

**British Chamber of Commerce Cambodia
Sector Opportunities**

1. Agriculture/Agri-technologies

Overview

Rice Production and Exports	2013	2014	2015
Total Paddy Rice Surplus for Export	4,828,832	4,709,036	4,836,180
Total Rice Surplus for Export	3,090,452	3,013,783	3,095,155
Total Export of Milled Rice	378,856	387,061	464,473

* Unit: In Tons

- Roughly 80 percent of Cambodia's population (and 60-70 percent of the labor force, as defined by the Ministry of Planning) is engaged in the agriculture sector.
- As a matter of policy, the Cambodian government encourages investment in agriculture, diversification of agricultural products, and investment in improved irrigation and water control.
- The Cambodian government would like to export one million tons of milled rice.
- Most of the current demand for water pumps, well-drilling machines, tractors, tilling equipment, rice milling, drying, and packaging equipment, fertilizers, insecticides, and seed comes from private agribusiness investors and NGOs.
- There is significant potential to expand the production and processing of high yield varieties of rice, corn, and other crops. Several investment projects in palm oil, tapioca, rubber, and cassava are underway. Rice milling is also an emerging industry.

Opportunity

- Higher quality seeds, fertilizers, and other agricultural inputs and equipment would greatly benefit the agriculture sector, which currently relies on outdated and less productive methods of farming.
- The presence of an increasing number of plantations also creates opportunities for the establishment of processing plants to add value to basic products for export and domestic consumption.
- As part of the government's policy to support the agriculture industry, materials and equipment used in agricultural production are exempt from import duties. Relatively high operating costs, including electricity, limit opportunities to establish processing plants.

- See above Overview for detail on specific opportunities.

2. Construction/Infrastructure

Overview

Construction Projects	2013	2014	2015
Total Value of Approved Construction Projects	2,800,000 USD	3,200,000 USD	3,648,000 USD
Construction materials imported	182,570 USD	296,030 USD	338,320 USD

- With 7% annual growth, the construction industry has become the most dynamic engine of economic growth in Cambodia, accounting for more than 10 percent of gross domestic product.
- Total investment into the sector in the month of June alone stood at \$832.2 million compared to \$39.7 million last June, with the Ministry of Land Management, Urban Planning and Construction approving a total of 277 projects during the same month compared to 108 projects last year.
- Need for property development and contracting in general but also mechanical and speciality
- Need for engineering and services in the following areas: structural, architectural, MEP, construction management, quantity surveying
- Need for infrastructure and technologies in the following areas: utilities, transport, renewable energy
- Need for building materials, specifically speciality and performance, and plant and equipment, but also supply chains and logistics in the provision of building materials
- Need for education and vocational training, focussing on capacity building, trade certification, HSEQ

Opportunity

- Prospects exist in road, commercial, and residential construction working with international donors and private companies.
- There is also a growing market for engineering service providers. Construction materials and heavy construction machinery are also needed to support this growing sector.
- See above Overview for detail on specific opportunities.

3. Food & Beverage

Overview

Imports of Food and Beverage	2013	2014	2015
Food and ingredients	119,043	171,881	248,172
Beverages	48,193	93,325	180,725

- Cambodia's growing urban middle class, supplemented by a significant expatriate community, increasingly frequents restaurant franchises.
- Cambodia's air and land links to Thailand and Vietnam make it easy for local restaurants to secure adequate supplies of fresh ingredients that meet Western standards, and the government offers generous investment incentives in the agricultural sector, which would potentially be available to any franchise interested in local production.

Opportunity

- Significant opportunities exist in the range of fast food/drink options from hamburgers to coffee shops to mid-range restaurant franchise chains.
- There may also be market potential for establishments that offer casual sit-down dining in Phnom Penh.
- Packaged foods: dairy products, at both the mass and premium markets level; baby food and prepared foods for children to take to school or have for breakfast; convenience foods and prepared grab-and-go foods
- Packaged beverages (for example packaged juices) and branded wines and spirits

4. FMCG and luxury goods

Overview

Imports of Household Goods and Appliances	2013	2014	2015
Electrical, electronic equipment	739,767	915,520	1,133,028
Ceramic products	99,718	119,326	142,790
Furniture, lighting, signs, prefabricated buildings	64,133	61,741	64,828
Glass and glassware	21,631	28,860	38,505

Toys, games, sports requisites	14,852	27,062	49,310
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* Unit: USD thousands

- The country's population is predominantly under the age of 25 and there is an increasing population moving towards middle income status. With increased levels of disposable income, the stats show that young Cambodians are increasingly happy to pay a little more for their products and begin to make lifestyle choices.
- The country's first international shopping centre – Aeon Mall – opened in 2014 7 more commercial spaces scheduled for completion in 2017.
- British 'brands' are highly popular in the market and Clarks Shoes in fact, was one of the first international brands to open a space in Aeon Mall, along with Tony & Guy Hairdressers. 'Luxury' British brands are popular amongst Cambodian consumers and presently Rolls Royce and Jaguar are fully established in market.

Opportunity

- Personal care and home care products from low-cost to high-end
- "Fast fashion" clothing and shoe brands
- Cooking and electrical home appliances
- All types of luxury branded goods
- *See above Overview for detail on specific opportunities.*

5. Education

Overview

- The Government has an ambitious Reform Agenda in education, with reforms from primary to higher education and a focus on vocational training as well as a commitment to an allocation of resources to front-line providers.
- The Government has also launched a new Industrial Development Policy focussed on skilling up the work force in the area of light manufacturing. Vocational training and skilling up in engineering and technical fields will apply here.
- The banking and financial services sector is investing in training, focussing on 'soft' skills training around leadership management skills at the senior level, and on marketing, sales, HR, as well as business applications like excel software.
- Training in 'soft' skills in general in very much in demand in all sectors, but also sector specific training. The construction sector is lacking in proper training around health and safety for example.
- Private English language training has a huge potential. Learning English privately is increasingly happening at a younger age. English language abilities are a requirement to gain entry at university in Cambodia
- Educational technologies and materials, especially in STEM-related subjects
- E-Learning is still a small but slowly growing market

- UK Colleges & Universities linkages

Opportunity

- Significant commercial opportunities exist in vocational, specialised, pre-school, elementary, secondary, and postsecondary education sectors.
- *See above Overview for detail on specific opportunities.*

6. Information and Communication Technology (ICT)

Overview

2015 rank	2015 score	Country	2010 rank	2010 score
74	5.36	Thailand	92	3.62
102	4.28	Vietnam	94	3.61
130	2.74	Cambodia	131	1.98
138	2.45	Laos	135	1.92
142	2.27	Myanmar	150	1.58

- The Connect Asia-Pacific Summit with vision of 'Smartly DIGITAL' as well as NSDP 2014-2018, the Royal Government of Cambodia had set an objective to develop the information and telecommunication technology sector.
- Cambodia ICT master plan is planned to enriching e-Services includes e-Government Services, e-Public Services, e-Economy Services and e-Education Services.
- Regarding to the time schedule, in the first 2 years, the RGC will conduct creation of ICT courses by grade-level and development of e-Learning solutions and e-Learning programs. Also, the RGC will produce teaching materials by 2016, and supplementary materials by 2017. In addition, the RGC will plan to develop central management system and learners' database by 2016, and continuously conduct both of regular training for teachers and developing of teaching materials.
- In the tourism sector the RGC aims to establish e-Tourism on the basis of above mentioned five agenda by 2020
- In the e-Commerce the time schedule for establishing phase 1 of Cambodia e-Commerce promotion is to complete the establishment by 2016.
- There is a very high mobile penetration rate in the country – a Cambodian can own 5 phones at any one time.
- There are well-established players in market but opportunities exist in data and value-added services in this regard, as well as to a degree, the infrastructure.
- Internet penetration and usage is also growing, however 90% of internet users are surfing the internet on android-based appliances and predominately on Facebook. The

provision of content-driven services and applications is low but will present interesting opportunities.

- There is a need for software and hardware around online payment systems for example.

Opportunity

- As a rising number of young Cambodians get their hands on the country's available technologies, the IT sector is one that is exploding. Demand for the internet, mobile phones and other forms of technology continue to increase, with the younger generation realising the future potential in this area.
- *See above Overview for detail on specific opportunities.*

7. Energy

Overview

- Statistics released in January 2016 showed that Cambodia consumed 1,985 megawatts of electricity in 2015. Local production amounted to 1,569 megawatts. Electricity was imported from Vietnam (277 MW), Thailand (135.5 MW) and Laos (4 MW)
- As the population increases and industry expands, Cambodia's electricity consumption is forecast to grow annually at 9.4% until 2020.
- The ADB has projected that Cambodia's peak electricity demand will more than double to 2,401 megawatts between 2015 and 2025.
- More generally, MME projects that the country's primary energy demand from all fuels will increase 5.4% annually from 2010 to 2035. Although oil has been the major source of electricity production for more than 20 years, coal and hydropower have been added to this mix in recent years.
- Electricity production from coal in 2014 increased more than 400 percent to 863.02 gigawatt hours (GWh), from 168.75 GWh in 2013. The increased use of coal is projected to see CO₂ emissions increase by 6% per year until 2035. By the end of 2014 there were eight hydropower plants operating.
- Phnom Penh consumes 90% of Cambodia's electricity; expansion of distribution lines to rural areas—home to approximately 80% of the population—is limited.
- Electrical distribution, dam construction and other matters in the energy sector have regional and trans-border implications and there are official bodies and agreements addressing these, such as the Mekong River Commission.

Opportunity

The key challenges facing Cambodia's energy sector are:

- Heavy dependence on imported fossil fuels and imported electricity.
- Low electrical grid coverage in rural areas.
- Electricity shortages and power outages are relatively common.
- Popular power generation options — such as hydropower and coal-fired stations—can have high environmental impact.