

BUSINESS OPPORTUNITIES

in
Cambodia

18 October
2017

**Bord Bia
Dublin**

PERCEPTION

The image is a circular, dark-toned satellite or aerial view of a forested landscape. The terrain is covered in dense green and dark green vegetation, with some lighter patches indicating cleared areas or different types of trees. A large body of water, possibly a lake or a wide river, is visible on the right side of the image, with a small island in the middle. The overall lighting is dim, giving it a moody, atmospheric feel. The word "PERCEPTION" is overlaid in the center in a bold, white, sans-serif font.







An aerial, night-time photograph of a large island, likely in the Pacific Northwest, showing dense forests and scattered lights from buildings and towns. The word "REALITY" is overlaid in large, white, bold, sans-serif capital letters on the left side of the image. The image is framed by a dark circular border.

REALITY







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2008

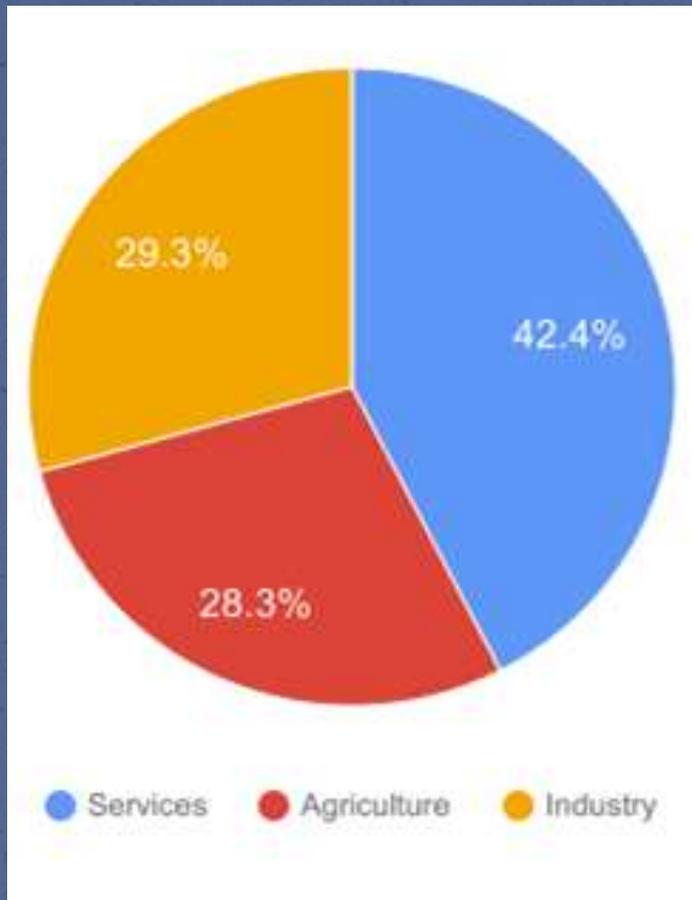


2016



PILLARS OF GROWTH

Composition of GDP by sector, 2015



Agriculture

Real Estate and Construction

Tourism

Garment Industry



KEY FACTS

All the basics you need to know about Cambodia....

LOCATION



181,035 km²

South of the Indochina Peninsula

Bordered by Thailand, Laos, Vietnam, and the Gulf of Thailand

Landscape: low-lying central plain surrounded by low mountains

Water: Tonle Sap, Mekong River & 443km of coastline

MAIN CITIES



HEAD OF STATE



King Norodom Sihamoni (since 2004)

HEAD OF GOVERNMENT



Prime Minister Hun Sen (since 1985)

POLITICAL STRUCTURE

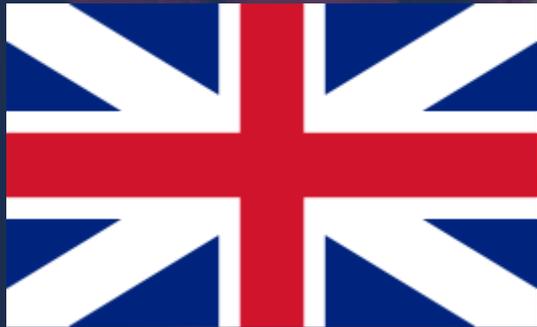
- Constitutional monarchy with an elected government
- Multiparty democracy, **political stability (for now)**
- Monarch & head of state since 2004: King Norodom Sihamoni
- current ruling party: the Cambodian People's Party
- member of various international organizations including:



LANGUAGE



Khmer
(official)



English
(widely used)



CURRENCY



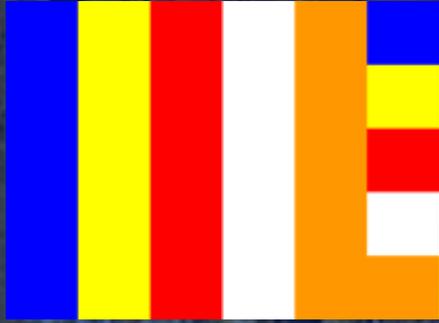
4000 Riels = 1 USD



Dollarized Economy at 85 %



MAJOR RELIGION



Buddhism



CLIMATE



Green season:
May to October



Dry season:
November to April



average: 27°C

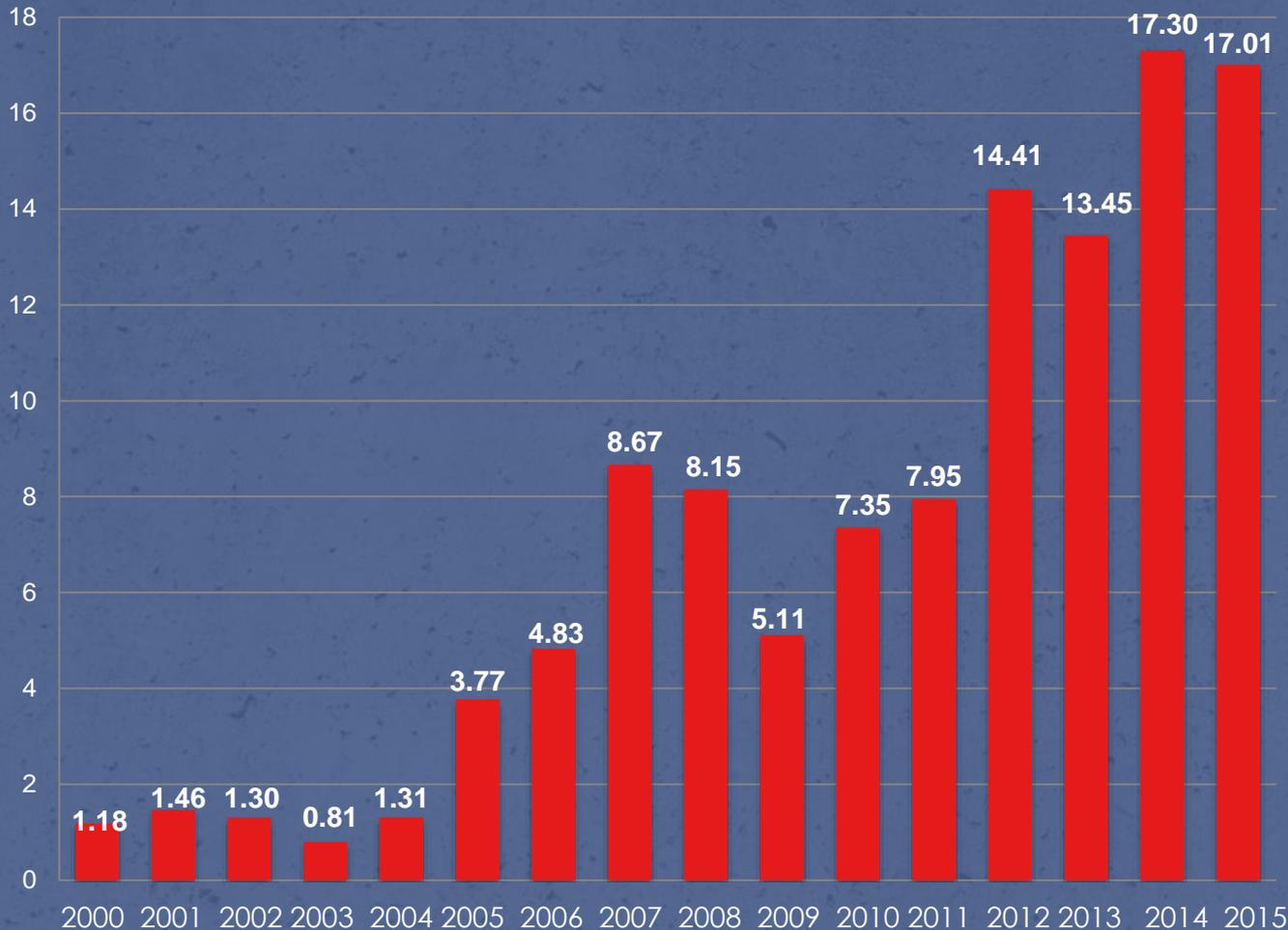
TAX FRAMEWORK

Jurisdiction	CIT rate	VAT/Sales Tax	WHT Dividends	WHT Interest	WHT Royalties	Capital Gains Tax
Thailand	20%	7%	10%/0%	15%	15%	15% to non-residents
Cambodia	20%	10%	14%	14%	14%	none for non-residents
Lao PDR	24%	10%	10%	10%	5%	10%
Myanmar	25%	5% (3-30)	0%	15%	20%	10%/40-50%

- Corporate Tax: Higher of 1% Revenue or 20% Taxable Profit
- VAT: 10% Domestic Sales; 0% Export
- Incentives: 3 to 9 years Income Tax Holiday or special depreciation rules
- Withholding Tax on Payments to Non-residents: 14% on interest, dividends, lease, royalties, management & technical services fees
- Interest rate deduction caps
- Access to Preferential Tariffs
- No Personal Income Tax except Salary Income
- No tax treaties

FOREIGN DIRECT INVESTMENTS

Cambodia FDI inflows, current USD (1 unit = \$100M)



Main investors
(mostly Asian)

- China
- Korea
- Vietnam
- Malaysia
- Japan

Source: World Bank

COMPETITIVE ADVANTAGES

**BUSINESS-FRIENDLY
GOVERNMENT**

Open economy

**PREFERENTIAL
MARKET ACCESS**

*Strategic
geographic
location*

**UNTAPPED
MARKET**

*Opportunities
in all sectors*

QUALITY OF LIFE

*Growing
middle-class*

**COMPETITIVE
LABOR FORCE**

*Abundant &
cheap land, labor*

A circular, top-down view of a lush, forested landscape. The terrain is dark green and brown, suggesting dense vegetation and rugged terrain. A large body of water, possibly a lake or a wide river, is visible in the lower right quadrant, with several small islands or peninsulas extending into it. The overall lighting is dim, creating a moody and atmospheric scene. The text "LET'S PLAY" is overlaid in the center-left area in a bold, white, sans-serif font.

LET'S PLAY

7%

growth

15 million
population

52%

<25 years old

300USD

GDP/capita
year 2000

1'159USD

GDP/capita
year 2016

KEY FIGURES

	Cambodia 	Vietnam 	Indonesia 	Myanmar 	Philippines 
Population	15.58m	91.71m	257.56m	53.90m	100.70m
Land area (km2)	176'520	310'070	1'811'570	653'080	298'170
GDP/capita (US\$)	1'159	2'111	3'347	1'162	2'904
GDP growth (annual %)	7%	6.70%	4.80%	7.30%	5.90%
Median Age	24.9	30.1	29.9	28.6	23.4
Goods imports from the EU 2016	0.6bn	9.3bn	10.5bn	0.6bn	6.2bn

Sources: World Bank 2015&2016 / CIA World Factbook 2016 / ec.europa.eu



Food & Beverage sector in Cambodia

FOOD & BEVERAGES

- 2nd largest EU import
- 44% of per capita income spent on food and non-alcoholic beverages
- Emerging middle class and expat community
- Traditional markets VS minimarts & supermarkets
- Asian food VS Western food (HORECA)





FOOD & BEVERAGES

- Hospitality ++
- Food safety concerns
- Limited production in Cambodia > import ++

Western foods have entered the local diet, especially in urban areas

Foods such as pizza, spaghetti, steaks, burgers, ice cream, doughnuts and coffee have become popular





Food

Under-Served Categories

- Dairy products
- Nutritional foods for babies and children
- Convenience foods
- Packaged baked goods
- Gluten free products
- Gift tins, especially of cookies
- Quality chocolate aimed at adults
- International candies & chewing gum
- Oatmeal
- Spray cooking oil
- Energy bars





DAIRY PRODUCTS

- Consumption is growing
- Fresh&UHT Milk, yogurt (easy for lactose intolerant)
- Imports from Thailand, Vietnam, New Zealand...





- + Dairy products are growing in popularity at both the mass and premium market level
- + Cambodians believe that fresh milk is an important product to provide to their children
- + UHT milk is the most frequently purchased milk product because it can be stored for a long time without refrigeration.



BEVERAGES

- Drinks market in 2016: 700 million USD
- Expected growth (2015-2020): 10.6%
- Distribution: horeca, local markets, minimarts, supermarkets
- Large and growing category
- Local beers VS imported beverages, wines and cocktails
- Soda, soy milk, aloe, juice drinks and energy drinks
- Local mineral water

BEVERAGES

- Wine market: +10% a year
- Comparatively low taxes: 48.5% (wine)
- Beer market: 136 million liters / year (Vietnam: 2.9 billion)
- 28% of the beer market from overseas





Beverages

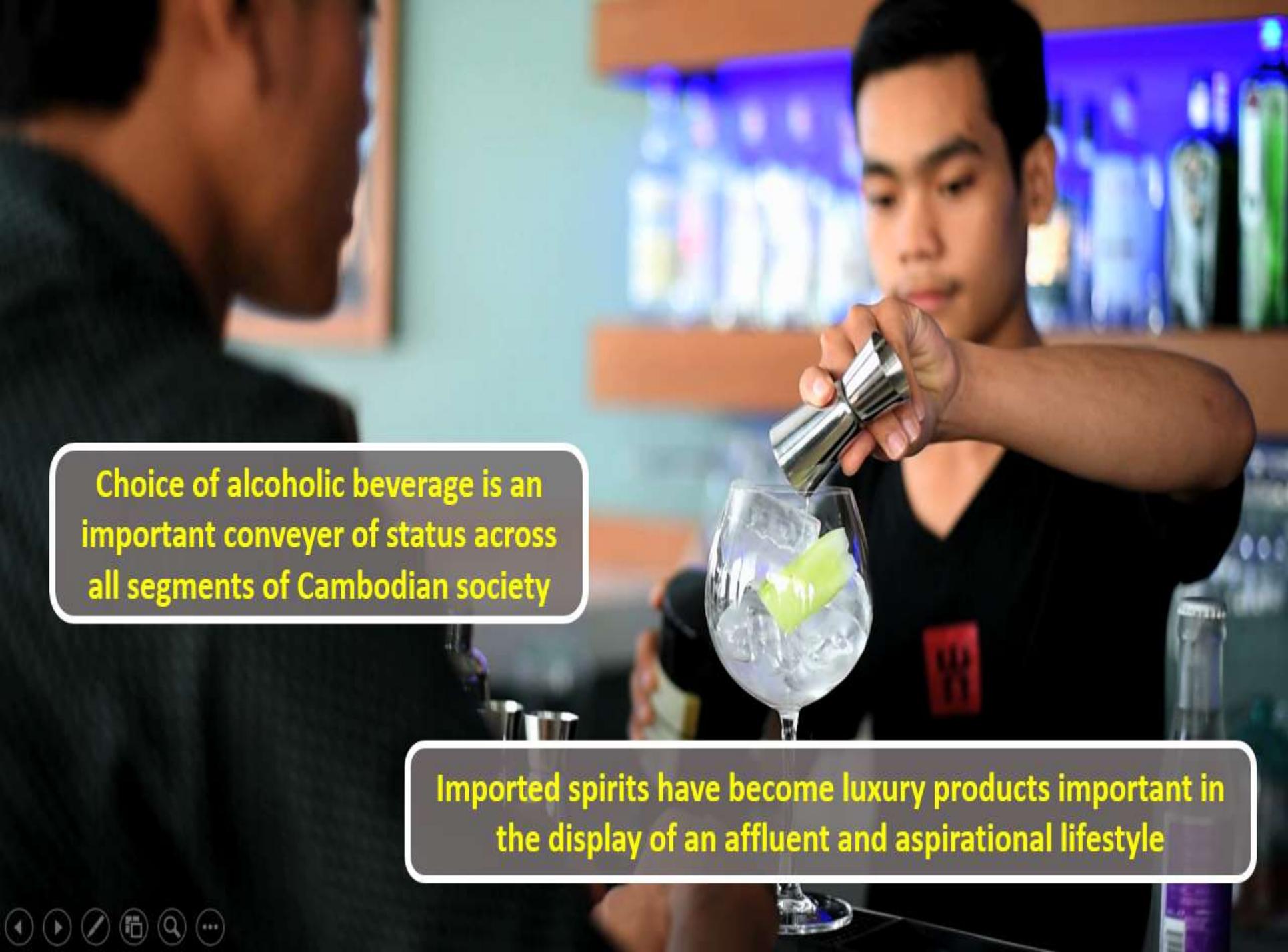
Popular Categories

- + **Fruit juices**
- + **Other non-alcoholic beverages**

Under-Served Categories

- + **Sugar-free beverages**
- + **International tea brands**
- + **Sports beverages**
(the healthy version of energy drinks)





Choice of alcoholic beverage is an important conveyer of status across all segments of Cambodian society

Imported spirits have become luxury products important in the display of an affluent and aspirational lifestyle

A woman with her hair in a bun, wearing a dark shirt and a watch, is shown in profile from the side, holding a dark wine bottle with both hands. She is looking upwards at the bottle. The background is a dimly lit bar with shelves of bottles and a wooden bar counter. The lighting is warm and focused on the woman and the bottle.

European wine and spirit brands will find well-established distribution channels with which to build market share.

Recent expansion of modern trade outlets has made distribution and sales more accessible.

BEEF&PORK

- No import of live cows
- Modest amount of fresh, chilled and frozen beef
- Beef from Australia, Japan and USA
- Pork: low data (high volume of unofficial imports)
- Local pork production ++





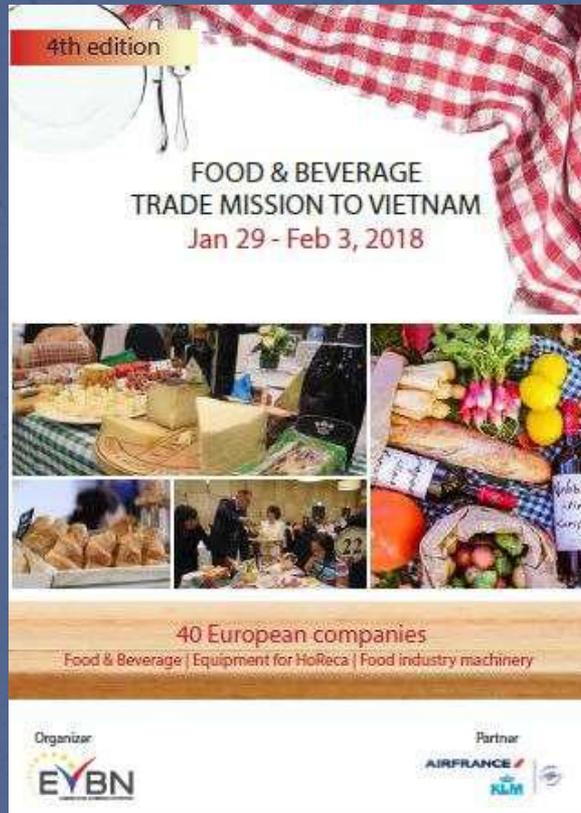
FISH & SEAFOOD

- Imports from Thailand and Vietnam VS local production
- Seafood restaurants ++
- Coastal area VS inland (infrastructure and consumption habits)
- Increasing demand for “new” products (salmon, oysters, etc.)

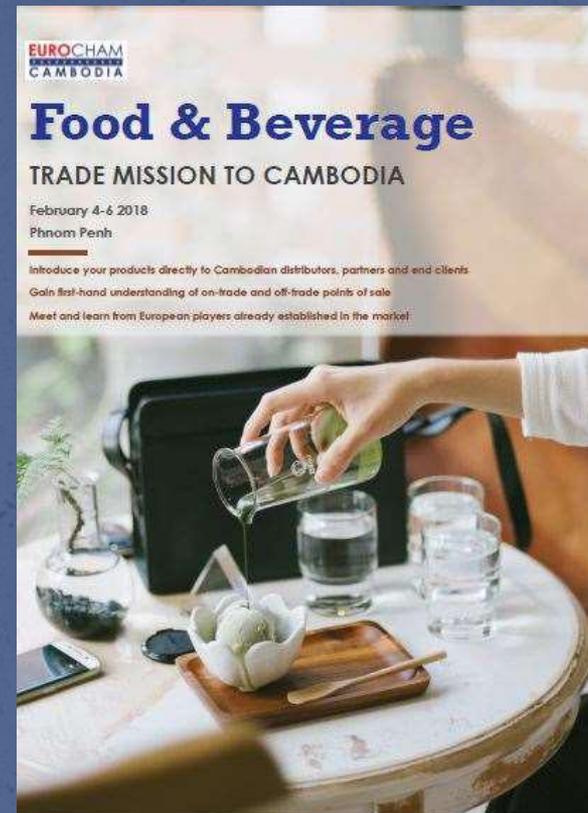


F&B TRADE MISSIONS 2018

Jan 29 – Feb 3 in Vietnam



Feb 4-6 in Cambodia



- Introduce your products directly to distributors and partners
- Meet already established European players
- Have tailor-made B2B meetings



EUROCHAM OVERVIEW

Our history, our membership, and the services we specialize in.

EUROCHAM AT A GLANCE

2011

Founded

290

Members

15

Employees

Largest Western
business association
in Cambodia

Supported by the
European Union via the
ICI+ program since
September 2014

Bridge between
European investors
and stakeholders in
the Kingdom

EUROCHAM EXPERTISE



Advocacy



Outreach &
Consulting Services



Network

SEBSEAM NETWORK



Your partners in South-East Asia

THANK YOU !



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