formal sale. The authorities also have discretion to reassess the declared sale price, based on official valuations or alternative agreements.

Bilateral tax treaties (DTTs) may also limit or transfer the right to taxation. For example, with

Singapore, Cambodia retains the right to tax real estate and real estate companies, while Singapore retains the taxation rights for other companies, subject to anti-abuse rules.

The implementation of the capital gains tax requires rigorous preparation from investors and companies. Documentation (contracts, professional appraisals, expense records) becomes essential, as tax audits will be strengthened. This reform brings Cambodia closer to international tax standards and will directly impact investment, holding, and restructuring strategies in the country.

Customs regulations

Any resident company wishing to engage in the import or export of goods for commercial purposes in Cambodia must be registered with the Ministry of Commerce (MOC), have a VAT number issued by the General Department of Taxation (GDT), and be registered with the General Department of Customs and Excise (GDCE).

Additional registrations may be required if the company operates in a Special Economic Zone or under special arrangements with the Cambodian government. Individuals and non-residents are generally not permitted to export goods for commercial purposes.

Companies must also register in the Automated System for Customs Data (ASYCUDA), an automated management system designed to oversee all customs clearance procedures. This system enables electronic processing of declarations, risk management, transit operations, and accelerated clearance of goods. It also facilitates the collection of accurate and timely statistical data for fiscal and trade policy purposes. Please note that all new importers or exporters are required to register in this system with the GDCE Risk Management Bureau before starting customs clearance procedures.

Customs regulations are overseen by the General Department of Customs and Excise (GDCE) of Cambodia, under the Ministry of Economy and Finance (MEF). In practice, customs procedures are governed by a combination of national policies, Memoranda of Understanding (MoUs) with regional countries, and international trade agreements.

Cambodia joined the World Customs Organization (WCO) in 2001 and subsequently implemented several international trade-related agreements, notably the Harmonized System Convention for the classification and coding of goods and the Revised Kyoto Convention.

Cambodia also joined the World Trade Organization (WTO) in 2004, and in 2016, the country ratified the WTO Trade Facilitation Agreement (TFA), leading to the establishment of the National Trade Facilitation Committee (NTFC) in 2020. The NTFC is responsible for implementing the WTO TFA and coordinating with relevant public and private stakeholders to promote compliance.

The Customs Law, enacted in 2007, provides the legal framework for customs operations in the country. In practice, customs duties depend on the type, value, and origin of the goods. Tariff rates may vary, and additional fees may be applied to cover administrative costs.

The Standards Law, also enacted in 2007, defines the quality parameters for products and services permitted to be traded in Cambodia. Different ministries set standards for goods and/or services under their purview, for example, the Ministry of Health (MoH), which establishes labeling requirements for pharmaceutical products.

The National Standards Council, established in 2009 and chaired by the Ministry of Industry, Science, Technology and Innovation (MISTI), is responsible for regulating standards proposed by other ministries and government agencies.

Launched on January 1, 2024, the Customs Reform and Modernization Strategy 2024–2028 aims to enhance trade facilitation and improve the business and investment environment in the country. This strategy emphasizes the efficiency of customs administration, particularly in tax collection, while ensuring transparency and fairness. It also highlights the importance of international cooperation and partnerships with various state institutions, including the Ministry of Commerce (MOC) and the private sector, to achieve these objectives.

In recent years, Cambodia has undertaken efforts to modernize its customs procedures by digitizing and simplifying certain basic processes, while adopting the Automated System for Customs Data (ASYCUDA) at all international checkpoints. Although progress has been observed recently (pre-arrival processing, national single window), the implementation of a fully integrated single window has not yet been achieved, and certain elements of the old system persist, including bureaucratic delays and sometimes inconsistent document requests.

The import and export of goods are subject to standard customs declaration procedures, regardless of whether the goods are eligible for duty or tax exemptions. Owners or their authorized representatives are required to declare these goods to the General Department of Customs and Excise (GDCE).

TAXES APPLICABLE TO IMPORTS AND EXPORTS

Cambodia applies several taxes on imported and exported products:

Taxes	Applicable Rates
Import Duty	Variable based on HS Code (Harmonized System)
Note : Depends on the classification of the goods	
Export Duty	Variable based on HS Code
Note: Less commonly applied, but exists for certain goods	
Special Tax	10%
Note: Applied to certain specific products	
Additional Tax	Variable
Note: Depends on the nature of the product	
VAT *(Added Value Tax)*	10%
Note: Applied to most goods and services	

These rates may vary according to bilateral and regional trade agreements.

Import procedures differ depending on the mode of transport—sea, air, or land. These include:

- Port formalities for sea imports;
- Aviation formalities for air imports;
- Goods warehousing;
- Container scanning;
- The customs declaration process;
- And inspections.

Furthermore, special procedures may apply if the importer or owner benefits from incentives or exemptions, as detailed in Section 3 (Special Procedures).

Generally, the following documents are required for importing goods into Cambodia:

- Commercial invoice;
- Packing list;
- Bill of Lading or Airway Bill;
- Copy of the latest patent certificate and VAT certificate of the importer;
- Certificate of origin for imported goods (if applicable);
- Copy of the import permit or license issued by relevant ministries or authorities for prohibited or restricted goods (if necessary);
- Any other relevant documents as per the specific requirements of the imported goods.

There are three types of duties and taxes that any importer must pay before imported goods can be released by Customs:

Customs Duties or Import Duties

Goods imported into Cambodia are subject to customs duties. The applicable rate depends on the nature of the goods and the country of origin. The current rates are listed in the Cambodia Customs Tariff, which is regularly updated. Customs duties are levied on all goods crossing the border, regardless of the entry point, at rates ranging from 0% to 35% based on the assessed value/customs value, unless a specific exemption is provided by law or granted by the competent authorities.

Preferential tariffs may apply provided the goods are covered by a preferential rate under a relevant free trade agreement (FTA) with Cambodia. Preferential tariffs are granted for the import of goods originating from an ASEAN country to another member state. Reduced import duty rates also apply under the FTAs concluded between ASEAN and Korea, Japan, India, China, Australia, and New Zealand, although each ASEAN state implements these agreements at different times, particularly the CLMV countries (Cambodia, Laos, Myanmar, and Vietnam). It should be noted that ASEAN members can benefit from the ATIGA (ASEAN Trade in Goods Agreement) regime provided they meet the rules of origin (i.e., at least 40% of the content of the goods, in value relative to the CIF price, must originate from an ASEAN member state).

Specific Tax ("ST")

The specific tax is applied in addition to import duties on certain imported goods, with rates ranging from 0% to 45% depending on the products in question. These products are listed in the annual Customs Tariff, although this list may be subject to changes.

The ST (Specific Tax) is calculated on the import value (including all applicable taxes and duties, excluding VAT) of imported goods and is collected by the customs authorities upon entry of the goods into Cambodian territory.

VAT on Imports

All imported goods are subject to a 10% VAT. VAT is calculated based on the import value, including insurance, freight, customs duties, and specific tax. VAT on imports is payable and must be settled upon the entry of goods into Cambodia.

Cambodia has concluded several Free Trade Agreements (FTAs) with various countries and economic blocs. These FTAs generally aim to simplify trade and investment flows between member countries, reduce or eliminate trade barriers, and stimulate economic growth.

The RCEP (Regional Comprehensive Economic Partnership) is considered the largest FTA, covering 15 countries in the Asia-Pacific region. It consists of the ten ASEAN countries (including Cambodia) as well as five non-ASEAN countries: China, Japan, South Korea, Australia, and New Zealand.

The Cambodia–United Arab Emirates Comprehensive Economic Partnership Agreement (CAM-UAE CEPA) is the third bilateral FTA concluded by Cambodia in recent years. The other two are the CCFTA (Cambodia-China Free Trade Agreement) and the CKFTA (Cambodia-Korea Free Trade Agreement), both of which entered into force in 2022.

Exemptions, Partial Exemptions, and Refund of Duties and Taxes

Import duties and taxes are not applied to goods entering the customs territory for transit or transshipment, subject to certain conditions. Exemption from import duties and taxes will be granted in the following cases:

a. Goods intended for foreign diplomatic or consular missions, international organizations, and technical cooperation agencies of other governments, for official activities;

b. Personal goods of the officials mentioned in point (a) above;

c. Goods originating from Cambodia, or that have already been subjected to duties and taxes before their exportation, and that are returned to the territory without being modified or enhanced in value;

d. Goods exempted under current Cambodian laws.

Additionally, partial exemption from import duties and taxes may be granted for:

a. Goods and materials covered by a partial exemption provided under current Cambodian legislation;

b. Seeds and breeding animals intended for agriculture;

c. Goods intended for repair, processing, or testing, goods reimported in the same condition, goods imported by the Cambodian government for public interest purposes, goods temporarily admitted, and other goods as defined by the Ministry of Economy and Finance (MEF).

Economic zones in Cambodia: A strategic lever for investment

Cambodia has strengthened its attractiveness for foreign investors by developing a network of Special Economic Zones (SEZs) spread across the country. Designed as business-friendly environments, they offer tax and logistical incentives, while providing an organized framework that facilitates the establishment and growth of businesses. These mechanisms support the country's industrial transformation and its integration into global value chains.

AN EXPANDING NETWORK

In 2024, the Council for the Development of Cambodia (CDC) approved 10 new SEZ projects, representing a total invested capital of approximately USD 850 million. These new zones are in addition to the 24 already in operation, bringing the total number of SEZs to 34. SEZs are strategically located in key provinces such as Sihanoukville, Bavet, Poipet, Phnom Penh, and Kampong Cham, facilitating access to regional and international markets.

KEY SECTORS

Investments in SEZs primarily focus on the following sectors:

- Textiles and Apparel: The main driver of Cambodian exports, with an abundant and competitive workforce;

- Electronics and Automotive: Attracting Chinese and Asian companies, particularly in Sihanoukville SEZs;

- Agro-industry: Supporting the processing of local agricultural products;

- Information and Communication Technology (ICT): Especially in zones bordering Thailand and Vietnam.

In 2024, SEZs attracted 835 projects with a total value exceeding USD 11.7 billion, accounting for approximately 40% of the country's Foreign Direct Investment (FDI).

TAX AND REGULATORY BENEFITS

To fully leverage the advantages of a Special Economic Zone (SEZ), it is crucial to ensure their effective implementation.

The main incentives include:
- VAT Exemption: On exports;
- Customs Duty Exemption: For imported raw materials used in production;
- Corporate Income Tax Exemption: For up to 9 years, depending on the location and type of investment;
- Simplified Procedures: Streamlined customs and administrative formalities, facilitating business establishment and operations.

These benefits are reinforced by modern infrastructure (roads, ports, logistics services), which save time and secure daily operations.

CHALLENGES AND OUTLOOK

Despite these strengths, several challenges remain:
- Workforce Quality: Need to strengthen technical and managerial skills;
- Logistics: Requirement to improve supply chain efficiency.

To address these challenges, the Cambodian government has implemented legislative reforms, such as the 2022 Public-Private Partnership (PPP) Law, aimed at improving the business environment and attracting more investment.

Cambodia's special economic zones represent a strategic lever for industrial development and attracting foreign investment. They offer significant opportunities for businesses seeking to establish a presence in a dynamic and rapidly growing environment. However, particular attention must be paid to structural challenges to ensure long-term sustainable competitiveness.

Labor law and corporate compliance

EMPLOYMENT CONTRACTS

Two types of employment contracts are provided for under Cambodian law: fixed-term and permanent employment contracts.

Fixed-Term Contracts

Fixed-term contracts can only be concluded for a period not exceeding two years, including any renewal. A probationary period is provided for and is limited to a maximum of 3 months, depending on the employee's level of specialization.

A fixed-term contract can be renewed without limit, provided that a one-month break is observed between each fixed-term contract. Failure to do so will result in the fixed-term contract being automatically reclassified as a permanent employment contract

Fixed-term contracts can be terminated in writing by mutual agreement in the presence of a labor inspector, or without mutual agreement in cases of serious misconduct. Employers must provide notice if they do not intend to renew a contract upon its expiration; otherwise, they risk having the fixed-term contract classified as a permanent employment contract.

Whether a fixed-term contract expires, is terminated, or is not renewed, the employer must observe the following notice periods based on the contract duration. A Ministry of Labor and Vocational Training (MLVT) instruction dated August 14, 2020, reiterates the requirement for written notice from the party wishing to terminate or not renew the contract

Seniority	Notice Period
Less than 6 months	not required
6 month to 2 years	10 days
From 2 to 5 years	15 days

Permanent employment contracts

The termination of a permanent employment contract is strictly regulated. The grounds for termination must correspond to valid reasons attributable to the employer, particularly related to the employee's competence and conduct. In the event of termination of a permanent employment contract, a notice period is required based on the employee's seniority, as follows:

Seniority	Notice Period
Less than 6 months	7 days
6 month to 2 years	15 days
From 2 to 5 years	1 month
From 5 to 10 years	2 months
More than 10 years	3 months

Seniority bonuses are also provided for employees. This allowance corresponds to 15 days of wages and social benefits (7.5 days earned per semester) per year as a seniority bonus. Most companies began paying this seniority allowance starting in 2022, except for factories and the textile industry where it was implemented from the first quarter of 2021.

It is also stipulated that employees are entitled to a retroactive seniority allowance for seniority accrued before January 1, 2019. The principle is the same: 15 days of allowance based on salary per year for the textile industry, and 6 days for other sectors.

In the event of dismissal, the employer must pay the dismissed employee all seniority allowances. However, in cases of dismissal for serious misconduct, these allowances are not payable.

Salary

- A legal minimum wage has been established by the Cambodian government, initially for the textile, footwear, and travel goods industries. This wage was increased to USD 208 in 2025. This applies to all workers, and employers are required to pay at least this amount. However, it is not uncommon to see significantly higher salaries depending on the industry and required skills.

- Payment of salaries twice a month is widely applied for all employees. Payment must be made directly to the employee in US dollars or the local currency, the riel. Employers may only make deductions from an employee's salary in specific cases provided by law, such as social security and pension contributions or other authorized deductions.

Leave

- Employees are entitled to paid annual leave, generally at least 18 days per year after one year of service, equivalent to 1.5 days per month worked.

- Pregnant women are entitled to maternity leave of 90 days, of which at least 45 days must be taken after childbirth, with benefits paid during this period.

- Employees are entitled to sick leave, although the right to remuneration during such leave may depend on company policy.

- National public holidays, numbering 22 days per year, must be granted to employees and are defined each year by a Prakas. If work is performed on these holidays, an additional premium must be paid on top of the regular salary.

Working Hours

The legal working week is 48 hours, equivalent to 8 hours per day for a six-day workweek. For a five-day workweek, the daily duration can be 9.6 hours.

Overtime worked beyond the legal limit must be compensated at a higher rate (e.g., 150% of the normal hourly wage for daytime overtime and 200% for overtime worked at night or on rest days).

Workers are entitled to one rest day per week, usually Sunday, but this may vary depending on the industry.

Interns

There is no formal "internship contract." In practice, most interns sign a standard fixed-term contract. Internships may be paid, but this is not mandatory. If the intern is unpaid, they will be considered a volunteer and no specific work permit procedures will be required.

Freelance Workers

There is no specific legal status for freelance or self-employed workers in Cambodia. This means they must follow the standard procedures to obtain an employment contract and a long-term visa. The only legal option is to establish a legal entity, which provides proof of employment and allows them to invoice for services provided.

In Cambodia, the termination of an employment contract is governed by the Labor Code, which establishes the procedures and rights related to contract termination. Below is an overview of the key steps and entitlements associated with contract termination in Cambodia:

Types of Contract Termination

- Termination by the Employer

The employer may terminate the contract for various reasons, including economic grounds or unsatisfactory performance. However, in cases of dismissal for misconduct, a disciplinary process must be followed.

- Termination by the Employee

An employee may also terminate their contract by providing notice. The resignation notice period is generally at least 30 days, but this may vary depending on the length of employment and the type of contract.

Employee Entitlements

1. Notice Pay

If either party terminates the contract without respecting the required notice period, the other party may be entitled to compensation equivalent to the remuneration for the unserved notice period.

2. Severance Pay

In case of dismissal for economic or other reasons (not related to serious misconduct), the employee is entitled to severance pay, generally equivalent to one month's salary for each year of service, with a minimum guaranteed compensation.

3. Unused Leave Pay

Employees are entitled to compensation for any unused paid leave at the time of contract termination.

Process

1. Notification

The employer must notify the employee of the contract termination, providing reasons in case of dismissal.

2. Documentation

It is important to maintain written documentation throughout the termination process, including the dismissal notice and any separation agreement.

3. Settlement

All payments due to the employee must be made at the time of contract termination, including wages, compensations, and paid leave.

SOCIAL SECURITY

Employers are required to contribute to a social security system, the National Social Security Fund (NSSF), for their employees, which includes protections for health, work-related accidents, and retirement.

Regarding occupational risk protection, an employer with at least eight employees must register itself and all its employees with the NSSF. The employer is required to contribute to Occupational Risk Protection at a rate of 0.8% of the employee's average monthly salary into the NSSF account.

In addition to paying the NSSF contribution for occupational risks, the employer is also required to collect, contribute, and remit contributions for health and pension to the NSSF on a monthly basis.

The health contribution is required from both employers and employees at a rate of 1.3% each of the employees' average monthly salary. However, since January 1, 2018, the obligation to pay the health contribution mentioned above is entirely borne (100%) by the employer.

For the pension contribution, it is required from both employers and employees as follows:

Old-Age Pension (PV)

In the first five years, the pension contribution rate is 4% of the employee's contributory salary. The employer contributes 2%, while the remaining 2% comes from the employee. This contribution rate becomes progressive starting in the 6th year, increasing to 8%, then rising by 2.75% in the 11th year, with the same increase every 10 years thereafter.

As mentioned in the previous paragraph regarding health coverage, occupational risks, and retirement, the Cambodian social protection system (NSSF) aims to provide social coverage for workers, particularly those in the formal sector. Here is an overview of how it operates and the benefits it offers:

How the System Works

1. Contributions

The NSSF is funded by contributions from employers and employees. Employers are required to contribute a percentage of their employees' salaries, while employees also make salary-based contributions. These contributions fund the various social security programs.

2. Coverage Programs

The NSSF includes several programs, notably:

- Health Insurance: To cover medical expenses for workers and their families;
- Old-Age Pension: To provide replacement income for elderly workers upon retirement;
- Work Accident Insurance: To compensate workers for injuries related to their employment.

3. Management

The NSSF is administered by the Ministry of Labor and Vocational Training, in collaboration with other government agencies. The funds are managed to ensure the sustainability and solvency of the system.

Benefits for Workers

Financial Security: Workers benefit from a degree of financial security in case of accidents or illness, reducing the economic impact of these events on their lives and those of their families.

Access to Healthcare: Through health insurance, workers can access completely free healthcare services at healthcare centers accredited by the NSSF system. This is crucial for maintaining good health and avoiding unforeseen medical expenses.

Retirement

The old-age insurance program enables workers to receive a retirement pension, ensuring an income even after they have stopped working.

Challenges and Issues

Although the social protection system in Cambodia has made progress, it still faces several challenges, including:

- The low coverage rate of workers, particularly in the informal sector.
- The need to improve the management and efficiency of the funds.
- Increasing awareness and education among workers regarding their rights and the benefits offered by the NSSF.

NSSF and Pension Scheme Costs

	Healthcare Costs	Healthcare Costs	Retirement Pensions	Maximum Monthly Contribution
Employer	0,8%	2,6%	2%	64 800 KHR *($16)*
Employee	-	-	2%	24 000 KHR *($6)*
Total	7.4% of gross salary (5.4% borne by the employer and 2% borne by the employee)			

FOREIGN WORKERS AND QUOTA COMPLIANCE

The hiring of foreign workers in Cambodia is possible, but it is subject to restrictions and requires obtaining specific documents. The Ministry of Labour and Vocational Training imposes a maximum quota of 10% for the employment of foreign workers. This 10% quota is allocated based on employee categories:

For employees working in the offices of the Cambodian entity, the limit cannot exceed 3% ;

- For skilled workers, the limit is 6% ;
- For unskilled workers, the limit is capped at 1%.

The company must submit a quota application to the Ministry of Labour (typically between October and November) to obtain approval for its plans to hire foreign workers for the following year and thus secure a quota permit. If the company exceeds the quota, specific justifications must be provided, such as the need for specialized expertise. In such cases, an application for an additional quota permit must be submitted, explaining the aforementioned reasons.

WORK PERMIT

In addition to the annual quota permit application, a work permit is also required for hiring foreign nationals. After receiving the annual quota permit, work permits must then be applied for online via the Centralized Management System for Foreign Manpower (www.fwcms.mlvt.gov.kh). The applicant's passport and visa must be valid at the time of the work permit application. The official fee for a work permit is USD 130.

CCI FRANCE CAMBODGE

RECRUITMENT

by the CCI France Cambodia

In partnership with industry professionals, CCIFC offers the following services to support you :

➤ Understand the employment market in your industry.

➤ Writing and publishing your recruitment advertisements.

➤ Advice on how to make your job offers as attractive as possible..

We provide comprehensive application follow-up services :

➤ Receiving, evaluating, and forwarding applications based on your requirements.

➤ Communicating with candidates to address their inquiries.

➤ Organizing preliminary interviews with our teams before a final interview with the potential employer.

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EMPLOYEE WELFARE

Companies must comply with prevailing health and safety regulations. Work-related accidents must be reported. Regulations in this area can be numerous. One of the latest is Prakas No. 429/20 on the Medical Examination of Cambodian Employees. Previously, examinations could only be conducted at health institutions of the Department of Occupational Safety and Health (DOSH). Prakas No. 429/20 clarifies the procedure for obtaining the medical examination certificate online from DOSH. Cambodian employees must undergo a medical examination before starting work, upon changing jobs and/or companies/ factories and every two years if they do not fall under the two previous cases.

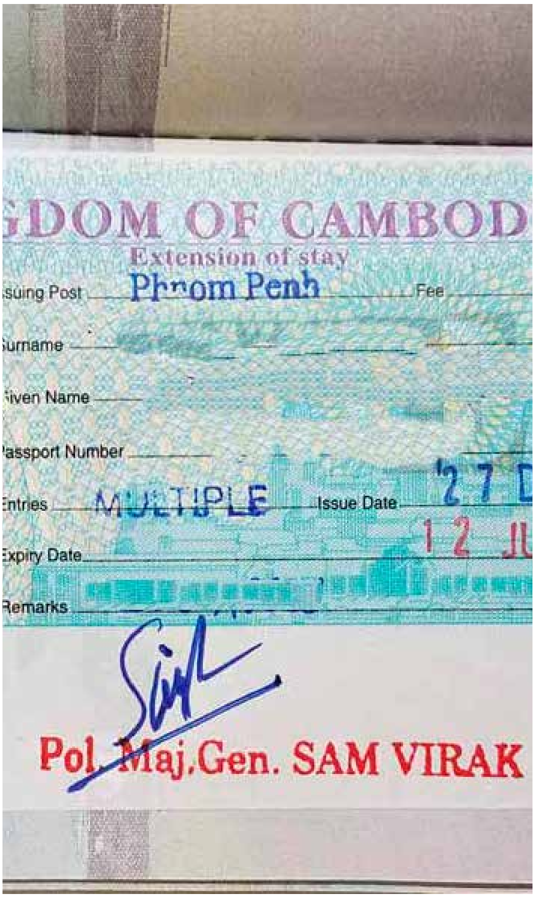
VISAS

It is important to note that changes in the public health situation have significantly impacted all visa-related regulations. We encourage you to consult the website of the Embassy of France in Cambodia for the most up-to-date information on this topic.

In Cambodia, Category E visas allow their holders to engage in professional activities, including as an employee. During the application process for this visa, the applicant must provide a letter of employment from their future employer in Cambodia or a previously signed employment contract. Generally, the applicant must be able to present their employment contract with the Cambodian company (which must be a duly registered legal entity in Cambodia) or at least an offer letter if a contract is not yet available.

The Type E visa is valid for a period of three months from its date of issuance. Once in Cambodian territory, it is valid for a duration of one month. Therefore, it is imperative to quickly apply for an extension of the Type E (business) visa after arrival. Extensions can be granted for 1, 3, 6, or 12 months. The visa can then be renewed again for the same periods, with no limit on the number of renewals.

A Type A, B, or C visa (for diplomats and individuals working in international organizations or NGOs) also permits work in Cambodia.



GOLDEN VISA

In July 2022, Cambodia launched an investment residency program known as "My Second Home" (CM2H). With a minimum investment of USD 100,000 in real estate, investors can obtain a renewable visa valid for ten years. After five years of residency, it is possible to apply for Cambodian citizenship. There is no minimum stay requirement to maintain the visa.

Cambodia also offers a direct citizenship-by-investment program, which requires investors to make a government donation of USD 245,000 (plus fees), or invest a minimum of USD 305,000 in a government-approved project.(Source: https://www.goldenvisas.com/cambodia + https://cm2h.com/)

The CCIFC would like to thank HR Code and Convergences for their contribution to the writing of this chapter.

Land and real estate regime

Legal framework, common practices, and sector taxation

When an investor considers purchasing or leasing land in Cambodia, it is essential to take certain precautions. The first step is to conduct a thorough title search to verify the legality of the property. This verification confirms the identity of the owner(s), ensures no ongoing disputes exist, checks for any mortgages or special restrictions, and confirms the registered land area. In other words, it ensures the legal validity of the title and the full availability of the property before any commitment is made.

The drafting of the sales or lease contract is also of utmost importance. A clear and detailed contract not only precisely defines the respective rights and obligations of each party but also reduces the risk of disputes or misinterpretations. This document should outline the payment terms, whether it concerns the amount, schedule, or settlement conditions, and include dispute resolution clauses in case of non-compliance, potential penalties, as well as provisions related to termination in the case of a lease. Conversely, a poorly drafted or incomplete contract can lead to legal and financial insecurity, thereby jeopardizing the safety of the investment.

Cambodia primarily recognizes three types of land titles. The "hard title" or definitive title represents the highest level of legal recognition, as it is registered at the national level and provides enhanced legal security. The "soft title" or provisional title is registered only with local authorities (commune or district) and does not offer the same degree of guarantee, although it remains a legal form of ownership. Finally, the "strata title" or co-ownership title, introduced to regulate the condominium market, allows foreigners to directly acquire units in collective buildings, subject to certain conditions.

Within a lease agreement, it is also possible to include a rent-free period intended to cover construction, renovation, or development work. This period, known as the "lease free period," however, cannot exceed 10% of the total lease duration.

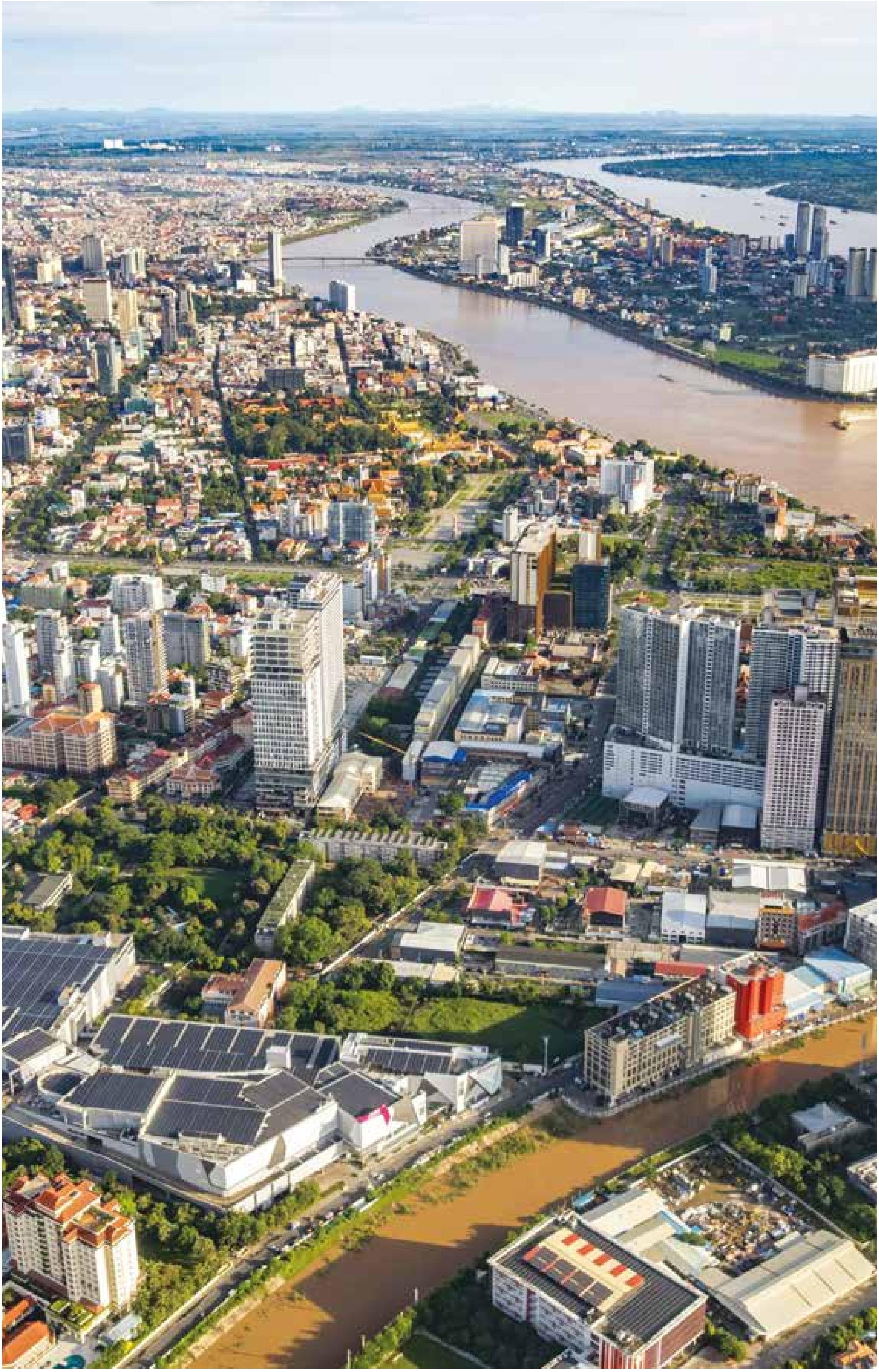
Regarding land ownership by foreigners, the 2001 Land Law and the Constitution are clear: direct acquisition of land is prohibited. Nevertheless, several mechanisms exist to enable foreign investors to secure their real estate projects. The first relies on long-term leases, with a duration of up to 50 years and renewable, provided they are registered with the authorities to ensure their enforceability. Another solution is to use a real estate trust, introduced by the 2019 law. This mechanism allows the transfer of legal ownership of the property to a licensed trustee, who manages it on behalf of the foreign investor, who retains beneficial ownership. This mechanism is particularly favored as it ensures compliance with Cambodian law while offering enhanced security. Foreigners can also establish a real estate company in which a Cambodian shareholder holds 51% of the capital, thereby complying with legal requirements. Finally, for very large-scale projects, it is possible to apply for an Economic Land Concession (ELC).

This is a property lease. The annual property tax is set at 0.1% of the property's taxable value, with an exemption for properties valued below 100 million riels (approximately USD 25,000). The transfer tax, due upon change of ownership, corresponds to 4% of the transaction value of the property. The tax on unused land amounts to 2% of the market value and applies to vacant or unused land.

This type of lease is a long-term concession granted by the state on its private land assets, aimed at promoting agricultural, industrial, or economic projects deemed strategic. However, the allocation of such concessions is subject to strict conditions, including compliance with environmental standards and alignment with land-use planning.

Taxation is another important aspect of Cambodia's real estate sector. Several taxes apply depending on the transactions or on properties left unused. Income generated from renting real estate is taxed at 10% for Cambodian residents and 14% for non-residents. Finally, a capital gains tax applies in the event of the resale of a property, thereby completing the tax framework.

The CCIFC thanks DFDL for their contribution to the writing of this chapter.



ACRONYMES

A

ABIF
ASEAN Banking Integration Framework

ACSEP
Agricultural Value Chain Competitiveness and Safety Enhancement Project

ACU
Anti-Corruption Unit

ADB
Asian Development Bank

AEC
Asean Economic Community

AFD
French Development Agency

AFTA
ASEAN Free Trade Area

AJCEP
ASEAN-Japan Comprehensive Economic Partnership

ALCBT
Asia Low Carbon Building Transition

ALE
Accord de Libre - Échange

AQI
Air Quality Index

ARISE
ASEAN Regional Integration Support

ASEAN
Association of Southeast Asian Nations

ASPIRE-AT
Agriculture Services Program for an Inclusive Rural Economy and Agriculture Trade

ASYCUDA
Automated System for Customs Data

ATIGA
ASEAN Trade in Goods Agreement

B

B
Billion

BESS
Battery Energy Storage System

C

CADT
Cambodia Academy of Digital Technology

CAF
Cambodia Accounting Forum

CAIF
Cambodia Automotive Industry Federation

CAISAR
Climate Adaptive Irrigation and Sustainability Agriculture for Resilience

CAM - UAE - CEPA
Cambodia - United Arab Emirates Comprehensive Economic Partnership Agreement

CAPRED
Cambodia Australia Partnership for Resilient Economic Development

CATA
Comprehensive Air Transport Agreements

CaWSIP
Cambodia Water Security Improvement Project

CCCC
Cambodian Counter Counterfeit Committee

CCFTA
Cambodia-China Free Trade Agreement

CCIFC
Chamber of Commerce and Industry France Cambodia

CDC
Council for the Development of Cambodia

CEPT
Common Effective Preferential Tariff

CIDF
Cambodian Information Technology Development Fund

CKFTA
Cambodia–Korea Free Trade Agreement

CLMV
Cambodia, Laos, Myanmar and Vietnam

CM2H
"My Second Home" Program

COSOP
Country Strategic Opportunities Programme

CPP
Cambodian People's Party

CTB
Cambodia Tourism Board

D

DOSH
Department of Occupational Safety and Health

E-F

EAEU
Eurasian Economic Union

EBA
Everything But Arms

EDC
Electricité du Cambodge

EIF
Enhanced Integrated Framework

EU
European Union

EuroCham
European Chamber of Commerce

EVP (TEU)
Twenty-foot Equivalent Unit

FATF
Financial Action Task Force

FDI
Foreign Direct Investment

FFTA
French Foreign Trade Advisor

FTA
Free Trade Agreement

G

GDP
Gross Domestic Product

GDCE
General Department of Customs and Excise

GDT
General Department of Taxation

GI
Geographical Indication

I-J

IFAD
International Fund for Agricultural Development

ILO
International Labour Organization

IMF
Microfinance Institution

IRD
Research Institute for Development

ITC
Institute of Technology of Cambodia

JICA
Japan International Cooperation Agency

K

KfW
German Development Bank

KHR
Riel

KICPAA
Kampuchea Institute of Certified Public Accountants and Auditors

KOICA
Korea International Cooperation Agency

L

LBC/FT
Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT)

LCE
Law on Commercial Enterprises

LDCs
Least Developed Countries

LLC / Ltd.
Limited Liability Company

LOT
Law on Taxation

M-N

M
Million

MA
Market Authorization

MAFF
Ministry of Agriculture, Forestry and Fisheries

MCFA
Ministry of Culture and Fine Arts

MIDL
Media, Information and Digital Literacy
National Media, Information and Digital Literacy Framework

MLVT
Ministry of Labour and Vocational Training

MOC
Ministry of Commerce

MPTC
Ministry of Posts and Telecommunications

MPWT
Ministry of Public Works and Transport

NBC
National Bank of Cambodia

NCTF
National Committee on Trade Facilitation

NGO
Non-Governmental Organization

NIPTIC
National Institute of Posts, Telecommunications and ICT

NSSF
National Social Security Fund

O

ORC
Occupational Risks Contribution

P-Q

PGI
Protected Geographical Indication

QIP
Qualified Investment Project

R-S-T

RCEP
Regional Comprehensive Economic Partnership

RGC
Royal Government of Cambodia

RID4CAM
Rural Infrastructure Development for Cambodia

SAD
Single Administrative Document

SADIF
Smart Axiata Digital Innovation Fund

SIDA
Swedish International Development Cooperation Agency

SMEs
Small and Medium-sized Enterprises

TFA – WTO
Trade Facilitation Agreement – World Trade Organization

TRT
The Rice Trade

TVA / VAT
Value Added Tax

U...Z

UN
United Nations

UNCTAD
United Nations Conference on Trade and Development

UNDP
United Nations Development Programme

UNESCO
United Nations Educational, Scientific and Cultural Organization

WIPO
World Intellectual Property Organization

WTO
World Trade Organization International Development

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