



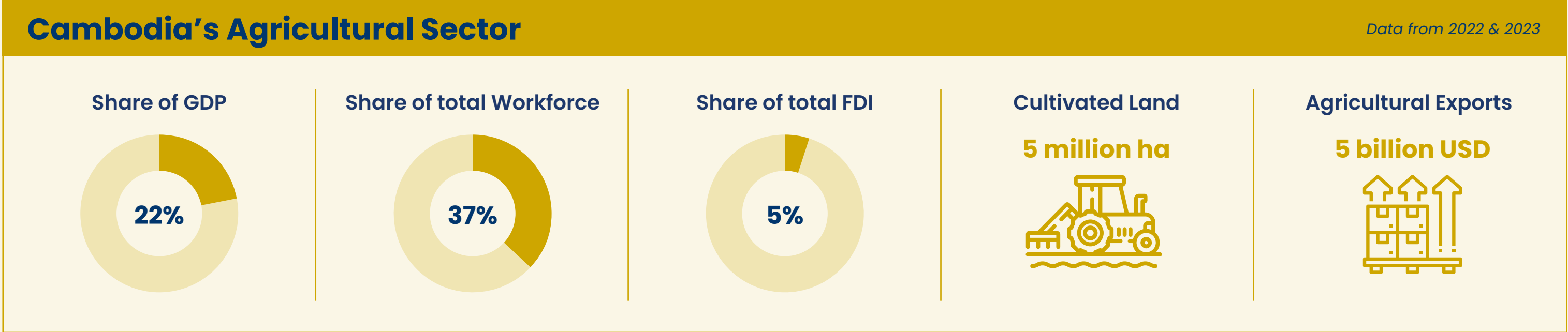
# Priority Sectors for Investment in Cambodia

Your Gateway to Growth in Southeast Asia



# Agriculture and Agro-Processing

Cambodia’s agricultural sector and especially crop production has been a key driver of economic growth in the country. Business opportunities are closely linked to the policies set forth by the Cambodian government to promote modernization, mechanization, diversification, foreign direct investment, and continued export growth in the agricultural sector.



## Sourcing high-quality agricultural commodities

Cambodia offers a multitude of high-quality crops, including rice, rubber, mango, cashew nuts, pepper, and cassava. They are especially well suited for the high-end consumer market and recognized as some of the best in the world, including award-winning rice varieties and the highly sought-after Kampot pepper. Among other European countries, Germany has already discovered the potential for agro-sourcing from Cambodia and has become a significant importer of Cambodian rice, pepper, and rubber. Certified organic products are also increasingly available and the historically low chemical use for farming in the country fosters organic production.



## Supplying machinery and agricultural inputs

In recent years two-wheel tractors and power tillers have replaced traditional methods in Cambodian rice cultivation. With increased levels of agricultural mechanization in the country, the demand for more sophisticated imported machines such as harvesters, seeders, reapers, and sprayers, but also for irrigation equipment, remains high. Agricultural inputs are also relying on international suppliers, ranging from high-quality crop seeds to agrochemicals, including fertilizer and pesticides, but also animal feed.



## Investing in local agro-processing

The diversity of commodities produced in Cambodia offers a variety of investment opportunities in the food and agro-processing sector. This includes, among other opportunities, the processing and development of cashew nuts, tropical fruit, sugarcane, palm sugar, cassava, fish, and dairy products. Small and medium enterprises (SMEs) currently make up most this industry, but several large-scale food processing investments are successfully operating in the country, including local rice snack manufacturer and exporter Lyly Food Industry and Japanese cashew processor MIRARTH GreenTech. Refining non-food agricultural products holds potential as well, with demand in Europe remaining high, especially for rubber.



# Light Manufacturing: Automotive and Electronics

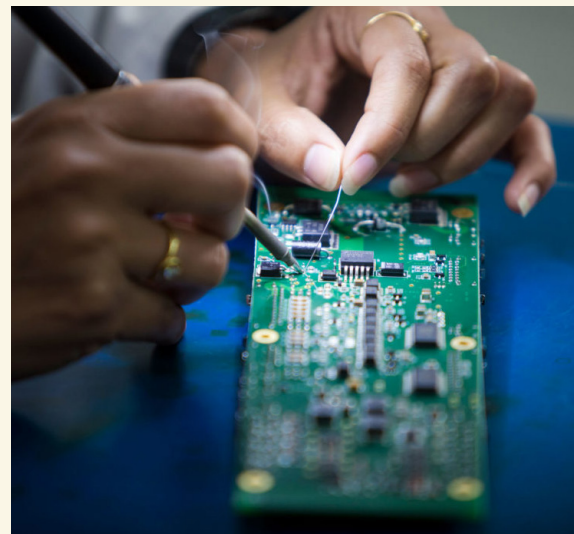
Cambodia is home to some of Asia's top electronic and automotive component manufacturers who have discovered the country as a favourable "plus one" investment destination. This is due to generous government incentives to foreign investors who may also benefit from numerous Special Economic Zones in border regions, as well as the low labour cost of Cambodia's young and dynamic workforce.

## Investing in Manufacturing and (Sub-)Assembly



### Automotive

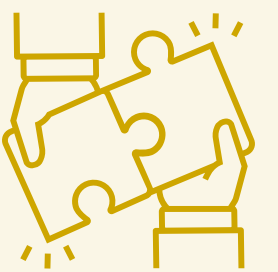
Japanese automotive suppliers such as Yazaki have integrated Cambodia into their supply chains as early as 2012, when establishing the first wire harness factory in the country. In recent years, Cambodia has also become well-suited for supplying car seats, simpler auto components, and two-wheeler backward linkages. This has attracted major car brands who have followed suit by establishing entire car assembly lines. With a total investment capital of \$21 million, Ford inaugurated a car assembly plant in 2022, recently announcing expansion plans due to the success of the operation. Toyota invested \$37 million in a car factory that opened in 2024 to assemble two car models to meet increased local demand.



### Electronics

Cambodia has attracted major investments in the (sub-)assembly of electronics and electronic components, lead by Japanese and Chinese companies such as MinebeaMitsumi, Ktec, Sumitronics, Nidec, WCFO, and SVI. They assemble a large variety of products destined for foreign markets, ranging from industrial to microelectronics, covering wires, switchboards, small electric motors, optic fibre connections as well as printed circuit board (PCB) assembly. Cambodia boasts an estimated cost advantage of ≥20% compared to other major electronics producer countries. It is particularly suited for electronics manufacturing services (EMS) companies with tighter margins than original equipment manufacturers (OEMs).

*European suppliers and manufacturers in the automotive and electronics sectors who are looking to diversify their supply chains in Asia are well advised to consider Cambodia as an investment destination. Alternatively, establishing a sales office or partnering with local distributors such as RMA, CAR4YOU, ATS, GGear Group, or Mega-Electrical are possible options to explore the Cambodian market before committing to major investments.*



## Sourcing electronic and automotive components

While Cambodia started out as a regional supplier of electronics, the USA have recently discovered the country as a major sourcing market for photovoltaic cells and other photosensitive semiconductor devices, as well as electric conductors, electrical home appliances, static converters, and cameras. This success story shows the potential for European economies to expand sourcing operations in Cambodia.





# Healthcare and Pharmaceuticals

The Cambodian healthcare system has made significant strides towards reducing child mortality, decreasing the prevalence of communicable diseases, and providing healthcare services and medication to citizens. Private operators of hospitals and medical facilities account for most of the primary care consultations by Cambodians today, accounting for increased demand in medical devices and pharmaceuticals.



## International Hospitals

Foreign investors have already recognized opportunities in setting up hospitals to meet the demand for higher quality health care services from the growing Cambodian middle class. Medical firms from Thailand, Vietnam, Japan, and Singapore have begun state-of-the-art operations in the country, greatly reducing the number of patients having to travel abroad for treatment. Many of these firms offer specialized treatments to address the increase in non-communicable diseases, as well as demand for high-quality dental treatments.

## Medical Equipment

The growth of private and international hospitals has driven a surge in demand for high-quality medical equipment.



### Imports and Sales

Imports of medical instruments and X-ray equipment have seen some of the largest increases in demand, with products from Europe, the United States, and Japan being considered as the most reliable. The government has also allocated funds for the purchase of medical devices to supply public hospitals, with tenders focusing on in-vitro diagnostic devices and medical imaging devices.



### Local Manufacturing

Several international manufacturers of medical devices such as Japanese MinebeaMitsumi have set up factories in Cambodia. Their products range from disposable syringes to blood glucose meters, smoke evacuation pencils, high-frequency surgical electrodes, and dental implants. Personal protective equipment is also being locally manufactured, including medical clothes, gloves, and facemasks.

## Pharmaceuticals and Health Supplements

The pharmaceutical industry has greatly benefited from the rising middle class and health infrastructure.



### Imports and Sales

Due to their reliability, European, American, and Japanese pharmaceuticals are preferred in local procurement. The increase in diagnosed cases of diabetes, cancer, and cardiovascular disease will further increase medication demand. Health supplements and nutritional items present yet another high-potential sector for sales.



### Local Manufacturing

Following strong demand, manufacturers of pharmaceuticals have already begun operations in Cambodia. They are manufacturing tablets, capsules, syrups, creams, antibiotics, and anti-tumor drugs. However, the number of investment activities remain limited thus far, indicating a vast untapped potential.



# Renewable energy

Cambodia has committed to ambitious goals for a clean energy transition, pledging to achieve a renewable energy share of least 70% by 2030. Largely driven by hydropower, the electricity generated in the country is already among the greenest in the region. Cambodia must meet rapidly growing demand – projected to reach 30 to 36 TWh by 2030, making it an attractive market for investments in power generation, energy efficiency, and grid capacity.



## Solar PV and energy storage solutions

In a recent and forceful shift towards renewable energy, the Cambodian government has prioritized solar PV for future power generation, targeting carbon neutrality by 2050. The modest installed solar capacity of currently ca. 430 MW will thus be upgraded to 2 GW by 2030 and over 3 GW by 2040, respectively. This creates opportunities for European companies, especially those providing solar engineering, procurement, and construction (EPC) as well as consulting services. The largest solar farms have so far been developed by local companies such as SchneiTec Group and Chinese developers including Hong Lai Huat Group.



## Energy efficiency and digital solutions

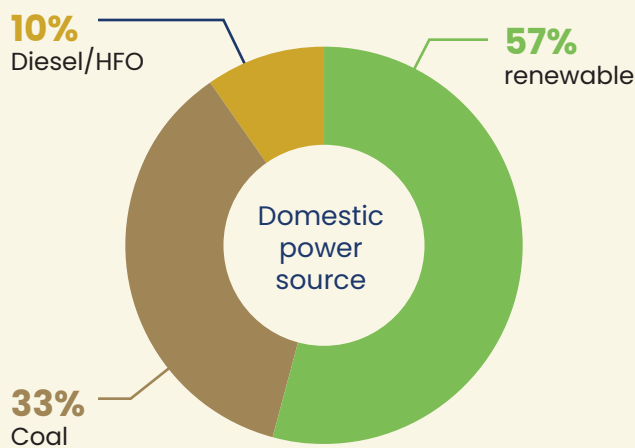
By improving energy efficiency, Cambodia has set the target of reducing energy consumption by  $\geq 19\%$  by 2030 in relation to a scenario without such interventions. This foresees energy savings in industry, buildings, public services, and transportation, opening up vast opportunities for adoption of European technical solutions. Furthermore, digital solutions such as smart grids are required for optimal integration of renewable energies (including solar microgrids) into the national grid to enhance reliability, efficiency, and sustainability. The French company Schneider Electric has already been involved in various energy efficiency and smart grid projects across Cambodia, enhancing the local grid through advanced technologies.



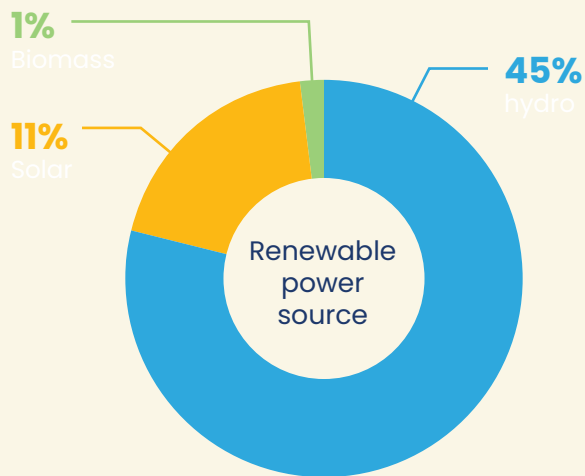
## Off-grid solar systems and appliances

Despite Cambodia's largely completed electrification, there is a growing market for off-grid solar PV systems, as local companies and rural communities are increasingly opting for own small-scale electricity generation. For instance, local natural mineral water producer Kulara Water has commissioned TotalEnergies to design, install and operate a solar plant with battery storage at their bottling facility in Siem Reap. Furthermore, products including solar water heaters and solar lighting systems, as well as solar-powered refrigerators and fans are also increasing in sales in the country. Demand is largely driven by economic factors but increasing awareness of environmental benefits as well.

## Renewable sector at a glance



57% of Cambodia's electricity is currently derived from renewable sources such as hydro and solar power (2023) and this share is scheduled to reach at least 70% by 2030.



45% of Cambodia's domestic power is derived from Hydro-power, while coal-fired power plants contribute 32.7%, followed by solar with 11%



of solar energy per square meter is received on average per day in Cambodia



# Tourism & Hospitality

Cambodia’s rich cultural heritage and beautiful natural landscapes have made it a highly sought-after travel destination. The country’s tourism sector has seen a remarkable post-pandemic recovery, presenting vast opportunities for investors for upscaling hospitality and retail services, as well as favourable conditions to develop untapped locations and unlocking Cambodia’s ecotourism potential.



### Transportation Infrastructure

<b>Phnom Penh: Techo International Airport</b>	Phase 1 (2025) <b>13M p / year</b>	Phase 2 (2030) <b>30M p / year</b>
<b>Siem Reap–Angkor International Airport</b>	Phase 1 (2023) <b>7M p / year</b>	Phase 2 (2030) <b>12M p / year</b>



Several new airports and direct flights planned over the next decade

### Friendly Visa System

<b>Tourist</b> E-visa & on-arrival, 30-day stay	<b>Business</b> 6–12-month visas, multiple entries
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**Work permits** easily obtainable for foreign workers



## Hotels and Resorts

Cambodia’s pristine coastal areas and islands, such as Sihanoukville and Koh Rong, are attracting significant interest for high-end resorts catering to international tourists who seek luxury experiences. The capital Phnom Penh also presents opportunities for accommodating the growing expatriate community as well as the rising number of business travellers seeking high-standard hotels.



## Food Service and Dining

An expanding tourism industry, improving urban lifestyles and changing consumer preferences are fuelling the growth of the foodservice and dining market in Cambodia. Prominent international companies such as Restaurant Brands International Inc. and Yum! Brands are already actively expanding. This also applies to fast food chains like KFC, Burger King, and Domino’s Pizza, as well as coffee shops including Starbucks and Amazon Cafe.



## Ecotourism and Authentic Experiences

Cambodia’s diverse landscapes, such as the Cardamom Mountains and the Mekong River, offer opportunities for sustainable tourism and ecotourism. Developing sustainable trekking, kayaking, and wildlife tours already attracts adventure enthusiasts while conserving the environment. Community-based tourism projects can provide authentic travel experiences for heritage preservation, local artisan support, and cultural festivals.



## Retail Chains & Commercial Centres

Investment opportunities in Cambodia’s retail and commercial sector are growing, driven by economic growth, increasing urbanization, and a rising middle class. This demographic shift has boosted consumer spending, prompting regional investors to open a rapidly increasing number of malls and retail chains such as AEON Mall and Chip Mong Retail.



# Incentives for investment

The Royal Government of Cambodia is strongly committed to ensure your investment journey in the country is a success. The amended Law on Investment (2021) provides a strong legal framework to safeguard your business endeavours, creating a conducive business environment and a liberal investment regime. Besides low-threshold access to public services, investors benefit from generous tailor-made investment incentives that apply to registered Qualified Investment Projects (QIPs).



## Basic incentives

### Option 1: Tax Exemption Period

**Income Tax exemption for 3 to 9 years**, depending on the sector and investment activities, from the time of earning of first income. After the income tax exemption period has expired, the QIP's income tax will only increase gradually over 6 years, at a **progressive rate proportional to the total tax due** as follows: 25 % for the first 2 years, 50 % for the next 2 years and 75% for the final 2 years.

Further, this option includes:

- Prepayment Tax exemption during income tax exemption period;
- Minimum Tax exemption provided that an independent audit report has been carried out; and
- Export Tax exemption, unless otherwise provided in other laws and regulations.

### Option 2: Special Depreciation

- Deduction of capital expenditure through special depreciation as stated in the tax regulations in force;
- Eligibility of deducting up to 200 % of specific expenses incurred for up to 9 years. Sectors and investment activities, specific expenses, as well as the deductible period, shall be determined in the Law on Financial Management and/or the Loi Sub-Decree;
- Prepayment Tax exemption for a specific period of time based on sectors and investment activities to be determined in the Law on Financial Management and/or the Loi Sub-Decree;
- Minimum Tax exemption provided that an independent audit report has been carried out; and
- Export Tax exemption, unless otherwise provided in other laws and regulations.

### Addition to option 1 or option 2

- Export QIP and Supporting Industry QIP are entitled to customs duty, special tax and value-added tax exemption for the import of Construction Material, Construction Equipment, Production Equipment and Production Inputs;
- Domestically Oriented QIP is entitled to customs duty, special tax and value-added tax exemption for the import of Construction Material, Construction Equipment, and Production Equipment.

## Additional incentives

In addition to the basic incentives, investment activities registered as QIP receive additional incentives, which are very much focused on advancing local production, R&D and improving the working conditions of local employees:

- Value-added tax exemption for the purchase of locally made Production Inputs for the implementation of the QIP.
- Deduction of 150% from the tax base for any of the following activities:
  1. Research, development and innovation
  2. Human resources development to worker
  3. Construction of facilities for support workers
  4. Upgrade of machinery to serve production line
  5. E. Provision of welfare for workers.
- Entitlement to income tax exemption for the Expansion of QIP which will be determined in the Loi Sub-Decree.

## Special incentives

Specific sector and investment having high potential to contribute to Cambodia's national economic development may receive special incentives to be set out in the Law on Financial Management



# Get started with us today!

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relevant documents



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**COUNCIL FOR THE DEVELOPMENT OF CAMBODIA**