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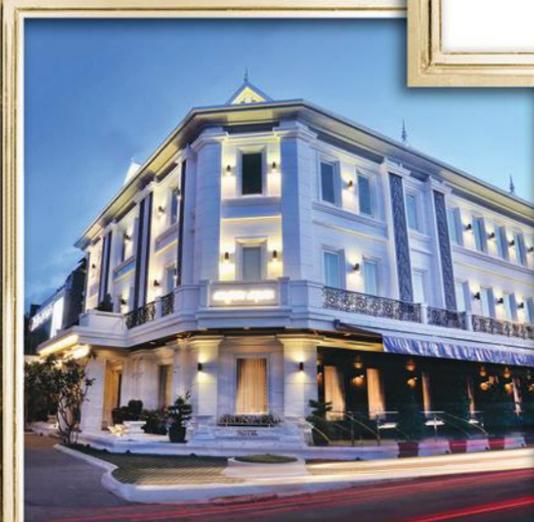
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**SAMDECH AKKA MOHA SENA
PADEI TECO HUN SEN
PRIME MINISTER
KINGDOM OF CAMBODIA**

I have the great pleasure to welcome you all to the Kingdom of Cambodia, a country full of dynamism and potential for strong economic growth that has become one of the world's most attractive investment destinations. In 2017, the Cambodia International Business Summit, which is being organised by the International Business Chamber of Cambodia, and the World Economic Forum on ASEAN, will become further milestones for Cambodia's economic development.

The fact that Cambodia has achieved an average yearly economic growth rate of 7.7% over the past two decades indicates that Cambodia is entering a new era of progress; physical and non-physical infrastructure has been gradually developed. With this, Cambodia has the ambition to become an upper-middle income country by 2030, which is a clear and realistic vision, even though Cambodia has just emerged from zero in the late 1970s. Building upon the foundation of strong economic growth and political stability, the Royal Government of Cambodia has also paid a great deal of attention to creating an enabling and more conducive macro-economic environment for investment and business. To this end, Cambodia provides both tax and non-tax incentives to investors who come to do business in the Kingdom of Cambodia, which almost guarantees lucrative profits for investors.

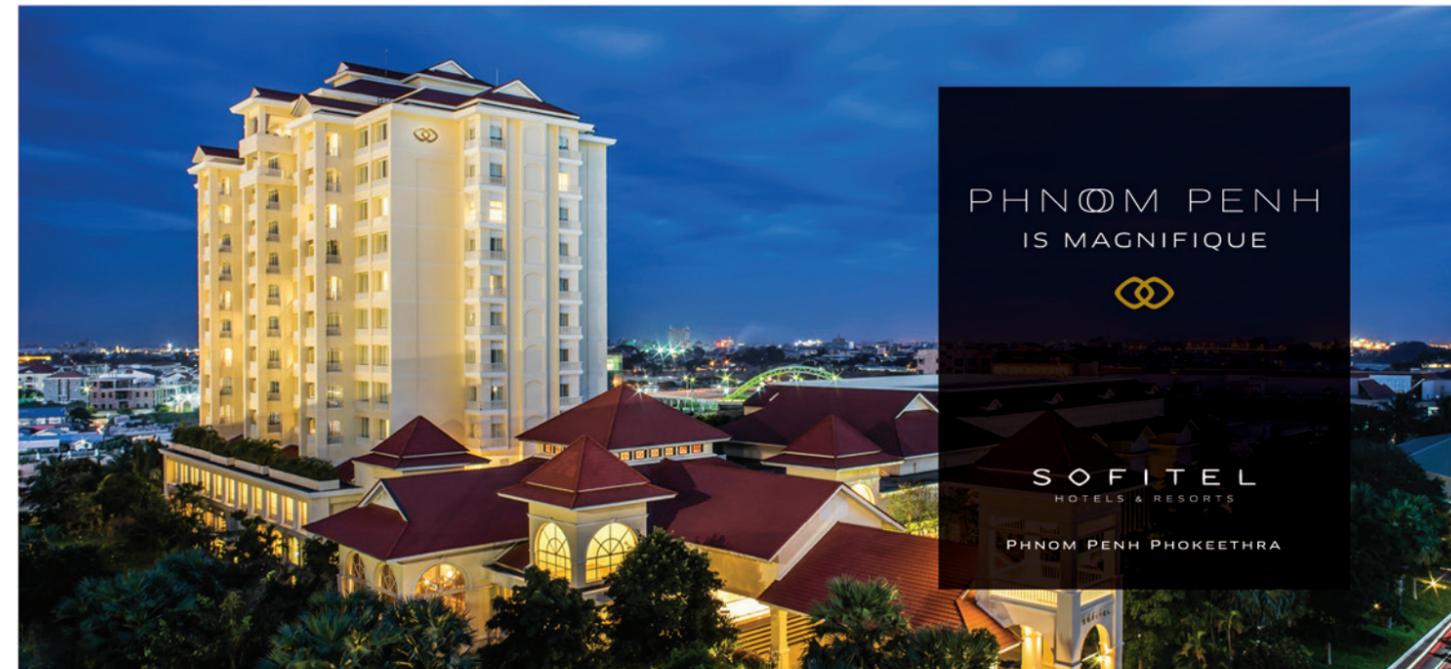
Moreover, with forecasts of GDP growth at an average rate of 7.1% and a lower inflation rate expected in 2017, the number of middle-incomers has significantly increased, which suggests increased demand for consumer goods and services at world standards. The country's new labour force has become highly educated and skilled and their number has increased from year to year. These are the factors that attract more investment and business to the Kingdom. At the same time, Cambodia has been putting a lot of effort into improving and building more physical infrastructures, including renovation and building of roads, bridges, railways, water and air transport networks, as well as providing electricity while trying to bring electricity prices down. Meanwhile, the market for Cambodian products has been expanding both regionally and globally. For instance, a number of products, ranging from high-quality rice, our world-famous pepper and palm sugar, through to bicycles, electronic spare parts, refined diamonds, software, online services, garments and footwear products that are made in the Kingdom of Cambodia have all received international recognition.

When I addressed more than 130 world business leaders, heads of state and government leaders, as well as Swiss businesspeople, at the World Economic Forum in Davos earlier this year, I shared with them a clear vision of Cambodia

on socio-economic development and regional politics, but I also stressed opportunities for investment and business in Cambodia that have received increased attention and interest from investors and businesspeople the world over. Through that forum, we will also start thinking more vigorously about 'Grow Asia' and 'Blended Finance Capital'.

All these examples indicate that Cambodia is stepping toward a new era of economic development in parallel with regional growth trends. In this regard, I would like to invite all investors and businesspeople to come to invest and do business in the Kingdom of Cambodia and to benefit from our country's dynamic, vibrant and sustainable growth opportunities.

**SAMDECH AKKA MOHA SENA
PADEI TECO HUN SEN**



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BRETTON SCIARONI
CHAIRMAN
INTERNATIONAL BUSINESS CHAMBER OF CAMBODIA

It is my great honour to welcome you to the world of doing business in Cambodia.

The Kingdom today is a much different place from when I arrived here. In 1993, there were no parks, no modern high-rise buildings, no international-standard restaurants, few cars. Who in Cambodia would have imagined only ten years ago that the skyline of Phnom Penh would look as modern as in our photo on page 10?

Yet even in those days, there was something special about Cambodia, which caused people like me to come and stay. Even in the relative poverty of those times, the people had a spirit and optimism for a brighter future.

The early investors in the Kingdom continue to achieve great returns for their vision. As you will see throughout this issue, entrepreneurs and brands are still moving in and shaping this economy on all levels. International and local investors alike create, build, shape and scale ideas up – setting the scene for a bustling business environment in the heart of Asean.

Cambodia has been transformed into a modern, forward-looking society. The immediate cause of this transformation has been an economy with robust growth over two decades, which is the product of two dramatic developments that were overseen by Prime Minister Samdech Techo Hun Sen. The predicate to economic growth was ending the civil war: when I arrived here, Cambodia was

still at war. Although the Prime Minister had brokered the Paris Peace Accord in 1991, to which all of the warring factions agreed, the Khmer Rouge returned to the jungle to fight for much of the rest of the decade. But by the end of the 1990s, the Prime Minister convinced the moderates in that movement to lay down their arms, and the remaining radical elements abandoned their cause.

Even before peace was finally brought to the country, the foundations for a modern, free-market economy with wide open doors to international investors were put into place. After the creation of the new government in 1993, the laws and regulations that would provide the basis for economic expansion were being enacted. This was a vision to provide a basis for foreign direct investment and provide jobs and capital creation for Cambodians. And today, an average of 7% GDP growth every year makes us one of the fastest-growing economies in the world. International financial institutions such as the World Bank and ADB see continued growth ahead.

One other notable accomplishment was the creation of the Government-Private Sector Forum (GPSF), and a series of ten working groups under it. The GPSF is a public-private dialogue mechanism in which the business community meets with their governmental counterparts and discusses issues of mutual concern to solve problems efficiently. A World Bank

survey rated this Cambodian dialogue mechanism to be the best of more than 20 countries surveyed. I am glad to serve as the Co-Chair of the Working Group on Law, Tax and Governance, along with H.E. Senior Minister, Dr. Aun Porn Moniroth, Minister of Economy and Finance. I am also active in the Tax Working Group with H.E. Kong Vibol, the head of the General Department of Taxation.

I would like to thank the Prime Minister for supporting the 2017 Cambodia International Investment Summit hosted by the International Business Chamber (IBC), and for leading the World Economic Forum (WEF) to hold its 2017 Asean Summit in Phnom Penh in May. For the past decade, the IBC has been actively engaged with the WEF and we are proud that Cambodia is hosting this important summit in Phnom Penh. The ‘Kingdom of Wonder’ has been placed squarely on the world stage.



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“I am very proud to represent JTI Cambodia. We offer high skilled employment in Cambodia and have a clear focus on training and development ensuring our employees have a rewarding career path” says Cormac O’ Rourke, the General Manager of JTI Cambodia.

“JTI is honored to be a Platinum Sponsor of the 2017 Cambodia International Business Summit.”

“This is fantastic platform for both existing and prospective investors and business leaders to meet and interact closely with key government stakeholders.”

“We hope all participants will find this event to be fruitful and that it will serve as a good starting point for those interested in investing in Cambodia.”

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Photo: Thomas Cristofolletti

An aerial photograph shows Phnom Penh's ever-evolving skyline, as seen from the capital's 'Diamond Island'. Just a few years ago it was possible to count buildings taller than seven or eight storeys on one hand; now the city is shooting skywards in a construction and development boom that shows few signs of abating

THE SKY'S THE LIMIT

Major milestones in Cambodia's soaring economic growth of the past 20 years

1997

Following domestic political strife, multiparty democracy takes hold in Cambodia, setting the stage for years of economic growth.

1999

Cambodia joins the Association of Southeast Asian Nations (Asean), becoming the tenth member-state to do so. The dynamic Asean region represents a population of some 600 million people.

2001

Kizuna Bridge opens 75km northeast of Phnom Penh on the Mekong river, linking eastern and western Cambodia by road for the first time.

2001



Cambodia becomes one of the least-developed countries to benefit from the EU's Everything But Arms agreement.

2004

The country joins the World Trade Organisation, making it one of 31 nations to be added to the organisation since it was established in 1995.

2005



Cambodia's gross domestic product growth rate reaches an all-time high of 13.30%.

2006

Special Economic Zones – designated geographical areas with unique business and trade regulations – are introduced for the first time. With 14 of these SEZs now dotted around the country, they help to attract foreign investment.



2008

The global financial crisis sends shockwaves around the world, and Cambodia's GDP growth drops to 0.1% in 2009 as a result of the economic turmoil.

2009

Cambodia achieves a landmark Millennium Development Goal of halving poverty by 2015, six years ahead of schedule.

2012

Cambodia serves one year as chair of Asean for the first time, a milestone achievement for the country.

2014



Cambodia maintains yearly average growth rate of 7.7% for two decades, making it the sixth-fastest growing country in the world in that period.

2015

Launch of the Asean Economic Community (AEC), an economic bloc designed to integrate Asean into a single, globally competitive market.

2015

The country's annual GDP reaches an all-time high of \$18.05 billion.

2016



The World Bank designates Cambodia a lower-middle income country, up from the low-income designation it held for years. The country's GNI per capita for 2015 was \$1,070, according to the Bank, which called the country a "success story" in its announcement.

2016

A record year for construction. A total of \$8.5 billion worth of construction projects were approved during the 12 months, a remarkable leap from the \$3.3 billion approved the previous year.




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4G CELL SERVICES TO ROLL OUT ACROSS CAMBODIA THIS YEAR

Cambodia's top three mobile telecoms service providers – Cellcard, Smart and Metfone – are planning to implement 4G mobile phone services in 2017, providing lightning-fast mobile internet to people across the Kingdom.

The three companies have been locked in a cell service race, attempting to bring fast mobile data to smartphone users.

Cellcard CEO Ian Watson told the *Cambodia Daily* earlier this year that although Cellcard has invested roughly \$150 million in expanding its 4G service, the company would not raise prices to recoup costs. “Whether you’re a businessman, a

tuk tuk driver or a rice farmer, you should be able to access the fastest mobile data,” he said.

The completion this year of a \$70m undersea cable, shared with Malaysia and Thailand, will help bring high-speed internet to Cambodia’s rural areas. Smart, which is owned by the Malaysian Axiata Group Berhad, has said it will invest roughly \$80m in expanding 4G

coverage to 80% of its cell sites by the end of the year. Metfone has also expressed plans to cover “almost all” of Cambodia with 3G and 4G coverage, with a goal of operating 3,000 cell sites to support both mobile speeds.

The news provides an undoubted boon for the Kingdom, with studies having shown that increased access to mobile data helps economies grow.

E-COMMERCE EXPECTED TO ADD TO MOMENTUM

The e-commerce sector has the potential to drive Cambodia’s future economic growth, according to a report published by local media and marketing company Mango Tango.

“Cambodia has a vibrant ecosystem of micro-entrepreneurs who are

finding ways to sell goods online – particularly in the area of ‘social commerce’, in which individual buyers operate small, curated storefronts through Facebook, Instagram, Line and other platforms,” the report says.

The growth in e-commerce is underpinned by increasing smartphone use and rapidly expanding internet penetration in the Kingdom. Ninety-five percent of

Cambodians have a mobile phone, with half owning smartphones in 2015.

But the report, which was based on interviews with senior executives and academic databases, warns that Cambodia’s “cash-based culture” could limit the growth of the sector.

It highlighted a dearth of transport options and insufficient government e-commerce regulations as major

challenges to the growing industry, although a much-anticipated e-commerce law is due to be completed this year.

\$800M SKYTRAIN TO CUT CONGESTION IN CAPITAL

It’s no secret that Phnom Penh’s population is expanding rapidly – it nearly doubled from 2012 to 2016,



PRIME MINISTER HUN SEN AT THE WORLD ECONOMIC FORUM'S SUMMIT ON EAST ASIA IN JAKARTA IN 2015

WORLD ECONOMIC FORUM COMES TO PHNOM PENH

In May, the Cambodian capital is set to host to the 2017 World Economic Forum (WEF) on Asean, a summit in which 700 leaders in business, politics and civil society come together to discuss the future of the Southeast Asian bloc.

The decision to select Cambodia as the venue for the three-day event demonstrates the country’s position as one of the region’s most exciting economies.

Speaking after the April 2016 announcement that Cambodia would host the summit, WEF Managing Director Philip Roesler told

the *Phnom Penh Post*: “Cambodia has a compelling story to tell around the challenges and opportunities of rapid economic development in the 21st century, which will make this year’s Asean meeting a very special one.”

This year’s meeting, according to the WEF website, provides a platform for decision-makers from a variety of industries to collaborate and “work on shaping the brightest future for the region’s young”.

Prime Minister Hun Sen has personally supported efforts to bring the summit to Phnom Penh.

CHAMBER OF COMMERCE GOES GLOBAL

With a view to expanding the country’s commercial influence beyond its borders, the Cambodia Chamber of Commerce (CCC) is planning to open several branches overseas.

In December last year, the government submitted draft legislation to allow the CCC, which boasts more than 5,000 members, to open representative offices overseas in a bid to build stronger global commercial relationships.

The chamber’s director-general, Nguon Meng Tech, expects that the international offices will both provide interested foreign investors with crucial information and help Cambodian exporters.

While the locations of the first offices have yet to be decided, they will likely be established in countries with substantial Cambodian populations such as France, Canada, the US, Australia and New Zealand.

According to Hann Khieng, a vice-president of CCC, it is a positive step forward.

“Right now, investors can only contact our embassies abroad, and those only exist at one location in each country and have limited resources and knowledge,” he told the *Cambodia Daily*. “The Chamber of Commerce’s people are more knowledgeable and can provide comprehensive investment and commercial information to investors.”



CHAIRMAN OF THE CAMBODIA CHAMBER OF COMMERCE, KITH MENG

Photos: Adi Wedar/DPA (1), Sam Jam (1)

MINISTRY PUSHES PAPERLESS TRADE



CAMBODIA'S MINISTER OF COMMERCE, PAN SORASAK

Implementing cross-border paperless trade will be one of the Ministry of Commerce’s top priorities once the country’s e-commerce law has come into effect, according to the ministry’s under-secretary of state Sok Sopheak.

“Cross-border transactions, at the moment, have to go through cumbersome procedures which places a heavy burden on exporters and importers,” said Sopheak at a joint Ministry of Commerce-United Nations Economic and Social Commission for Asia-Pacific (UNESCAP) workshop in Phnom Penh in January.

But, in order to dramatically facilitate its cross-border trade and meet a set of ambitious trade targets – such as a December 2015 agreement between Prime Minister Hun Sen and his Thai counterpart Prayuth Chan-ocha that committed both countries to raising bilateral trade by 300% to \$15 billion by

2020 – the government has begun to simplify its customs procedures and reduce transaction costs through the application of trade facilitation measures.

Sopheak said the Minister of Commerce has already made positive steps towards streamlining cross-border trade.

“Pan Sorasak, Minister of Commerce, has expressed a strong commitment to implementing the Trade Facilitation Agreement and has already requested technical assistance from various development partners to make sure Cambodia becomes compliant to the [framework agreement on facilitation of cross-border paperless trade in Asia and the Pacific],” Sopheak said.

UNESCAP research claims that region-wide implementation of cross border paperless trade in the Asia-Pacific could result in export gains of \$257 billion annually.

MINISTER ADVANCES VOCATIONAL REFORM

Cambodia’s reformist Education Minister, Hang Chuon Naron, has set his sights on injecting life into vocational training.

A new joint pilot programme between the ministries of tourism and education will offer vocational training for high school students interested in a career in tourism. The course, which will provide

qualifications equivalent to a high-school diploma, is meant to equip students with the know-how necessary to enter the hospitality industry and other tourism-related fields.

Authorities are planning to build vocational training centres both in Phnom Penh and Sihanoukville. Those attending the schools will learn skills including cooking, waiting

tables and hospitality management. The Phnom Penh school will take in 1,000 students each year, with 300 to be trained in Sihanoukville.

The move comes after the government increased state education spending by 28% between 2015 and 2016, reaching nearly \$500m and accounting for 12% of the government’s total budget.



CAMBODIA'S MINISTER OF EDUCATION, YOUTH AND SPORT, HANG CHUON NARON

reaching an apex of roughly two million. To help bring relief to the heavy traffic that has come as a result of this population growth, officials are proposing a skyline train that could help commuters in Phnom Penh bypass the capital's increasingly congested rush hours.

The proposed Automated Guideway Transit, led by the Japan International Cooperation Agency, is still in the

early planning stages but could cost upwards of \$800m.

It would bring a badly needed public transportation system to the capital. A public bus system in operation since September 2014 has not taken off as hoped, with most people largely relying on motorbikes, cars or tuk tuks.

Minister for Public Works and Transport Sun Chanthol has said

the skytrain would connect the city centre to Phnom Penh International Airport, and that it would ideally be up and running by 2023 when Phnom Penh hosts the Southeast Asian Games.

NEW AVIATION TRAINING ACADEMY OPENS

Cambodia's aviation sector has

received a welcome boost with the opening of the country's first ever aviation training centre.

Funded by the South Korean International Cooperation Agency, the \$10.1 million centre offers courses on airport management and security, navigation services and air traffic control. Before it opened, Cambodians had to travel abroad to study such subjects.

Sinn Chanserey Vutha, the spokesman for the State Secretariat of Civil Aviation, told the *Phnom Penh Post* that the centre would initially focus on developing the skills of the 10,000 Cambodians already working in the aviation sector.

A skills shortage has severely undercut the sector – a issue that has been thrown into sharp relief by

the rapid increase in the number of tourists visiting the country.

GOVERNMENT TO ISSUE CORPORATE BONDS

The Cambodian government is hammering out the final details of legislation that will regulate the establishment of the country's first corporate bond market.

The market – likely to come into effect in 2017 – will help drive economic growth by allowing private companies to raise funds for capital improvements, expansions, debt refinancing or acquisitions through the issuance of equity or debt securities.

The Securities and Exchange Commission of Cambodia, the body responsible for

implementing the corporate bond market, is also planning to issue Cambodia's first-ever sovereign bond next year, under the guidance of Bangkok-based Twin Pine Consulting. The sovereign bond would be denominated in US dollars, issued on the Thai capital market and used to finance infrastructure projects and social programmes.

TAXATION REFORM SEES PUBLIC COFFERS SWELL

Sweeping taxation reform has led to a dramatic increase in the amount of tax revenue collected by the government, with data from the General Department of Taxation (GDT) showing that tax revenue grew by 15% to \$1.49 billion last year.

Low tax revenue has been a thorn in the government's side for decades, but the government has made significant strides to modernise its taxation system as it attempts to secure funding for development projects in the wake of a decrease in foreign aid.

Anthony Galliano, CEO of

Cambodian Investment Management, lauded the government's progress in managing the country's taxes.

"There is now a dependable, increasing and significant tax collection revenue stream for the government," he told the *Phnom Penh Post*.

The World Bank estimates that tax revenue as a proportion of the country's GDP has increased from approximately 8% to 18.8% over the past five years, demonstrating the extent to which the government is turning around its taxation fortunes.



Galliano told the *Post* that the abolishment of the country's inaccurate 'estimated tax regime' (ETR) had been instrumental in enhancing the country's revenue-extraction abilities, describing it as "the most monumental and decisive change in the tax regime in decades".

"By the GDT's own admission, the estimated regime was totally inefficient and shielded

underpayment of tax and, most importantly, created an uncompetitive market in Cambodia," he added.

More efficient customs procedures and enforcement have also helped swell government coffers. In January, the General Department of Customs and Excise revealed that Cambodia collected \$1.74 billion in customs and excise revenue in 2016, up 10% from 2015.

AMID GLOBAL UNCERTAINTY, CAMBODIA MAINTAINS IMPRESSIVE GROWTH

Despite strong economic headwinds across the globe, Cambodia's economy will continue its upward trajectory for several years, according to a 2017 report from the World Bank.

The Bank estimates that GDP growth in Cambodia will remain around 6.9% from 2016 to 2018. It cited strong garment exports, as well as booming real estate and construction industries, as the main drivers of Cambodia's growth.

The *Weak Investment in Uncertain Times* report mostly paints a negative portrait of the global economy, which has been shocked by populist movements around the world.

"Activity is expected to regain modest momentum in 2017-19, but uncertainty associated with policies of the new administration in the United States and with the United Kingdom's decision to leave the European Union [Brexit] could significantly

influence the growth trajectory of advanced economies," the report stated.

But Cambodia, along with other countries in Southeast Asia, has been largely unaffected by the West's existential crisis.

"Exports of goods provided support to growth in Cambodia, which enjoys sizeable foreign direct investment into its garments sector," the report said.

The Bank also stressed the importance of investment by other Asian countries in Cambodia. According to a survey released in July 2016, FDI to Cambodia from 1994 to 2014 is estimated to have reached \$19.2 billion, with a large share coming from China.

"Chinese investors continue to be heavily involved in various projects across the region," stated the report, "and Japan remains another important source of FDI flows to several regional economies."



SUNRISE OVER PHNOM PENH'S KOH PICH DEVELOPMENTS

GERMAN-CAMBODIAN DEAL ANNOUNCED



Cambodian SEZ developer Kerry Worldbridge Logistics is inking a deal with German firm InSITE Bavaria to establish a German-Cambodian cooperation in an industrial park near Phnom Penh.

According to an outline of the project, the 63-hectare economic zone will provide an entry point for Western suppliers in fields such as the automotive industry and facilitate industrial supply chains, among others. On-site facilities are to include business incubators and research centres.

The project partners intend to develop an innovative, international industrial park within the special economic zone, which will be oriented to the needs of German and European companies in terms of functional and structural design, technical standards, supporting facilities and management structure.

InSITE Bavaria works closely with the Bavarian government, which is Europe's 7th largest economy and the 20th largest in the world. A Memorandum of Understanding was agreed upon in February.



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STORIES OF SUCCESS

Cambodia's keenest business minds share their tips for success in the country's boardrooms along with the often tragic personal stories that have driven them to where they are today



IN CHANNY

PRESIDENT AND CEO,
ACLEDA BANK

"The zero-to-hero banker"

It's fair to say that the story behind ACLEDA Bank is one of the more heart-warming big business stories one might come across. Cambodia's largest commercial bank is headed by the softly spoken yet steely In Channy, and the bank's home-grown tale follows a similar path to the rise of Channy himself, from a young boy of the killing fields to CEO and President of Cambodia's largest bank.

Back in 1975, Channy was just a 14-year-old Phnom Penh city kid when he was evacuated at gunpoint by the Khmer Rouge to countryside labour camps, where he herded cows during the regime's reign.

Following the liberation of the country, in 1981 he fled to a refugee camp in Thailand, where he studied teaching and then won a scholarship to study business in the US. A decade later he returned to his home country, co-founding ACLEDA with 28 other partners in 1993 as an ILO- and UNDP-funded microfinance project. It quickly became a national NGO specialising in small enterprise development and \$10 credit loans to demobilised soldiers. ACLEDA became fully self-financed in 1998 and began the transformation from an NGO to a licenced microfinance institution. It was granted a specialised banking licence in 2000 with paid-up capital of \$4 million, and in 2003 became a commercial bank.

Today, ACLEDA is a public limited company, with 259 offices covering all of Cambodia's provinces, as well as 41 in Laos and six in Myanmar, and more than \$4.6 billion in total assets as of 31 December 2016. The company employs more than 12,000 people in Cambodia, 1,100 in Laos and more than 160 in Myanmar, with close to 40% of the overall workforce being female.

In line with its ambitious plans, the bank began construction of its own training centre and school in January, soon offering associate, bachelor and master's degrees in banking and finance to almost 3,000 students.

Even with such impressive expansion, however, Channy's ethos remains fixed on being a service, first and foremost, for Cambodians – particularly the poor and middle classes. To that end, 51% of the bank's shares are owned by Cambodian interests, including the ACLEDA NGO arm of the business, while the bank's staff, via the ACLEDA Staff Association (ASA) holds 6.1%. Japan's Sumitomo-Mitsui bank is today a main shareholder with 18.25%, while the remaining shares are held by other international funds.

"In terms of active customers, around 90% of loan customers in Cambodia are serviced by ACLEDA Bank. But in terms of dollars it's only 21% because we serve micro, small and medium enterprise loans with an average loan outstanding of \$4,952," Channy told the *Bangkok Post*.

His advice to financial institutions wanting to avoid the risks created by rapid lending is to focus on practical, short-term loans. With the export market on the rise, he said, returns could be achieved quickly since transactions are completed on time.

"Trade cash turnovers are high with export loans while the loan period is short. That is compared to risky housing credits with loan periods between 10 and 15 years and payments made only once a year," Channy said, adding that the trade sector makes up 40% of his bank's portfolio, followed by the service and agriculture sectors at 21% and 18% respectively.

"Most of our loans go toward business productivity and development whereas, in many other countries, loans go towards consumer goods that don't generate revenue. So it is good for Cambodia," Channy said.

“ IN TERMS OF ACTIVE CUSTOMERS, AROUND 90% OF LOAN CUSTOMERS IN CAMBODIA ARE SERVICED BY ACLEDA BANK ”



LEONIE LETHBRIDGE

CEO, ANZ ROYAL BANK
"The outsider's perspective"

Having been responsible for a plethora of ANZ's Asian markets in an illustrious career with Australia's fourth-largest bank, ANZ Royal CEO Leonie Lethbridge arrived in Cambodia early last year after serving as COO in Shanghai and, before that, Indonesia. After joining ANZ in 2002, she steadily climbed the banking ladder, working in senior roles across risk, operations, business development and strategy. Before joining ANZ, Lethbridge was a management consultant, advising clients in the financial services, manufacturing and telecommunications sectors. Working in Cambodia, she now leads ANZ Royal – a joint venture with Kith Meng's Royal Group of Companies – across Cambodia.

ANZ is a big player in Cambodia's business landscape. It first entered the Cambodian market in 2005, and in its first year of operations had attracted

27,000 customers. Over the past decade, ANZ Royal has increased its asset base to more than \$1 billion – ranking it fifth among Cambodian commercial banks. Lethbridge's depth of experience and strong connection to the rest of Asia – she still works with the Australian Chamber of Commerce in Shanghai and the Australia-Indonesia Centre – positions her as an insightful observer of Cambodia's investment opportunities.

"With a sustained GDP growth of approximately 7%, Cambodia is one of the world's fastest-growing economies. [I've witnessed] wage inflation in China and a desire for geographic diversification drive investment into Cambodia," she said.

Positioned in the six-country Mekong region, China and Thailand are at a more advanced stage of development than their four neighbours: Cambodia, Vietnam, Laos and Myanmar. However, with all

six connected by three economic corridors – north-south, east-west and southern – Lethbridge believes the links between these countries provide real opportunity for macroeconomic growth.

"Cambodia is evolving quickly, with strong domestic demand. More than 90% of exports are based on manufactured goods. The export-fed GDP growth of last year helped Cambodia's population of almost 16 million climb to lower middle-income status last year. It is increasingly moving into light assembly, for example in electronics, and integrating more deeply into regional value chains," she added.

Still, there were inherent challenges in such a rapidly growing and transforming economy, particularly for financial institutions.

"Banks will need to shift the focus from growth to operational efficiency, improving client propositions, and to seek ways to use connectivity or technology to create new business with customers. This is particularly important as minimum capital requirements are being raised for financial institutions as a means of underpinning stability – capital that will, however, seek a return. Those entities trying to build a presence in Cambodia must understand regulatory reforms to ensure sustainability," she said.

Lethbridge also believes that regulatory reforms are a challenge that need to be navigated carefully. "For instance, liquidity coverage ratio [LCR] was introduced last September to measure financial institutions'

ability to absorb shocks in the future. This is an important action to secure system stability. However, it can present more challenges for smaller institutions that need to build capability in liquidity risk management. This also requires a focus on raising deposits, rather than on loan growth, as a basis of their ability to absorb a possible shock. The National Bank of Cambodia's (NBC) phased approach to introducing the requirements is important in giving time for financial institutions to adjust," she said.

Nonetheless, Lethbridge is enthusiastic about the future of banking in Cambodia. "It is on the right track. The government is undertaking a range of institutional reform measures which, together with actions by the NBC, will support sustainable economic growth."

RITHY SEAR

CHAIRMAN, WORLDBRIDGE INTERNATIONAL GROUP
"The path-making developer"

As the chairman of major property development company Worldbridge Land, Rithy Sear has been on the frontline of business innovation in Cambodia in recent years. Born in Phnom Penh in 1970, Sear has said he fled the country as an 18-year-old on a boat bound for Australia, but after it sank off the coast of Sumatra he was sent to an Indonesian refugee camp. In 1992, a job with the UN Transitional Authority in Cambodia brought him back to his homeland, working in the logistics arm of the operation.

When the UN pulled out of the country the following year, Sear established Worldbridge International, a successful logistics solutions company specialising in freight-forwarding, but Sear has since expanded into a range of other sectors, as well as into the property and e-commerce industries. He's the smart, ambitious, self-described "corporate man" behind the Bridge, a luxury, twin-towered mixed-use development in the Tonle Bassac district of the capital with 700 apartments and SoHo-style warehouse studios – a project he is overseeing via a joint venture with Singapore's Oxley Holdings. The two firms will also cooperate on the Peak, a mixed-use



project, which will host the country's first Shangri-La luxury hotel.

Sear believes the market is ripe and ready for luxury condominiums. "SoHo is a new concept for Cambodian people, but in Hong Kong and Singapore they have been built for decades," he says. Yet Sear's ambitions don't stop at condo towers. In 2016 he established WorldBridge Commerce, in a bid to make a mark in the online marketplace.

"My core business is logistics, and

e-commerce is related to logistics – with a nationwide logistics service you can create a proper e-commerce business," Sear said. "There are online shops here, but they're focused on small things. They use Facebook or websites. But they don't have their own, nationwide platforms."

WorldBridge Commerce took the step of producing an online marketplace platform, My All In One Mall (MAIO Mall), which allows users to shop, book tickets

Photos: Sam Jam for Focus Cambodia

and hotels, and conduct banking and other financial transactions from mobile devices.

Looking ahead, Sear's key advice for prospective entrepreneurs and investors in Cambodia is to take risks, simply due to the fact that it is a young and uncrowded market – for now.

"If you don't make the first step, you won't get to the end. If you don't make a start, you will never move," he said.

However, even for this budding property mogul, one of Sear's most inspiring ventures is something that's – at least visually – much more modest than his soaring complexes: an affordable housing project. After seven years of talks and planning, Sear recently unveiled the plans for the Kingdom's first affordable housing initiative in the wake of government approval. "I'm very, very happy that my dream for this project has come true," he said.

LIM CHHIV HO

CHAIRWOMAN,
LCH INVESTMENT GROUP
"The respected all-rounder"



Described by many as one of Cambodia's most reputable business figures, 56-year-old Lim Chhiv Ho has had the will and foresight to turn her vision into reality in a business career that has spanned more than 30 years. The founder of one of the Kingdom's largest conglomerates, LCH Investment Group, her life and her successes were shaped by Cambodia's turbulent past. Ho was a teenager when the Khmer Rouge regime took over the country; she was soon torn away from her family and imprisoned in a work camp. She later recalled that only five of the 265 girls who were imprisoned together with her survived, and more than half of her family had died.

Fast-forward to today, and Lim Chhiv Ho plays a pivotal role in the development of the country's business community – she is the vice-president of both the Phnom Penh Chamber of Commerce and Cambodia Chamber of Commerce.

In the early 1980s, she started her entrepreneurial journey cultivating and selling rice and rice wine to Vietnamese

soldiers and trading livestock for gold. She later moved to an island off Sihanoukville, starting a trading and transportation business bringing electronics, cigarettes and alcohol offloaded from larger merchant ships into Cambodia. This was the seed for Attwood Import & Export – of which Lim is still managing director – which was founded in 1994 and, these days, has exclusive rights in Cambodia for Hennessy, Johnnie Walker, Chang Beer, Corona and others brands. She then set up a range of regional distributing centres throughout Cambodia. "I learned how to grow my business there," she said.

Since then, her portfolio has diversified into property and infrastructure development, technology, hotel and catering, leisure, shopping, entertainment and hospitality, and even the Phnom Penh Special Economic Zone, which she chairs and which she successfully brought to the Cambodian stock exchange as the first privately owned Cambodian enterprise in 2016.

"Cambodia is a very good investment because the market is very open," Lim told the *Phnom Penh Post*, also stating that she'd enjoyed working with investors from Japan. "They do thorough surveys, they know how to take care of their business partners and they care about integrity," she said.

On how to succeed, she said: "You must find the right partners and stick together if you want to get there. Not only in Cambodia, but also overseas."

On her greatest challenges when running a business in Cambodia, Lim cited the difficulty of learning how to separate family and business. "Business is unpredictable, you may earn or lose any time – the two need to be separated but also receive the same levels of attention," she said, adding that she felt being a businesswoman in Cambodia gave her an edge. "Women try to build, to keep things together, they are prepared to move forward step by step. Men want to realise big ideas, [but] they still need women." ●

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ALBERTO CREMONESI, THE
FOUNDER OF CO-WORKING SPACE
IMPACT HUB PHNOM PENH

Getting a good start

With an increasing number of global investors now turning their attention to the Kingdom of Wonder, and with local co-working hubs and incubation programmes sprouting like mushrooms, the future looks bright for Phnom Penh's blossoming startup community

Words by: **Euan Black**

Photography by: **Sam Jam**

“Ideas are like rabbits,” John Steinbeck told *Cosmopolitan* in 1947. “You get a couple and learn how to handle them, and pretty soon you have a dozen.” Unfortunately, it takes more than a good idea to run a successful business. A lack of expertise, limited access to finance and a host of burdensome business regulations have previously prevented Cambodia from realising its commercial potential. But a new generation of entrepreneurs – with a little help from some friends – have proven that where there's a will, there's a way.

Cambodia's startup sector has been through a growth spurt in the past few years, an upswing that can largely be attributed to the work of the Mekong Business Initiative (MBI). Established in 2015, the MBI is a development partnership between the Australian government and the Asian Development Bank that has helped to accelerate economic development across Cambodia by promoting innovation in financial technology and connecting Cambodian entrepreneurs with a global network of angel investors.

While securing funding is a challenge for startups everywhere, it is particularly difficult in Cambodia, as most of the country's banks only accept real estate as loan collateral, according to MBI's Cambodia country manager Khemara Ros.

“A lot of startups only have one building, which they pledge as collateral to get financing for capital investment. Later, when they inevitably need to take out another loan for working capital, they are unable to do so because they have no more fixed assets,” Ros explained.

But rather than wait for the system to catch up with the needs of startups in Cambodia, MBI decided instead to promote innovation within the pre-existing regulatory framework. After analysing developed economies such as Singapore, MBI identified peer-to-peer (P2P) lending as a feasible method of alternative financing. This led them to invest in the Cambodian Investment Club (CIC), which had already begun developing the country's first ever P2P lending platform.

CIC's P2P online lending platform, known as *Komchey* (Khmer language for 'loan'), enables startups to access funding through pre-existing businesses within Cambodia.

To begin with, only CIC's members will be able to use the platform, but the company hopes to open up *Komchey* to the wider public as soon as possible.

Other challenges are the country's confusing regulatory business framework and complex registration process, which contributed to Cambodia being ranked 180th out of 190 economies in the World Bank's *Doing Business 2017* report. But Ros believes the benefits of doing business in Cambodia – such as preferential trading agreements like the EU's Everything But Arms initiative, as well as the country's average annual economic growth rate of 7% – far outweigh the negatives.

“The *Doing Business* report has a specific criteria that focuses on the legal side, but the happening on the ground can be somewhat different. If you are willing to pay a small

“IF YOU ARE WILLING TO PAY A SMALL AMOUNT OF MONEY FOR AN AGENT'S SERVICES, THEY CAN HELP YOU SET UP IN A WEEK OR SO”

amount of money for an agent's services, they can help you set up in a week or so,” said Ros.

In addition to assisting CIC develop Cambodia's first ever P2P lending platform, MBI established the Mekong Angel Investment Network, or Main, to help connect Cambodia's entrepreneurs with a global network of investors that has the capital, commercial knowhow and business links required to successfully scale up a startup business. The network's first investor tour, which involved potential angels being introduced to local investors and entrepreneurs and conducting training sessions for them, took place in June 2016, with angels touring again in September and October that year.

In the eyes of Steve Landman, a prominent angel investor within the Main network, the tours not only provided Cambodian entrepreneurs with the opportunity to procure capital, but also the chance to learn from the people who had already done what they were trying to do.

“Like many countries, Cambodia suffers from a depth of experience. And the main network is about establishing links with a global community of people so that Cambodian entrepreneurs can reach out and say: ‘Hey, we need help with marketing; how would you do it, and who could you put me in touch with?’”

One of Cambodia's biggest success stories has been Bookmebus, a website and



LANGDA CHEA, THE FOUNDER
OF TRAVEL BOOKING SERVICE
BOOKMEBUS

app through which customers can purchase national bus and ferry tickets. It saw \$70,000 worth of transactions in November alone, up from roughly \$30,000 in July.

Bookmebus founder Langda Chea was lucky enough to be chosen for a three-month accelerator programme run by co-working hubs Smallworld Cambodia and Tikers@Mekong (it was dubbed 'Startup BoomCamp') that began in October 2015. The experience was eye-opening for Chea, who admitted that prior to participating in the programme, even the idea of a 'pitch' was alien to him.

"As part of the programme, I met successful businessmen every week who gave

“ DURING THE PITCHES, INVESTORS WOULD ASK QUESTIONS ABOUT MY FINANCIAL PROJECTIONS AND EXIT STRATEGIES, WHICH I FOUND CHALLENGING TO ANSWER ”

me advice. During the pitches, investors would ask questions about my financial projections and exit strategies, which I found challenging to answer... so I learnt a lot," the young entrepreneur said. After the boot camp, Chea went on to secure further investment for Bookmebus from five Main investors following the network's first tour in June 2016.

My Dream Home is another example of a Cambodian startup success story that has profited from the country's growing business support network. On his return from a brief stint in Australia, founder Kongngy Hav was dismayed to discover that given Cambodia's low GDP per capita of \$1,200 a year, it would take roughly 70 years for an average Cambodian to afford to buy a house in the suburbs of Phnom Penh. He immediately set to work on finding a solution to his country's chronic affordable housing shortage, eventually settling on a construction method using interlocking Lego-like bricks made from local, eco-friendly materials.

In 2014, he secured funding from the Dutch development organisation Investing in Children and their Societies (ICS) after participating in a startup competition. He says he continues to benefit from operating out of co-working space Impact Hub Phnom Penh, which has connected him with an extensive business network and actively developed his leadership and pitching skills. Since taking his product to the market about two years ago, Hav has gone on to sell more than 90 houses, which are up to 40% cheaper to buy than regular brick houses.

Cambodia has always had good ideas, but the recent emergence of a startup business community means it is finally figuring out how to handle them. However, Impact Hub's co-founder Alberto Cremonesi believes the government must become more actively involved in the startup community if it is to emulate the success of Ho Chi Minh City's thriving tech and startup scene.

"The Vietnam government is more active, more flexible and more supportive of entrepreneurs. Cambodia has started going that way, but even something as simple as waiving taxes for the first two years for SMEs would be awesome," Cremonesi told *Focus Cambodia*. "If we could go in that direction it would be great and, in no time at all, Cambodia will pick up." ●



MEKONG BUSINESS INITIATIVE'S CAMBODIA COUNTRY MANAGER KHE MARA ROS



KONGNGY HAV IS ATTEMPTING TO SOLVE AN AFFORDABLE HOUSING CRISIS WITH HIS STARTUP MY DREAM HOME

ADVERTORIAL

THE JAPANESE ADVANTAGE

Since opening in late 2016, Sunrise Japan Hospital has made waves as Cambodia's first Japanese-run hospital. Here, Dr Hayashi Yoshifumi, a neurosurgeon at Sunrise as well as the hospital's management and clinical director, describes their unique approach to medicine and customer care



DR HAYASHI YOSHIFUMI (CENTRE), MANAGEMENT AND CLINICAL DIRECTOR AT SUNRISE JAPAN HOSPITAL, PICTURED SURROUNDED BY HIS TEAM

What approach does Sunrise Japan Hospital bring to Cambodia?

We understand that many Cambodians choose to go abroad for medical treatment and check-ups. So, we wanted to bring international-standard treatments to Cambodia from Japan. We not only brought high-tech medical devices and a Japanese approach to medicine, but we brought our medical staff as well. With Japanese doctors, nurses and technicians, we provide top medical care to the Cambodian people, as well as expats, seeing patients and giving them the knowledge they need to live a healthy life.

The Japanese approach to medicine is to cover a broad spectrum of medical practices. For example, a neurosurgeon doesn't only do surgery, but also conducts outpatient management of medicine, as well as health check-ups and other things. The Japanese way covers a broad spectrum for each doctor or profession, and that's why we can do teamwork very well.

Can you explain the layout of the hospital?

We have four centres: the first is the emergency centre; the second is stroke and neurosurgery; the third is general medicine and surgery; and the final is the health check-up centre. For us, preventive medicine is very important. Therefore, we put a lot of emphasis on health check-ups. Then we can detect conditions and begin treatments early.

Do you have any tips or advice for living a healthy life in Cambodia?

Generally speaking, the amount of exercise is not enough in Cambodia. This applies not only to Cambodians, but to expats as well. Places to exercise are limited, and many people use cars instead of walking. From our health check-up data, we see many cases of high cholesterol and diabetes. I recommend 30 minutes of walking per day for optimal health. ●



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MEDIA MAGIC

Sabay Digital Corporation CEO Chy Sila on the importance of creativity when carving out a niche in Cambodia's booming business landscape

Words by: **Paul Millar**
Photography by: **Sam Jam**

CHY Sila has made it. The CEO of Cambodian media and entertainment giant Sabay Digital Corporation and general director of the food and beverage company responsible for fast-food outlets from Tous les Jours bakery to East Asian burger chain Lotteria, it may be easier to list the everyday pleasures of Phnom Penh's booming youth culture that the 41-year-old does not have a hand in.

Striding into Phnom Penh's critically acclaimed Tiger's Eye restaurant ten minutes before our interview is set to start, Sila sets his navy backpack on the chair beside him and bends to his smartphone. "Sorry – just give me a few minutes," he says, his fingers sprinting across the face of his phone. After a few moments of silence, he sets it down on the table and smiles.

Conversant in English, Vietnamese, Japanese and several dialects of Chinese – the smattering of Russian forced on him during his early school years has fled from his memory – as well as his native Khmer,

Sila speaks with the worldliness of a man who always keeps one eye firmly fixed on the horizon.

"I travel to a lot of countries – this is one of my advantages; I see things that a lot of Cambodians cannot see," he says. "I can see what are the trends coming in the world, and I can really see that, OK, this is what is going to come in Cambodia also. This is how I've expanded from the first shop to the second shop, the first brand to the second brand, and how I've been able to diversify into other industries. Because I can see what is coming."

Having dropped out of architecture school after flunking his second year exams, Sila set up his first business two years before the turn of the millennium, flogging bootlegged CDs and movies from a black-painted store in Cambodia's capital. For the man destined to distribute films in the nation's most extravagant theatres, it seems an inauspicious start.

"I never thought I would become an entrepreneur, a businessman," he confesses.



IT'S ABOUT EDUCATION, THE LEVEL THAT YOU EXPOSE YOUR MIND TO; THAT YOU DARE TO THINK FURTHER AND ARE CRAZY ENOUGH TO DO SOMETHING DIFFERENTLY"

"I'm kind of an artist guy – I liked to draw when I was young. I like to build things up from scratch."

From his initial investment of \$500, Sila has done precisely that. More than 18 years later, Sabay Digital Corporation is the Kingdom's leading media and entertainment group, covering online news, television, film distribution, online gaming and even a lifestyle magazine. For Sila, creating international-quality content tailored to a Cambodian audience – the name 'Sabay', is Khmer for 'happiness' – has been a critical component in the conglomerate's success.

"Most of my business, no matter what I've created, I've created for local people first," he says. "Because that's what I know the most, and can control the most. But the way that we build the back end of our system is very broad so we can expand internationally. Some people say 'think global, act local' – that's what I would say myself."

Initially reserved, Sila's face splits into a grin when a waiter brings over a pair of share plates loaded with the restaurant's trademark fusion cuisine. "O.M.G.," he intones solemnly. "I come here a lot," he admits. "At least once a week." Snatching up his phone, he snaps a few photos and beams. Served on a slab of grey slate, the first dish of sliced cured duck breast (\$8) is so tender the duck almost seems to fall apart in the midday sun that lingers on the restaurant's dark timber interior. Facing onto the bustling Sothearos Boulevard running past Phnom Penh's famous White Building, the Tiger's Eye nevertheless retains a shadowed intimacy even through the chaos of a Cambodian lunch break. In the evening, its minimalist furnishings make anything from an after-work glass of red to a romantic tête-à-tête an act of urbane sophistication.

As we eat, Sila rails against what he condemns as a systemic lack of creativity among Cambodia's fledgling entrepreneurs, describing a kind of "copycat culture" he suggests stems from the Khmer Rouge's decimation of the nation's intellectual and artistic class more than 40 years ago.

"The beauty of Cambodia, and something that I think is probably sad also, is that not many people try to create original content here," he says. "A lot of people try to copy-paste content from around the world and try and make it look local."

According to Sila, it is only by taking risks and thinking in the longer-term about

the sustainability of their business model that beginner business owners can carve out their own position in Cambodia's flourishing economy.

"You have to think that way – then you can compete and sustain [yourself] in the market," he says. "Otherwise, if you think too small, sometimes it can be very hard because when the giant company comes in, you're going to be out of the game."

With such a young population – almost 70% of Cambodians are under 30 years of age – Sila is hopeful that the Kingdom's rising middle class can provide a reliable customer base for entrepreneurs eager to make their mark.

"Anything related to young people has a chance to have success, because people are going to grow along with your service or product," he says.

Our next dish, prawn sous vide served with crab mousse and a mixture of cashews, coconut and a traditional Thai nam prik sauce (\$9), delivers a light and refreshing tang to offset the richness of the duck breast. By turns creamy and crisp as you move between the crab mousse and its smaller crustacean cousin, the dish is prepared with a deftness of touch that lends itself beautifully to lighter meals.

Sila is frank in his appraisal of the cutthroat world of Cambodian business, punctuating his speech with pinpoint profanity as he skewers an errant prawn with his fork. For him, the key to survival seems simple: innovation or extinction. "If the consumer doesn't consume a product

because the product is poor, you have to move on – otherwise people will come in and do a better job and replace you," he says. "That's what I hope to see in the next few years – that copycat culture changing. But I don't think it will be easy, because at the end of the day it's about education, the level that you expose your mind to; that you dare to think further and are crazy enough to do something differently – I don't see that much."

Ultimately, he says, the next generation of Cambodia's business leaders are going to have to make their own mistakes if they want to succeed – and that means showing the initiative that their competitors lack.

"As long as you have a community that follows you, you can go further." ●



IN LIVING COLOURS

Cambodia's animation industry, although still in its infancy, is growing fast and has grand ambitions to compete with Japan and the Philippines, the cartoon hubs of Asia

Words by: **Logan Connor**
Photography by: **Sam Jam**

When watching the trailer for the film *Funan, The New People*, one is struck by the first-rate animation style. Its subtle and stark tones invoke the noir aesthetic of Hayao Miyazaki's *Spirited Away* or Ari Folman's *Waltz with Bashir*.

But what is perhaps most remarkable about *Funan*, which is set to be released later this year, is that it is the first fully animated feature film about Cambodia. It is directed by acclaimed French-Khmer director Denis Do and co-produced in cooperation with Phnom Penh-based animation studio ithinkasia. The film, with a budget of nearly \$7 million, is based on the experience of Do's mother during the Khmer Rouge era.

Since opening in 2010, ithinkasia has lent its expertise to a host of international films, advertisements and television programmes, such as the animated children's series *Joe and Jack* and *The Neighbours*. They also worked on *3.50*, a live-action feature

film that tells the story of a documentary filmmaker who attempts to rescue a girl who was sold into prostitution.

The company operates as both a for-profit animation studio and a school for young Cambodians looking to learn the ropes of drawing and design. Students come to ithinkasia to work their way through a 2D curriculum, written by ithinkasia, and a 3D curriculum sourced from New Zealand and adapted for those who speak English as a second language, and to potentially work full-time at the studio.

In ithinkasia's stylish Boeung Keng Kang office, managing director Justin Stewart says that the studio, which will also help animate a future Cambodia-based film entitled *The Khmer Smile*, set for release in early 2018, wants to help make the Kingdom an international name in the global industry.

"A lot of people say: 'Well, maybe the television industry or the animation industry could grow here in the next five

CLOCKWISE FROM RIGHT: JUSTIN STEWART, ITHINKASIA'S MANAGING DIRECTOR, INSIDE THE PHNOM PENH STUDIO; ANIMATORS AT WORK; SKETCHING OUT DESIGNS



to ten years," Stewart says. "And I feel like saying: 'No, we've been doing it. We did it three years ago, and we're doing it now.'"

Senior editor and colourist Leang Honglee says that while Cambodia's animation industry is "not really there yet", he believes his company could help make the difference.

"Animation-wise, [the industry] really needs to grow and kind of start now," he says. "This is what we can do."

A five-hour drive away from Phnom Penh in the sleepy city of Battambang, the Phare Creative Studio is also looking to establish a foothold in Cambodia's fledgling industry. The studio, launched in 2016 by local NGO Phare Ponleu Selpak, is the commercial culmination of an animation programme

that began in 1994 with drawing classes for refugees of the Khmer Rouge's brutal guerrilla campaign.

The NGO, which provides education, art instruction and social support to Cambodian families, launched their animation studio in 2007. After receiving a four-year aid package from the French Development Agency and French development NGO CCFD in 2013, they laid the groundwork for the newly christened Phare Creative Studio.

The team is small, with three graduates from Phare Ponleu Selpak's Visual and Applied Arts School working as animators. Their work so far has largely been with NGOs; they recently worked on a video



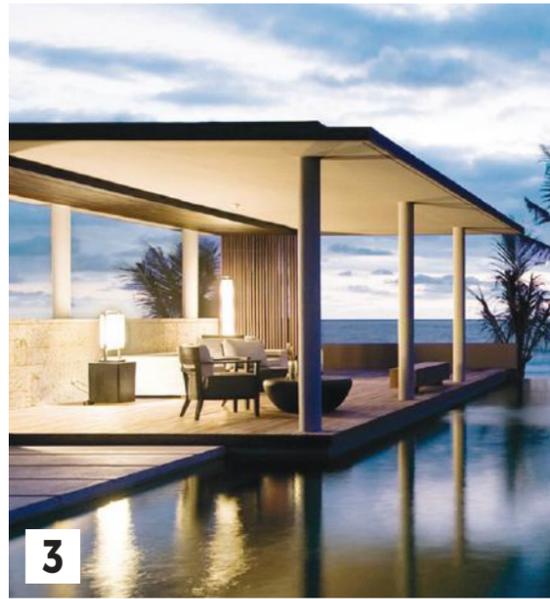
IF YOU WATCH TV, THERE ARE NO CAMBODIAN CARTOONS - EVERYTHING IS FROM CARTOON NETWORK

with Handicap International about cluster munitions dropped by the US military during the Vietnam War.

Coralie Baudet, studio manager at Phare Performing Social Enterprise, says that while there is room for Cambodia's industry to grow, it is still difficult to attract young Cambodians who could opt for a more lucrative career path. "If you watch TV, there are no Cambodian cartoons - everything is from Cartoon Network or other studios," she explains in her Phnom Penh office, where she spends her time when she is not in Battambang. "So, of course there is potential. The problem is to find people who are interested in doing it."

With 90% of all US television animation produced in Asia, according to a 2015 Research and Markets report, there is plenty of room for Cambodia to grow its own industry. But it still has a long way to go before it is on par with other successful countries in the region, such as the Philippines, which brought in \$153m in sales in 2015 from work outsourced to the country. While this is only a tenth of the sales generated by Japanese anime, the Philippine industry's growth is in the double digits.

One may wonder why a company would invest time and money into an art form that is so painstaking and tedious, with a single minute of animation sometimes taking weeks to produce. For ithinkasia's Leang, the medium can provide a creative outlet for Cambodia, a country that has not always had a great deal of international attention. "We have a lot of stories to tell [in Cambodia]," he says. "You can put any kind of story into animation and create something that is very interesting." ●



GRAND DESIGNS

Some of the world's most distinguished names in luxury accommodation have set their sights on Cambodia. We round up four of the most exciting hotel and resort openings set for 2017 – a sure sign that the country is set to become one of the hottest travel destinations of the year

1. Rosewood Phnom Penh

Scheduled to open in early 2017, Rosewood Phnom Penh will add a new level of luxury to the city's hospitality industry. The hotel will occupy the top 14 floors of the iconic Vattanac Capital tower – a building nearly 200m tall and designed to resemble the back of a *naga* – the mythical dragon of Hindu and Buddhist lore. Guests will be able to take in splendid views of the Mekong river from the two specialty restaurants and gorgeous sky bar on a cantilevered terrace. The hotel will feature 175 rooms and suites in total, a spa with various treatment rooms, a 20-metre swimming pool and a fitness centre. Located in the heart of the city, this is shaping up to be a very special place.

2. Courtyard Marriott

Businessmen, young professionals and holidaymakers alike will be sure to appreciate Marriott's latest development in Cambodia. Known as 'Courtyard' and set to open its doors in Siem Reap in June 2017, the hotel will feature spacious rooms that combine comfort, functionality and high-speed internet access to provide the perfect setting for completing projects while staying in Siem Reap. Complete with standard luxury amenities including a fully kitted out gym, an outdoor pool and a whirlpool, the hotel allows guests the chance to unwind after a busy day of hustling. Because of its size and elegant setting, the hotel will also be available for wedding and conference bookings.



3. Alila

While Siem Reap and Phnom Penh have long been the tourism and business hubs of Cambodia, the country's pristine and relatively undeveloped coastline, as well as its striking surrounding islands, has for the past 20 years been frequented mostly by locals and in-the-know backpackers and expats, remaining to a large extent off the tourist radar. Until now, that is. The 'barefoot luxury' private island resort Song Saa pioneered opulent travel along Cambodia's coast when it opened four years ago, just off the island of Koh Rong. Soon enough, travel journalists were raving about its powdery white sand beaches, clear waters and gorgeous private villas. Now, the Mark Edleson-founded five-star resort chain Alila has announced it will open an island resort on the idyllic, 25-hectare Koh Russey. Featuring a beachfront infinity pool, yoga studio, organic garden and outdoor cinema, it's set to open at the end of 2017.

4. Six Senses

Now that international flights are servicing Sihanoukville airport, the grand-daddies of Asia's luxury tourism markets are ready to pounce. Located a short boat ride off the coast, the 12-hectare private island of Krabey is being fashioned into a stunning Six Senses eco-resort, also set to open in the latter half of 2017. Boasting 40 private villas that are sure to sport the striking, earthy design elements that set this brand apart, layouts are looking spacious and full of the kinds of touches that one has come to expect from the world's finest resort brands. From private plunge pools and outdoor rain showers to day beds and 'sleep ambassadors' who "guide guests in achieving the very best night's sleep", everything and more is taken care of. The resort itself will have a Six Senses spa that specialises in traditional Cambodian healing techniques, a star-gazing observatory and even a cinema set up by the main pool.

THE GOLDEN oldies



Sofitel Phnom Penh Phokeethra

With a charming aesthetic inspired by French colonial buildings dotted throughout what was once referred to as Indochina, Sofitel is a five-star hotel well worth a visit. Located on bustling Sothea's Boulevard, close to a number of embassies, government offices and the allure of the riverfront, hotel guests are able to see the sights and enjoy the decadent comforts of its luxury rooms and suites. Hungry visitors can tantalise their tastebuds at live cooking stations, during champagne brunches and at the exquisite international buffets of La Coupole. Sensational Japanese, Chinese, Italian and French speciality restaurants are also available.



Raffles Hotel Le Royal

Since 1929, Le Royal has been offering a delightful resting place for visitors to Phnom Penh. With an eclectic clientele of established businessmen, famous writers, royalty and luxury travellers from around the world, the establishment is still seen as the place to be. Rooms and suites are charmingly reflective of a blend of Khmer, Art Deco and French colonial influences. The Raffles Spa is famous throughout the city and provides relaxation, rejuvenation and fitness services, in a combination of local and classic treatments. Visitors are encouraged to enjoy a luxury stay at its sister hotel, Raffles Grand Hotel D'Angkor, which is located in close proximity to Siem Reap's mighty Angkor temples.



Amansara

Formerly the guest villa of Cambodia's deeply beloved King Father Norodom Sihanouk, Amansara remains the byword for luxury in Siem Reap. The 24 suites are modern and supremely well-appointed, two pools compete for guests' attention and small touches, such as complimentary cheeses and cakes served all day in the striking, circular restaurant, make all the difference. However, it is Amansara's service and informal atmosphere that are its most bewitching elements. Staff chat casually with guests, who are treated more like old friends than lords of the manor, making for genuinely enjoyable connections between workers and visitors.

Tides are changing

Golden sands, palm-fringed shores and calm, turquoise waters – Cambodia’s southern coastline is the stuff of tourists’ fantasies. It is also what developers’ dreams are made of, and luxury properties are springing up

Words by: **Claire Knox**

AN AERIAL VIEW OF A SECTION OF CAMBODIA'S PRISTINE SOUTHERN COASTLINE

Drawn by whispers of a coastline as pristine and peaceful as Thailand’s islands in the 1980s, the number of tourists visiting Cambodia’s southern beaches has skyrocketed in recent years. The country’s tourism figures have more than doubled in the past decade – hitting 4.8 million in 2015 – with many realising there is much more to Cambodia than the jungle-covered temples of Angkor.

A new train service linking Phnom Penh with the southern towns of Kampot and Sihanoukville was launched last year, encouraging even more visitors to venture south. According to Chhit Sengnuon, the vice-governor of Preah Sihanouk province, more than 1.3 million tourists visited the coast during the first five months of 2016, an increase of about 16% compared to 2015.

As visitors flood in to laze in hammocks and feast on freshly caught seafood, developers are eyeing the area for lucrative projects. Business owners have seen steady revenue growth, with jobs and incomes opening up to thousands of locals.

These growing tourism figures and the country’s long-term stability have created a spike in land values along these beaches and the many small, picturesque islands that lie offshore. With the aim of bringing in eight million tourists by 2020, the Cambodian government has been courting foreign investment in the region.

As a result, there are a number of major projects now slated for the area, including the Meas Prak Beach Resort Development

Project, a mega-resort that is a joint venture between Cambodia and 13 Chinese firms including East Union Silk Road and Yeejia Tourism Development. The \$3 billion resort complex – which will include shopping malls, golf courses and restaurants alongside hotels and villas – will be set over 337 hectares of land situated about 7km from the Preah Sihanouk International Airport.

“THERE IS NO DENYING THAT THE ECONOMIC POTENTIAL OF PREAH SIHANOUK PROVINCE IS ENORMOUS

And in 2008, Cambodia’s Royal Group received a land concession to develop 5,000 hectares across Koh Rong and Koh Rong Samloem islands, with a \$3.38 billion plan that would leave most of the dense rainforest intact. Royal Group chairman Kith Meng has revealed his vision of golf courses, casinos and making it “the most famous destination in Cambodia”. The Royal Sands Koh Rong, a \$30m luxury resort comprised of 67 villas, is scheduled to open in late 2017.

There is no denying that the economic potential of Preah Sihanouk province is enormous, and if developed the right way, it will provide a balance of luxury and natural

beauty, according to Christophe Forsinetti, the chief operating officer of KC JSM Services, a property development company focusing on developing Cambodia’s south as a major Asian tourism destination.

Forsinetti has most recently been instrumental in bringing in a large US-based international hotel and resort group that has plans to invest \$120 million in a multi-resort project close to the Sihanoukville Autonomous Port, promising employment for at least 2,000 locals. Located on White Horse Beach over 60,000 square metres, KC JSM Services will also invest in the project. He said the group also plans to build a port terminal in the area to receive tour groups arriving on cruise ships.

Forsinetti has also been an active member of the National Committee for the Management and Development of the Coastal Zone (NCMD), which worked with the European Chamber of Commerce and the Cambodian Tourism Federation to organise a “Cambodia’s Coastline Development” conference last December. More than 300 delegates from the public and private sectors arrived in Sihanoukville to map out thorough tourism and infrastructure development plans, future road works and a marketing strategy for the coast and its islands.

The master plan, still in the drafting stage, has a dual vision to protect the environment and improve tourism around popular beaches. It includes a 50m-waterfront strip with cycling paths and food stalls and 17 sea gates to protect surrounding beaches. ●



THE LUXURY ROYAL SANDS KOH RONG DEVELOPMENT SHOULD OPEN THIS YEAR



THE AREA AROUND SIHANOUKVILLE IS ATTRACTING HIGH LEVELS OF INVESTMENT



CONNECTING A KINGDOM

Sun Chanthol has spent decades working across various positions in the Cambodian government. Now, as Minister of Public Works and Transport, he leads efforts to upgrade the country's infrastructure as it prepares for the challenges of the future

Interview by: **Tassilo Brinzer**

What has brought you to this new post after only half a term at the Ministry of Commerce?

I headed this ministry in the early 2000s already, and our Prime Minister believes that, with my experience here, I can contribute to this role, which is widely seen as key to the further growth of our country.

How fast can one implement reform if you are given only a short time to move forward? Two years (until the next election) does not seem much?

In the first 100 days of my tenure in the Ministry of Public Works and Transport, my team and I have chosen to focus on the pressing issues in transport infrastructure and, most importantly, in road safety. There are widespread problems, and we have to tackle them collectively. I am fortunate that I have a great support staff that are familiar with my working style and know how to execute and implement efficiently.

Transportation and a modernised infrastructure to move goods seem to be key obstacles to many sectors of the economy. What have you been able to achieve since you came back to the ministry, and what is planned?

The government recognises the critical importance of a healthy, efficient and cost-effective national infrastructure to expedite trade and lower transportation costs overall. Trade moves through different modes of transport, by sea, rivers, by airfreight, rail and road, and the respective networks continue to be rehabilitated, built and expanded. But physical infrastructure is only a part of an efficient logistics solution for the country. We need to work harder to remove red tape that hinders the free flow of goods and decrease unnecessary expenses. An efficient road transport network and industry are important in the socio-economic development of the country and will boost our competitiveness in attracting foreign direct investment. This will create jobs for our people and improve the standard of living of our citizens. The reliability of a country's logistics network has a

positive impact on the private sector's productivity, whereas unreliable networks force companies to stockpile large inventories. With better logistics, Cambodia can become a more attractive investment destination and a node in Asean production networks. We are now looking at the medium-term prospects together with other government partners. We continue to reform our own Ministry of Public Works and Transport. Learning from previous experience, we have conducted a thorough review of each directorate general and department with a view to streamlining and improving their efficiency and cooperation. I have initiated a logistics advisory board including representatives from transport associations, carriers and logistics providers to fast-track our understanding of the main issues affecting Cambodia's trade logistics competitiveness. We are improving inter-ministerial coordination on logistics and trade facilitation matters with the creation of a national logistics council. And we have an open-door policy on credible and viable foreign and Cambodian investment, and I would like to hear from investors in the sector.

What concrete measures were implemented in the last year?

We continue to work on eliminating a culture of informal fees that is still present in some areas. We do this by creating automated online services whereupon a driver's exam, vehicle registrations and inspections are no longer controlled by individuals within the government but rather through online processes with fees that go directly into the government's treasury. We put into place special checks making sure that all road construction work is carefully examined and meets high standards. We do not want to hear any more criticism on road quality; it is time for us to build our roads with quality and at accepted international standards. Truck drivers and operators of the trucking companies also play a vital role in achieving an efficient infrastructure. Drivers are essential to safe road transport but many still lack experience,

“WE DO NOT WANT TO HEAR ANY MORE CRITICISM ON ROAD QUALITY; IT IS TIME FOR US TO BUILD OUR ROADS WITH QUALITY AND AT ACCEPTED INTERNATIONAL STANDARDS”

knowledge and skills in safe driving and delivery of goods. Some of our truckers may carry dangerous goods without knowing the direct and indirect impact of the hazardous material. Reckless drivers, overloaded trucks, illegally modified trucks, old and outdated trucks contribute to road accidents and road damage that causes losses for the economy, society and the operators. The owners and operators of the trucks must commit to strictly follow the law. We have also overhauled the driving licence issuance and renewal process, thoroughly reviewed the car inspection system, raised awareness and education on road safety, upgraded the railways from Phnom Penh to Sihanoukville and worked on the rehabilitation of the northern line from Phnom Penh to Poipet. Just recently, the vehicle and motorbike registration automation system has been officially launched, moving large parts of the process into the digital sphere. We also distributed three million reflective stickers for motorcycles, bicycles and so-called mechanical buffalos in the provinces. There is much more we have done on all levels of the ministry. I am proud of what our team has achieved in the past months.

What role do the AEC and Asean play in answering the needs of business regarding infrastructure?

The Asean single market presents a golden opportunity for Cambodia to

increase integration into production-sharing networks, making transport and trade logistics one of the key pillars for growth and poverty reduction. The government has recognised the need for the development of a multi-modal transport network system that ensures a reliable link between Cambodia and the rest of the world. If we manage to reduce supply chain bottlenecks by 50%, we would raise trade by 15% and production by 5%. The 2016 Logistics Performance Index of the World Bank has shown that Cambodia's general performance has improved from 83rd place in 2014 to 73rd place in 2016. Yet we can't be satisfied with this ranking, as long as our main exports – garments and rice – still face competitive challenges due to high transportation costs. ●

30-second bio

Education

- > BS in business administration, American University, US (1978)
- > Advanced management programme, Wharton School of Business, US (1997)
- > Master in public administration, Harvard University, US (1999)

Professional background

- > 16 years in various senior executive positions for General Electric (GE)

Selected political responsibilities

- > Set up the Council for the Development of Cambodia (CDC)
- > Secretary of State for economy and finance and Secretary General of the CDC (1994 - 1997)
- > Economic advisor to the President of the National Assembly (1999 - 2003)
- > Minister of Public Works and Transport (2004 - 2008)
- > Senior Minister and Vice Chairman of the CDC (2008 - 2013)
- > Senior Minister and Minister of Commerce (2013 - 2016)
- > Senior Minister and Minister of Public Works and Transport (since April 2016)

Other

- > Named a 'global leader of tomorrow' by the World Economic Forum (1995)
- > Wharton Asia, member of the executive board (since 2002); Chairman of the executive board (2009-2012)

Photo: Sam Jam for Southeast Asia Globe



KOSAL OU (CENTRE) HAS MOVED FROM GARMENT FACTORIES TO CATWALKS

TAILOR SHIFT

In the early 2000s, Kosal Ou worked as a production line coordinator in a garment factory on the outskirts of Phnom Penh. Now, he's a fashion designer whose most recent collection wowed crowds at last year's Phnom Penh Designers Week. We asked Ou about the Kingdom's garment industry and what potential he sees in Cambodia for budding designers

Words by: **Claire Knox**

How did your interest in fashion and the garment industry develop?

I worked for a company called FY Cambodia Fashion, starting in 1999. There was no Special Economic Zone (SEZ) back then. I'd always loved fashion as a kid, but at that time it was hard for anyone to follow a passion – we had to do something to make money. I chose to study commerce, and luckily got a job in a factory where I was able to learn about tailoring and design. FY had about 250 staff, so I also learnt a lot about management. We made coats and jackets for brands such as Prada and Burberry, and I later had the chance to liaise with brokers and buyers for the brands in Singapore and Hong Kong. I saw myself grow there and it's also inspired my design work now.

And what was the industry like back then?

I have to say, where I worked was one of the better ones – good pay, good conditions, they followed the law. A lot of people strike and complain now, so maybe I wasn't exposed to that dark side of the industry. I think there was one strike at that factory in 15 years when I was there.

How has the garment industry changed?

I think there's more demand to work very productively, and I often find people are resistant to that. In terms of the recent protests and the wage negotiations, we need to be looking at how our capacity is compared to our neighbours. For instance, look at the amount of public holidays here. That all affects productivity. I understand people need to earn more money, and the cost of living is increasing, but we need to look at both sides. I make sure to pay my staff well and allow breaks and a bit more freedom, but at the same time what I produce is small scale and it's a different product. We don't have crazy deadlines. Bigger factories have to make sure everything is produced on time otherwise they lose the contract and don't get paid. There's too much competition. I feel there needs to be a better balance between work conditions, salaries, the market, import taxes for raw materials... I want Cambodians to earn more money but don't want to see the industry collapse. There needs to be a real negotiation and it should not be politicised. The government needs to implement the International Labour Organisation conditions and enforce the law – it's not just a piece of paper.

Can you tell us more about how you operate your workshop and business?

I recruited six staff so far from NGOs and social enterprises such as Friends International, PSE and Daughters of Cambodia, so they had come from disadvantaged backgrounds and had some training. I want my workers to feel like they're in a safe environment. I have three brands under my company: Kool as U, which is ready to buy, Kosal Ou, which is the runway and bespoke line, and K Production House, the workshop. We design and make uniforms for external clients such as the Tiger's Eye, a fine-dining restaurant in Phnom Penh.

Describe your fashion concept for the two labels?

Kool as U is an anagram of my name and was my first label. My passion, like most designers, was to create beautiful women's fashion, but I knew I had to be different to the many other tailors out there, so I decided to create casual menswear. My inspiration was Paul Smith. Most designers were starting out with evening gowns for weddings, so I raised eyebrows with my structured shorts and slinky, soft cotton T-shirts. I'd listened to the expat friends and Khmer friends who said it was difficult to find these clothes in Phnom Penh. T-shirts start at \$12 and casual suits cost around \$100. For my runway brand, Kosal Ou, garments cost between \$250-1000.

What are your future goals?

My dream is to be stocked overseas, or collaborate with an overseas designer. I've begun working with a PR company to achieve this goal. E-commerce will be something that businesses need to look at in Cambodia sooner or later. You need to manage a local and international market. I worked with DHL for 15 years, so I would trust them in terms of deliveries.

Any advice for fashion designers – foreign or local – who wish to jump into the Phnom Penh market?

I think there is potential here, but it's a tough market. If you think carefully, research and find a point of difference, you can really stand out from the crowd, though, because it's a relatively small crowd. Labour costs are lower here but at the same time, the import tax for fabric – not much is made here – is not sustainable for a small business. So I overcome that by using leftovers from factories, the offcuts. ●



WORKERS PIECE TOGETHER ELECTRONICS AT PHNOM PENH SEZ

NEGOTIATING THE SEZ

A snapshot of Phnom Penh's Special Economic Zone

Founded in 2006, the 357-hectare Phnom Penh Special Economic Zone oversees and operates an industrial zone about 18km west of the city centre. It offers ISO-certified infrastructural facilities, such as the generation and distribution of power, sanitation and sewage systems, and telecommunication networks, as well as a health clinic, banks, and office and residential units, along with services such as investment registration, import/export permits, customs clearance, recruitment support, labour management assistance, 24-hour security, garbage collection and disposal, as well as legal, administrative and accounting consultation.

As of December 2016, there were 81 tenants producing everything from fashion and textiles, auto parts, pins and pharmaceutical packaging to eyewear, food processors and more. Each day, 17,000 workers file through its gates; 80% of these are female and 55% work for one of the park's 45 Japanese companies.

High electricity rates are a huge challenge for Cambodia, but according to CEO Hiroshi Uematsu, renewable energy could change that. In the past, Phnom Penh SEZ had maintained that it would stick to high-cost grid- and fuel-generated power to assure foreign investors of a stable power supply, but last year the company inked a deal with Cleantech Solar Corporation to deploy a photovoltaic (PV) solar system. The 190 solar panels will generate about 7,500 kWh per month. Still, Uematsu maintained solar would only act as a supplementary power source for now. "We are now discussing with Electricité du Cambodge to have a sub-station inside PPSEZ and to be connected by high voltage," he said.

Last year Phnom Penh SEZ raised \$8.2 million in an initial public offering and was listed on the Cambodian Stock Exchange in May 2016, becoming the first private Cambodian company to do so. "This meant a lot for the manufacturing industry," Uematsu said. "We can now accelerate our plan to develop another SEZ in Poipet [on the border with Thailand] so that we can attract even more manufacturers to Cambodia." The company plans to invest \$8.5 million into this new 53-hectare industrial park.



PHNOM PENH SEZ CEO, HIROSHI UEMATSU

While Cambodia's garment factory reputation has sometimes been sullied by reports of poor conditions, ongoing wage negotiations and a 2014 strike, Uematsu emphasised that this had not significantly affected Phnom Penh SEZ. "We closely coordinated with our investors, the Ministry of Labour and other relevant government authorities for demonstrators not to damage factories inside Phnom Penh SEZ," he said. In the wake of such turmoil, the industrial park offered factory tours for prospective workers to quell any nerves or hesitation. "We do these kinds of initiatives constantly," said Uematsu. "We provide decent work conditions because we only invite legitimate investors who are willing to train Cambodia's workers to a higher skill level."

PLANNING AHEAD

Through targeted education and digital outreach, Prudential Cambodia is showing a new generation of Cambodians the difference that life insurance can make to their lives



Already well established in other countries across Southeast Asia and in the West, life insurance offers families safety, support and security in the event of the unthinkable. And Prudential Cambodia has proved itself to be a crucial player in the rapid rise of the Kingdom's growing life insurance industry.

For many Cambodians, life insurance has been seen as an unfamiliar concept – as could be expected in a country where the industry is barely four years old. Cambodia has the youngest population in Southeast Asia and long-term financial planning and risk management have yet to fully catch on among much of the younger generation. For elder members of society, the decades they have spent without even the option of life insurance have convinced some that they simply do not need it.

But without the safety net that life insurance can provide, it is a gamble that can have negative results for Cambodia's working families. Faced with death or permanent disability, many are forced to borrow money from their friends or neighbours – or even sell valuable property and land titles to cover costs.

For Prudential Cambodia, educating ordinary Cambodians as to the benefits of affordable life insurance remains the utmost priority. Last year, Prudential Cambodia launched its Think Life Insurance campaign, which reached out to Cambodians who were still unfamiliar with the benefits of life insurance. As well as providing in-depth guidance in choosing the life insurance policy that best matches each individual's needs, the campaign featured a range of personal testimonies that demonstrated the difference that life insurance has made to the lives of families across the country.

Prudential Cambodia offers its customers simple, affordable life insurance plans tailor-made to bring peace of mind to individuals of all backgrounds. For a new generation of Cambodians looking to live their lives without having to worry about the loved ones they will leave behind, Prudential Cambodia promises unparalleled peace of mind. ●



**ការធានារ៉ាប់រងអាយុជីវិត
គឺការធានារ៉ាប់រងក្តីស្រឡាញ់**

ថែរក្សាទំនាក់ទំនងដ៏មានតម្លៃរបស់អ្នក

PRUDENTIAL

ព្រូដិនសល ធានារ៉ាប់រងអាយុជីវិត



PRUDENTIAL CAMBODIA AIMS TO PROVIDE A FINANCIAL SAFETY NET TO CAMBODIAN FAMILIES

MAKING A BIG CONNECTION

In its latest ambitious project, Cambodian telecoms giant Cellcard has teamed up with Nokia to offer its customers the fastest 4G mobile service in the country



CEO OF CELLCARD, IAN WATSON



An ambitious new venture with technology giant Nokia will see Cellcard become the biggest and fastest 4G network in the country, according to the Cambodian telco company. Recognising the need for the whole population to have mobile connectivity if the country is to reach its economic potential, Cellcard has invested in infrastructure to help boost connectivity nationwide. Cellcard CEO Ian Watson said the launch broke new ground by providing customers with superior connectivity, speed and coverage. "We have spent the past year building our network to become the biggest and fastest in the country with more than 2,750 towers across Cambodia," he said. "Osja X-change goes hand-in-hand with Super 4G giving customers immediate access to the new network for the best voice and data experience possible." Thanks to Nokia's Global Services and Single RAN technology, Cellcard will be able to host simultaneous 2G/3G/4G operations on a single platform, helping the operator enhance its coverage and mobile broadband service quality.

In addition to announcing its exciting project with Nokia, Cellcard launched the Osja X-change, which it describes as Cambodia's best-value telecom offer. Available to any pre-paid Cellcard customer that dials #168#100#, the offer – valid for 14 days – allows customers to exchange \$1 for \$100 worth of voice and data and an additional bonus of 30 minutes of voice calls every day. The \$1 is deducted automatically from the customer's balance and customers can opt out at any time. By setting up 1,500 new Super Fast 4G data sites in the Kingdom, the partnership hopes to both improve Cellcard's user experience and expand its network coverage, according to Harald Preiss, head of Asia-North at Nokia. "This is our first 4G LTE deployment in Cambodia, and it will enable Cellcard to provide the best mobile broadband service for an improved customer experience, expand the network into rural areas and provide more and more Cambodians with mobile broadband connectivity," he said. The announcement of Cellcard's collaboration with Nokia and the launch of Osja X-change coincides with Cellcard's 20th anniversary of operations in the Kingdom. ●



REACH FOR THE SKY

As investment in Cambodia's building sector continues at breakneck speeds and towering new condominiums sprout around its capital city, will developers be ready for the new challenges this will bring?

Words by: **Sam Bradpiece**

While it may not have yet reached the dizzying heights of Bangkok's condo-covered horizon or boast the shimmering skyscrapers of Singapore, Phnom Penh's blossoming skyline – peppered with huge towers-to-be that are mostly still swaddled in green safety nets – has changed so dramatically in recent years that construction is now considered one of the most flourishing aspects of the Cambodian economy.

In a recent interview with *Focus Cambodia*, Miguel Eduardo Sanchez Martin, a senior World Bank economist for Cambodia, highlighted the significance of this sector to the country's economy. "The construction sector is one of the main engines of growth for Cambodia," he said. "When considering construction and real estate together, they contributed an estimate of two percentage points of GDP in 2015 to the 7% growth."

Data from the Ministry of Land Management, Urban Planning and Construction shows that investment approvals increased from \$2.5 billion in 2014 to \$3.3 billion in 2015, before reaching a staggering \$7.1 billion last year.

In 2015, property consultancy firm Knight Frank found that Cambodia had the largest growth land set aside for residential and commercial purposes out of all Asean nations during the first six months of the year. This rendered the country, and Phnom Penh in particular, a peculiarity in a region where such growth has generally slowed.

For Sanchez Martin, the reasons behind the explosive growth of the construction sector are multifaceted.

"Investment into construction in Cambodia has been mainly fuelled by large foreign direct investment inflows, especially from China and South Korea," he said.

"In a context of political stability, openness to capital flows, and as the US dollar appreciates vis-à-vis the Renminbi [the official name of the currency introduced by the Communist People's Republic of China at the time of its foundation in 1949] and other currencies, Cambodia is becoming an increasingly attractive destination for foreign investors, especially in non-tradable sectors," he added.

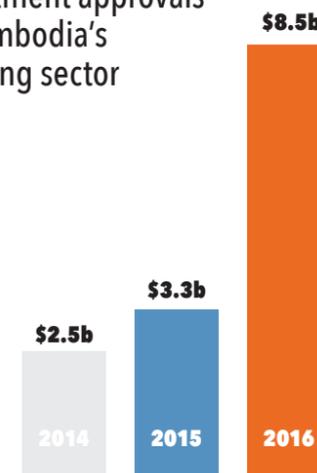
According to Jerome Luciani, the chief business development officer of LBL International, one of the largest and oldest luxury construction companies operating in Cambodia, his firm has seen firsthand the "real benefits of this boom".

"The [gains] of this boom are not measured by the amount of projects we have but by their size and the prestige. Today, clients have more expectations in terms of quality and specifications," he said.

Yet Luciani also admitted he did not expect the boom in Phnom Penh to last forever, adding that developers should be looking toward Cambodia's southern coastline – the port city of Sihanoukville and nearby islands – which he predicted would "bring sustainability to [Cambodia's] growth".

Sanchez Martin also remains cautiously confident that steady growth of Cambodia's construction industry will continue. "While a decline in prices could be experienced at some point in a context of growing supply, it seems unlikely that there [will be] a sharp deceleration in the sector – unless FDI [foreign direct investment] dries up due to major shifts in China or Korea, which seems improbable at the moment," he said. ●

Investment approvals in Cambodia's building sector



CAPITAL BOOST

What does the National Bank of Canada's recent \$148 million injection of capital into Cambodia's ABA Bank tell us about the strength of the country's banking sector?

Words by: **Sam Bradpiece**

Speaking to *Focus Cambodia*, Louis Vachon, the CEO and president of the National Bank of Canada, discussed his institution's recent deal with ABA Bank and the finance sector in Cambodia.

Why did you decide to increase your equity in ABA Bank?

National Bank has been a shareholder of ABA for a few years now. The investment process has been gradual: we acquired a 10% stake in 2014, followed by further investments that brought our share to 42% in 2015, and 90% in 2016. From the start, we felt that this well-established, well-managed institution would be a partner of choice. And the first years of our partnership have proven us right, with ABA Bank's management team putting in a lot of great



LOUIS VACHON, CEO AND PRESIDENT OF THE NATIONAL BANK OF CANADA

work. National Bank of Canada and ABA Bank have a shared focus on local development and digital banking solutions – and a commitment to offering the best possible quality of service.

What makes Cambodia an interesting place to be involved in banking?

Cambodia is known for its economic opportunities. Thanks to the country's young population, the use of financial services is on the rise. Cambodia's entrepreneurial culture and dynamic business

network make it a natural fit for us. Our activities in Cambodia reflect a well-planned international expansion strategy focused on emerging markets, as we face an increasingly mature domestic market. Our approach is based on strict selection criteria and a long-term growth perspective.

What are the biggest challenges of operating in the banking sector in Cambodia?

Cambodia is a fast-growing, constantly changing market. To succeed, we need to focus on agility and continuous innovation.

Are you optimistic about the future of ABA Bank?

Absolutely. ABA has been growing steadily over the past few years. This year, as it celebrates its 20th anniversary, ABA has received a number of awards including Bank of the Year 2016 from *The Banker* magazine. Thanks to a talented team, a good business strategy and a strong branch network, ABA Bank is well positioned to continue its growth. National Bank of Canada is proud to be part of its development. ●

ABA BANK MILESTONES

2007	2008	2009	2010	2011	2013-14	2015	2016
Services are expanded to SME and retail banking sectors. The first 'provincial branch' opens in Siem Reap and correspondent ties with HSBC are made	The bank launches Cambodia's most advanced financial service, internet banking service iBank. An agreement with MasterCard sees ATM and POS terminals rolled out across the country	The bank adds a MoneyGram payment system and small business loan facilities to its portfolio. Singapore's DBS Bank starts correspondent relations with ABA Bank	ABA wins the prestigious Golden Award in the HSBC Global Payments and Cash Management category for its excellence in international payment and cash management services	ATM presence expands by 30%, bringing the total number of ATMs to 41. ABA tailors a micro-business programme offering better terms and conditions compared to MFI and other banks	ABA becomes the first Cambodian bank to launch the 3D-SECURE service for its Visa and MasterCard holders, making online banking safer. National Bank of Canada becomes a 10% shareholder in ABA Bank in July 2014	National Bank of Canada increases its share in ABA up to 42%. ABA successfully launches ABA Mobile, the first full-scale mobile banking app in Cambodia	National Bank of Canada increases its share in ABA to 90%. ABA Bank becomes Bank of the Year 2016. Advanced cash deposit machines are installed within self-banking outlets



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BETTER FACTORIES

According to the forward-thinking founder of an unconventional Cambodian textile factory, the only way forward for the country's garment sector is good wages, worker empowerment, access to childcare and a focus on sustainability

Words by: **Claire Knox**

When most people envisage an Asian garment factory, words like 'sweatshop' probably spring to mind: frighteningly low wages; poor, exploitative workplace conditions; production lines in stiflingly hot, cramped rooms cheaply churning out product after product, hour after hour. Many would recall the heart-breaking news headlines that brought the true cost of our clothes into uncomfortable focus: the 2013 collapse of the eight-storey garment factory complex Rana Plaza in Bangladesh, which killed 1,129 people. That came just a year after a fire razed a Dhaka fashion factory, killing 117. In Cambodia, accounts of mass faintings inside factories frequently made the news, while a shoe factory that collapsed in 2013 killed two workers. In 2014, a garment workers' strike for higher wages turned deadly when police fired into a group of protesters, killing at least four people.

Then there is Pactics, an innovative Siem Reap-based textile company producing high-grade microfibre accessories for luxe brands such as Tiffany, Ray-Ban, Oakley

and Burberry. Located on a leafy wedge of land on the outskirts of Cambodia's most famous tourist town, the environmentally friendly, socially responsible factory employs 350 people who mostly make microfibre cloths and cases for designer sunglasses – predominantly for Italy's Luxottica Group, the biggest eyewear company in the world. In total, Pactics produces approximately 50 million products each year.

Fanning out around a shady, lotus-covered pond, Pactics' four buildings were designed by the acclaimed Stuart Cochlin Architects and are laid out around a number of cool, breezy courtyards that encourage ventilation. It's remarkable to see just what innovative design can achieve: at peak production times, in the middle of the muggy Cambodian hot season, the factory floor is cool and comfortable. Huge skylights and windows allow for daylight "harvesting", while air vents increase the airflow even more. Solar panels power LED lights that come on at night, while rainwater is collected to flush toilets. "The temperature at Pactics is a good



**STAFF MAKE OR
BREAK YOUR
PRODUCT... WHEN
YOU SEE THEM AS
DISPOSABLE,
YOU WILL
ULTIMATELY FAIL"**



PIET HOLTEN, THE FOUNDER
AND PRESIDENT OF PACTICS



3 to 5 degrees lower than it is outside,” said Pactics’ founder and president Piet Holten, a Dutch businessman who had originally set up the company in Shanghai in 2004 but shifted focus to Cambodia in 2010, building the “green” Siem Reap factory in 2012 after receiving a Dutch government investment grant of \$750,000. “We could never have built this kind of sustainable structure in China, [because] the weather varies between -5 degrees in winter and 35 degrees in summer, so you need to invest in costly heating and air-conditioning,” he said.

Holten first travelled to Cambodia in 2010, on a backpacking trip with his son, and said he was immediately enchanted with the “good vibe” and friendly people of Siem Reap. With Pactics’ Shanghai setup already feeling the effects of China’s increasingly expensive garment industry costs, he travelled to Phnom Penh to research whether setting up in Cambodia would be viable. He soon discovered Phnom Penh’s industry was much like China’s, in that large numbers of young women were migrating from far-flung rural areas and other towns such as Siem Reap to a “strange and unknown city”.

“I didn’t think this model was ideal, and thought – why not bring the factory to the people? When you pull a girl out of their social structure they end up sending half their money back to their families... at least if they are living with their families still they benefit from their own income.”

The Pactics factory wasn’t cheap to build, but in Holten’s opinion it has already paid itself off. “When you view everything as a cost, then you won’t bother with [sustainable] practices. Our buildings are definitely more expensive than other factories in Cambodia – the type I’m talking about are without windows... what I would call an ‘oven’. You could build those for about \$150 per square metre while ours cost \$250 per square metre. But the benefits are enormous. It’s suddenly a pleasant work environment, which gives you less staff turnover and increases productivity. So you soon make back that cost,” he said. “Our sick leave rate is less than 1% and we have productivity equal to or better than China, while a lot of other factories have productivity that’s 50% of China’s. It’s not just a CSR initiative – it is an excellent financial investment.”

Pactics used guidelines set up by Better Factories, a monitoring programme of the International Labour Organisation. The factory is SA 8000 and ISO 9000 certified – the highest standards in social compliance – which is uncommon for a company in Cambodia. Employees must be 18 years of age to work at Pactics, although the legal age in Cambodia is 15. “Staff make or break your product,” Holten said, “when you see them as disposable, you will ultimately fail.” He therefore introduced a productivity-based piece-rate system that encourages workers to earn above

motorbike helmets for all staff. Employees go through a rigorous week-long training programme, learning about safety, labour rights, sexual harassment and hygiene,” he said. “Everyone says we are so exceptional, but all we’re doing is following what the law demands. For instance, the law states you must have childcare if you have more than 100 staff, but this isn’t enforced. We are not exceptional – everyone else is simply below standard if they don’t follow the law.”

Holten agrees the garment industry needs to make changes, but he doesn’t believe that the entire onus is on the factories: “One of the biggest forces that can make a change is the consumer. We all still buy clothes for \$5 and when we think that is normal we have a big problem,” he said. He believes the Western world has become accustomed to a bubble of ‘fast fashion’ and that it was also the brands’ responsibility to place more value on clothes. “The waste from the industry is very alarming,” he said.

Pactics is now looking towards expanding their philosophy to Phnom Penh, with a new Raytecs division factory opening up another pilot factory that specialises in customised, high-performance polyester sportswear. Boasting cutting-edge technology and printing equipment as well as skilled graphic designers, the aim is to have smaller factories partner with them for printing and design. “Our goal is to help more manufacturers in Cambodia. We have the right recipe,” Holten said.

Holten is keen to stress the distinction between socially conscious enterprises such as Pactics and NGOs. “Profits are the bottom line. We are here to make money. This is a business,” he said. After Rwanda, Cambodia has the highest number of NGOs per capita in the world with foreign aid groups injecting \$1 billion into the economy each year.

“Many NGOs try to help Cambodia and do terrific work and I do have great respect for these people, but most of these projects are not sustainable because they fully depend on donations, and when those dry up the projects fall over,” he said. “Our workers are competing in a world market, making high-class products for high-end brands and are proving they can do that. But we’re still showing that we can do things to improve people’s lives.” ●

“
**OUR SICK LEAVE
 RATE IS LESS THAN
 1% AND WE HAVE
 PRODUCTIVITY
 EQUAL TO OR
 BETTER THAN
 CHINA, WHILE
 OTHER FACTORIES
 HAVE
 PRODUCTIVITY
 THAT’S 50% OF
 CHINA’S**”

the guaranteed minimum wage of \$135 per month. Staff receive 44 days of paid holiday a year and are also supported in further study and training workshops – two of Pactics’ factory workers are currently studying engineering at university, funded by the company.

Childcare is another big focus for the company. “Eighty per cent of our employees are female so we opened our onsite crèche to allow women to breastfeed. We have free daycare for all employees’ children between three months of age up until 12-15 months, and after that we subsidise \$15 a month for all employees’ childcare. There’s also a first aid room staffed by a nurse, a subsidised canteen and Pactics pays half of the cost for

GOING AGAINST THE GRAIN

As Cambodia's major rice producers face difficult times, the private sector is stepping in to ensure the country's 'lifeline' industry remains one of the world's biggest

Words by: **Sam Bradpiece**

In the Khmer language, the verb 'to eat' is pronounced 'nyam bai' – a phrase that literally translates to 'eat rice'. When feeling hungry, the phrase 'klean bai', or 'hungry for rice' is often employed. So central is rice to Cambodian culture – both presently and historically – that, linguistically, it is assumed every meal will be composed of the grain.

It is estimated that rice farming began in Cambodia around 2000-5000 BC, and there is plenty of evidence to suggest that rice provided the backbone to the mighty Angkorian civilisation, famous for its majestic stone structures and monuments that are now Cambodia's biggest tourist attraction. Following a visit to Angkor in the 13th century, Chiv Ta Guan, a Chinese diplomat, noted the endless green rice fields he discovered throughout his travels in the Kingdom. Other manuscripts describe relatively advanced agricultural practices employed by the Khmer Empire, including the development of complex irrigation systems.

More recently, the brutal, ultra-Maoist Khmer Rouge regime of the 1970s destroyed what was, in the early 20th century, a thriving agriculture industry. Facing starvation, many farmers were forced to eat their rice seed, leading to near-extinction of many traditional rice varieties. It was not until the 1990s that Cambodia was able to move beyond aid dependency and subsistence farming and began to grow its rice industry again.

Much has changed in the past 20 years, but rice remains a vital part of Cambodia's economy, society and culture. A 2015 report by the World Bank found that nearly half of the country's population works in agriculture and, moreover, that 71% of Cambodians are dependent on the sector. More than 84% of agricultural land space, concentrated in six key provinces, is used for rice cultivation. Approximately one-third of the crop is the valuable and fragrant Jasmine rice.

The World Bank report, titled *Cambodian Agriculture in Transition: Opportunities*

and Risks, found that positive developments in agriculture lifted four million people out of poverty in the preceding decade and that the sector had been growing at a healthy rate. Between 2004 and 2012, agricultural growth averaged 5.3%, one of the highest rates in the world. However, this growth was mostly driven by an expansion of cultivated landmass – a factor that cannot be counted on in the future.

Following the recent development of milling in the country, Cambodia became an important player in the global rice production industry, exporting 538,396 tonnes in 2015. And yet despite being among the top ten exporters of the world's most important food staple – rice accounts for around 20% of the world's calorie intake – Cambodia's agricultural sector could certainly be performing better.

Plummeting food prices, poor irrigation, drought and a lack of access to loans have plunged the Kingdom's rice industry into crisis during the past two years.

A report released by the Secretariat of One Window Service for Rice Export, found that Cambodia exported a total of 268,190 tonnes during the first six months of 2016, 5.8% less than it exported during the same period the year before.

At the moment, productivity in Cambodia is also weak. In 2014, the average paddy yield per hectare was 3.3 tonnes – a figure lower than neighbouring countries such as Thailand (3.5 tonnes) and the socialist states of Vietnam (6.2 tonnes) and Laos (4.1 tonnes).

Cash flow problems for Cambodian millers got so bad that in September 2016 the Prime Minister announced that he would make more than \$20 million in funds available to

shown that we can develop Cambodian agriculture successfully – especially in the rice industry."

Cambodia still has the capacity to produce an enormous quantity of rice each year but, until recently, instead of processing this rice in Cambodia, a large portion has been transported to neighbouring countries to be milled and sold at an elevated price. As rice millers and exporters, Golden Rice and its peers play an important role in increasing the value of the product. "Overall, it is important to look at the value chain. Farmers rely on rice millers to increase the value of their product, whether for the local market or the export market," said Sok.

Andy Lay, the managing director of another

Experts and industry leaders have agreed that all is not lost in Cambodia's rice sector. Classified as one of the world's least-developed countries by the UN, Cambodia has been able to exploit the EU's Everything But Arms trade deal and is now a major supplier of rice to a market of over 500 million consumers. Furthermore, thanks to favourable trade agreements with China – bolstered by the visit of China's President Xi Jinping to Phnom Penh in October 2016 – Cambodian exporters also enjoy preferential access to the world's most populous state.

According to Lay, there is still "potential for growth" in Cambodia's rice production industry, partly because milling and

"OVERALL IT IS IMPORTANT TO LOOK AT THE VALUE CHAIN. FARMERS RELY ON RICE MILLERS TO INCREASE THE VALUE OF THEIR PRODUCT, WHETHER FOR THE LOCAL MARKET OR THE EXPORT MARKET"

millers and farmers, in an effort to stabilise the sector. That same month, figures from the Ministry of Economy and Finance showed that the average price of paddy rice fell from \$240 to \$192 per tonne.

Sergiy Zorya, a senior agricultural economist for the World Bank, highlighted the gravity of the problem and urged action. "With global food prices declining and the land frontier diminishing, Cambodia has lost its two main drivers for agricultural growth," he wrote. "The country needs to find new pathways to ensure at least 5% growth over the next 15 years, which is needed to keep farm wages growing and reduce poverty further."

Helping to develop these new pathways is the private sector. David Sok, the vice-president of Golden Rice Cambodia, said: "Companies like Golden Rice Cambodia, but also Amru and City Rice have

of Cambodia's biggest rice manufacturers, Battambang-based City Rice also points to his company's "high quality and standard of rice" as helping to boost the agricultural development of Cambodia. "We work closely with farmers in order for them to understand the demand and requirement that the markets need," he added.

Investment in mills and rice-drying equipment, as well as an injection of research and development by private sector companies, has gone a long way to keeping the sector's neck above water. Amru Rice, Cambodia's biggest rice exporter, has invested millions and reaped the rewards. In 2010, the company exported just two shipping containers of rice to the EU per week. By 2015, over 250 people were employed by the company, while between 1,500 and 2,000 tonnes of rice were exported every week.

processing is "relatively new" to the Kingdom. He also cites the outstanding characteristics of rice varieties in the country as a great selling point.

"Cambodia has won the World Best Rice award from 2012 till 2014, three years in a row now. This is due to a special variety we have called Rumduol," he said, referring to a type also known as Cambodian Jasmine rice. The strain is renowned for its limited need for fertilisers, its natural fragrance, desirable texture and health benefits.

A book published in 2011 by former agriculture minister Chan Sarun claimed that the world's first un-milled rice might have emerged from Cambodia's fertile Tonle Sap region "about three million years ago". With further private sector involvement a safe bet in the future, there is more than a grain of hope that the crop will stay here for three million more. ●

71%

of Cambodians are dependent on the rice sector

84%

of agricultural land space is used for rice cultivation

538,396

tonnes of rice exported from Cambodia in 2015

20%

of the world's calorie intake is provided by rice



FOOD FOR THOUGHT

Luu Meng, the head chef of dedicated Cambodian restaurant Malis and high-end French establishment Topaz, met his long-time business partner Arnaud Darc when the French entrepreneur and CEO of Thalias hospitality group was just an intern at the Cambodiana hotel. *Focus Cambodia* enjoyed lunch at Malis in Phnom Penh with these two titans of Cambodia's culinary craft to talk about the Kingdom's restaurant renaissance

Interview by: **Paul Millar**
Photography by: **Sam Jam**

What kind of role does cuisine play in preserving Cambodian culture?

Luu Meng: Well, I think it has a big role to keep the food culture, especially the Cambodian food culture [alive]. We've had more than ten years now since Malis restaurant opened, and before that I was doing some research to keep that identity. It's a big role, not only for our restaurant, but also the people in Cambodia – they start to appreciate Cambodian cuisine, and also to recall their memory, their experience. I'm talking about Cambodians, but also the visitors – it has a big impact for them, and they have a different image of Cambodia. With food, people go very deep inside their experience when they are travelling.

Arnaud Darc: I would say that food – in my country, in France, or in any country – is a big part of any culture the same way that music is, or art is. It's part of what creates an identity. We all relate to our country because we are missing the food – it's the same everywhere, and I

don't think Cambodia escapes that rule. Before Malis, which was the first 100% dedicated Cambodian cuisine restaurant when we opened it ten years ago, you didn't have that type of restaurant – you had restaurants that featured Asian food, there was Cambodian, Vietnamese, Thai and Chinese all together. When you look at the shape of the food industry, you're following the evolution of Cambodian culture. And today Cambodian culture has integrated other cultures and made them their own. Cambodian food is just that – it's a big melting pot of other cuisine.

In the past 15 years, how has the restaurant and fine-dining scene changed in Cambodia?

AD: Since we started, a lot of Cambodian restaurants have opened. I think everybody now is adding their stones to the building of Cambodia's reputation within the country – and also abroad. There is a lot of improvement – not just on what you can see as a consumer, but also in the back, where there are more and more young Cambodians who are learning how to cook, who learn the basics in terms of food preparation and storage, food management – the progress has been incredible.

So it's become much more of an industry now – people can say: 'I want to be a part of this, I want a job cooking Khmer food?'

AD: Yes – you can have a career in the food and beverage industry of Cambodia, in the restaurant industry. And on the top of the local entrepreneurs you have people bringing brands and franchises, so you also have to bring training, education to the Cambodians and then, after, entrepreneur opportunities, so some of them work with big brands, they start to understand what they learn and replicate it.

With so many international brands coming in, does it make it harder for Cambodian businesses to succeed?

LM: There are two ways you can look at that. The international brands coming in, they have all the advantages of knowledge they already have. But on the other hand, the international brands coming in, they also don't have the local culture.

AD: You look at Brown Coffee, they're very successful – you don't know if you're in Cambodia, you could be anywhere. They're



THE BANG KANG RIVER LOBSTER IS ONE OF MANY LOCAL SPECIALTIES AT MALIS



MALIS SERVES A CLASSIC FISH AMOK, CAMBODIA'S MOST REVERED DISH

international. They're foreign-educated, but it's all local, they brew the coffee themselves. So I think any franchises who are coming in also bring that knowledge of how to set up the system, and that's good for Cambodians to learn. The hardest part for us is to train. The education part of our industry is very weak still, and Luu Meng and myself work very hard to try and find a solution to that problem.

What are some other challenges of working in Cambodia specifically?

AD: The most difficult thing in our industry is human resources – that's number one. You want to open a restaurant, it's not the financial part, it's finding those human resources. If we opened maybe ten or 20 years ago a restaurant with people who didn't know how to work, the clients understood. The expectation was not so high, so they understood that a person maybe couldn't take an order properly. But now that it's more developed, so you cannot just open a restaurant like you used to ten years ago, you need to have the basics in place – and that's very hard to put in place if you want to do it well. If you're not a fast food place I mean – if you're a fast

food place you have six products to sell; it's easy to train.

The two of you have been working together for more than a decade now. How has your relationship changed?

AD: When I came to Cambodia I was a student in France. I came for an internship in Accor, in Sofitel Cambodia, for three months. When I met Meng he was a, what, a chef de partie?

LM: A butcher.

AD: He was a butcher. And we had the same nature. My job was inventory. We met while we were taking stock. At some point we talked about how Cambodian cuisine is missing, there's no [such] restaurant, and one day he said: 'I'm ready – let's do it!' And we started to work on Malis. Before we opened it we did six months of research. Meng trained a lot in international hotels, and he had to find the people to bring in the knowledge. And we're still learning. Every week Meng goes to the market, travels, meets people in the remote areas where they teach him how to do this and that and he gets back to the kitchen and ah, he has an idea and pop! We never stop. Because he's very curious, and our passion makes us very close – that passion for food. ●

STANDING THEIR GROUND

As Cambodia's coffee revolution draws the industry's most experienced international brands to the Kingdom, home-grown success story Brown Coffee continues to brew a Melbourne-style coffee culture with Cambodia's own rich flavours

Words by: **Claire Knox**

An oasis of air-conditioned sophistication in the hubbub of Phnom Penh, home-grown Brown Coffee's appeal has not gone unnoticed by a new generation of Cambodians craving the comforts of a Western-style coffee chain. In the twin stores mirrored across Street 51 in the city's centre, members of the Kingdom's young middle class sit in rapt conversation, iPhones stacked carelessly on the tabletop before them, cappuccinos cooling at their elbows.

Speaking to *Focus Cambodia*, creative manager Ngy Lay said that Brown Coffee's customer base had shifted drastically from the gaggles of expats that had flocked through its doors in its earliest days in 2009.



CHANG BUNLEANG, ONE OF THE FIVE FOUNDERS OF BROWN COFFEE

"Before our shops opened, people saw coffee shops as a place to hang out and use the internet," he said. "Now, people come here for a whole new experience. They come for a good cup of coffee and to have a sense of community. We see a remarkable growing number of younger local consumers. We believe this particular segment will continue to grow."

Since its first store opened on Street 214 in 2009, Brown's caffeinated crusade has seen it open 14 outlets across Phnom Penh and, just last year, Siem Reap. In that short time, Cambodia's coffee scene has witnessed an influx of international brands such as the UK's Costa and US giant Starbucks into a market now primed for high-quality coffee, bringing with them a daunting wealth of experience and resources. But Chang Bunleang, one of the five young founders of the home-grown franchise, said that Brown Coffee's youth and flexibility gave it an advantage over more established international brands.

"Costa moves from one store to another with the same ambience and design, whereas we have different designs in each store," he told *Southeast Asia Globe* in 2013. "Because we are a small business, it's easy for us to play around with the concepts we introduce."

For Lay, this freedom allows Brown's outlets to blend international style with unique traces of Cambodia's own rich heritage.

"In terms of product offering, we try to include local ingredients [such as palm

“**NOW, PEOPLE COME HERE FOR A WHOLE NEW EXPERIENCE. THEY COME FOR A GOOD CUP OF COFFEE AND TO HAVE A SENSE OF COMMUNITY. WE SEE A REMARKABLE GROWING NUMBER OF YOUNGER LOCAL CONSUMERS”**

sugar and Kampot pepper] as much as we can," he said. "In terms of store design, we always and will always continue to incorporate our Khmer touch whenever we can."

Although Cambodia's love affair with coffee dates back to the Kingdom's years as a French protectorate, its signature version – blindingly strong iced coffee laced with condensed milk – has slowly ceded sovereignty to a range of Western espresso-style and filter-brewed coffees as a more diverse approach to the daily pick-me-up

takes hold. According to Bunleang, it is a shift that would have been hard to imagine without Brown Coffee.

"Not many knew what a cappuccino was, what a latte was," he said. "They only knew iced coffee with sweet milk."

With a young population and an increasingly prosperous middle class, Cambodia has been quick to embrace the international obsession with all things caffeinated that has seen cities from Melbourne to Seattle become icons of coffee culture.

"We were the first coffee shop to introduce true Italian-style coffee to consumers," Lay said. "We are glad that we were able to educate more and more people about coffee-drinking culture."

With the opening last year of its first outlet in the tourist-heavy city of Siem Reap, Brown Coffee shows little sign of slowing down despite the growing presence of international competitors in the Kingdom. For Lay, Brown's success story has not just been a chance to share the founders' passion for coffee with their homeland, but to forge a brand identity that will keep Cambodians coming back for their next coffee hit.

"Over the years, we have learned to be more open and challenge each other's ideas and leadership styles," he said. "We have learned that no matter what challenge we face along the way, we must keep our values and mission in mind and that our employees and customers must always be our priority." ●





PIERRE TAMI, FOUNDER OF THE ACADEMY OF CULINARY ARTS CAMBODIA (RIGHT), WITH MARKUS KALBERER, THE COOKING SCHOOL'S DEAN

ART ON A PLATE

Focus Cambodia heads inside the kitchen of Phnom Penh's brand new culinary arts academy – the first of its kind in Cambodia – where the team has grand visions of taking the country's blossoming food and beverage scene to the next level

Words by: **Claire Knox**
Photography by: **Jeremy Meek**

Social entrepreneur Pierre Tami is feeling pretty chuffed about his “new baby”. His voice takes on the animated, proud tone of a first-time father when we speak just weeks after the December opening of Phnom Penh's Academy of Culinary Arts Cambodia (ACAC), a hospitality training centre that offers its students internationally recognised higher diplomas, certificates and associate degrees in culinary arts.

“It's been a long and difficult pregnancy,” he jokes, explaining that the seed of the

idea for ACAC was first planted 20 years ago. “I'm always excited about these opportunities. The major priority in this country is human resources. There's a huge growth in the economy and a demand for services, so the demand is growing for highly skilled, educated workers. And it's not just F&B, but in every sector. The most important projects we should be investing in right now are educational ones, because if you don't have skilled-up staff it becomes an issue for the country's competitiveness and its economic growth.

“There are quite a few NGOs doing some training, but to be honest they're very limited in terms of length and quality. As the tourism pillar of the economy grows, we saw the need for a professional hospitality school,” he said.

Open to anyone who has completed high school, the academy provides instruction in both Khmer and English and hopes to shape students into skilled and professional hospitality workers through exposing them to a wide range of international courses – both theory and practical – as well as on-the-job training via regular internships in some of Phnom Penh's most highly regarded hotel and restaurant kitchens. By the end of the school's most thorough course, the two-year diploma in culinary arts accredited by the Swiss Hotel Management Academy Lucerne, students will have covered the gamut of what goes into cooking top-notch international cuisine in a successful, professional kitchen. As the country's first Public-Private Partnership (PPP), nine key stakeholders from different government ministries and the private sector have helped fund and develop the school, which was another reason the “pregnancy” took so long.

The first intake of students will be whipping up béarnaise sauces, crème brûlées and creamy Italian risottos when

classes start in March. A full degree costs \$3,000 for locals and just over \$6,500 for foreign students. ACAC also offers shorter certificate courses, which means that people already working in the industry can study after hours and continue working in their full-time jobs. While a modest 40 positions are open, there are grand plans to scale up enrolments to 200 each year.

Tami, an IBC board member, has a long history in Cambodia, founding highly regarded organisations such as Hagar Cambodia in the fraught and often violent 1990s. Hagar offers rehabilitation programmes and commercial training and employment for victims of abuse and trafficking. Shift360, another of Tami's enterprises, is a regional facilitator of market-based solutions to help fight poverty, foster fair and sustainable employment and improve access to services that are critical to economic growth.

But Tami has always been a foodie at heart. He was most passionate, he says, about Hagar's catering arm, and bought into a string of F&B businesses around Phnom Penh such as Italian eatery Terrazza.

He describes the state-of-the-art facilities imported by ACAC, reeling off top-notch features breathlessly: “Six containers full of the latest appliances and equipment! Combi ovens, combi steamers, dedicated pastry kitchens, cold kitchens, a barista bar... all from Switzerland and everything a young chef would dream of in a modern kitchen. But the most important feature is our software – the certification.”

There's also a theatre with 80 seats for classes and to help drive business in Cambodia – Tami plans for it to be used by commercial suppliers keen to promote

their products in the Kingdom, whether fish, meat, flour or cream. “We can also have celebrity chefs that may want to demonstrate Cambodian cuisine, so we see the academy as really flying the flag for the quality of this country's food. We could even hold workshops for the public, or other businesses, to promote good eating habits, nutrition, hygiene and healthy food. There's so much fast food coming into this country, we need to be promoting nutrition and good habits. Now that excites me,” he says.

Tami praises the work of Markus Kalberer, the school's dean. “Part of the education at ACAC is character building, building attitudes. You can teach a kid to cut an onion in one week, but all of the ingredients that go into a successful kitchen – teamwork, plating up, presentation, patience, friendliness – that's what Marcus is passionate about. He's worked in Swiss academies and in Jordan, setting up culinary and hotel management schools from scratch there. Simply being a good chef doesn't make you a good teacher, but running a large institution is a huge skill to have – it's very, very difficult. We're very lucky to have him.”

So how did Tami convince Kalberer to move to Phnom Penh? “You know, he was excited to start something from scratch; to be a pioneer.”

And that opportunity to grow something from the beginning is exactly what has kept entrepreneur Tami in the Kingdom for so many years. “It's one of the most exciting things about doing business in Cambodia, that's why I still get a kick out of it. Cambodia draws some very creative people because of this. You need to be tenacious, but the fact you can create something out of nothing is very rewarding.” ●



THE ACADEMY BOASTS STATE-OF-THE-ART FACILITIES



THE BUSINESS OF LIFE

Focus Cambodia speaks to **Robert Elliott**, the CEO and general manager of the Kingdom's first wholly foreign-owned life insurance company, Manulife Cambodia. Elliott joined Manulife in 1980, working in Hong Kong and Singapore before moving to Cambodia to kickstart the company's local operation in 2012, a time when the life insurance industry was non-existent. Since then, the company has doubled its growth each year and insured roughly 30,000 people for a total sum assured of \$600 million

Interview by: **Logan Connor**

→ What was the life insurance industry like when you first arrived in Cambodia in 2012?

It was very interesting coming to a country where they had never had life insurance. That created some interesting challenges. Everything in my career [that] I had taken for granted was not going to be the same in Cambodia.

We originally started off getting people to think long term. The emerging middle class of Cambodia means people have started to think about protecting their financial future, for example saving for their children's education and full costs of sending them to university. It was important to be able to develop products that help answer those questions. Just as importantly, if something happened to the breadwinner, then what would happen? We developed a policy whereby if the breadwinner passed away, or was unable to work, the family would not be impacted by a major financial burden because Manulife would continue the insurance coverage.

→ Was it difficult to sell the idea of life insurance in Cambodia?

Absolutely. [People thought]: 'I've gotten to where I am today without [life insurance]; why does it suddenly become important to me?' That question is true in most countries. Irrespective of how old the industry is,

a lot of people are buying the product for the first time.

Many people are unaware and have never calculated what their future income would be. If somebody is on \$5,000 a year, it means in ten years they'll earn \$50,000, in 20 years they'll earn \$100,000. Assuming salaries increase at a rate of 7% every year, similar to GDP growth experienced by Cambodia for the past few years, salaries will double every ten years. When somebody starts to add all that up, they can see that their potential income is actually quite high. In the early days, people would think: 'I should only buy this if I might die, and therefore I shouldn't do this, because I'm thinking negatively about what might happen to me.'

Gradually, people have begun to understand the importance of life insurance to protect their long-term income and at the same time plan for their future savings for goals like their children's education and their own retirement.

→ Could you tell me about how financial planning has grown in Cambodia?

What we try to do is help our clients visualise their long-term future. What are their main goals and aspirations? How can we better support them in achieving those goals? Many people underestimate their total potential income during their lifetime. Many people think it's a good idea to save money, but

they procrastinate. However, factors like ill health, in the future, can affect people's ability to continue to work. What we try to do is uncover potential risks that somebody may have that would affect their financial health. That conversation is a relatively new one for the vast majority of people [in Cambodia]. The fact that [Manulife has] been doing it for 130 years means that we are well positioned to help people.

We were able to get a lot of very bright Cambodian employees who wanted to learn about life insurance, about long-term financial planning, about health insurance. There were no actuaries here [at the time]. But we were so lucky, because a Cambodian girl had emigrated to the US when she was a teenager, studied actuarial science, and was on vacation in Phnom Penh in 2012 and saw the Manulife sign. She just walked in and said: 'I want to come home. My parents are still here.' And we asked her: 'What qualifications do you have?' and she said: 'I'm an actuary.' She's been working with us for four years.

When you come somewhere like this, where people have never had life insurance – for this generation of Cambodians, I think it's really exciting. I am, obviously, very enthusiastic about it. In my whole career, I don't think I've been involved in anything that has impacted the market we're in as much as this has. ●



EZECOM IS THE CAMBODIAN PARTNER IN A THREE-WAY INITIATIVE THAT WILL REVOLUTIONISE THE KINGDOM'S INTERNET SPEEDS

Cambodia's first underwater internet cable has been laid on the sea floor, three years after the project was announced. We take a look at the \$70 million project and the high-speed internet it promises

Words by: **Claire Knox**

TEN years ago, prices for internet access were mainly based on volume charges. Unlimited downloads at two megabits per second would cost more than \$3,000 per month; now, internet providers such as Ezeecom offer unlimited downloads at seven megabits per second for just \$69 a month.

Much has changed in Cambodian society over the past decade – wage expectations, consumerism, rising education levels and

even the increasingly diverse mix of political views – but perhaps the most salient transformation has come in terms of technology: the access Cambodians now have to affordable internet and cheaper smartphones. In 2010, the internet penetration of Cambodia was just 1.3%; by 2013 it had leapt to 6%. Incredibly, internet penetration soared to 32% in 2015.

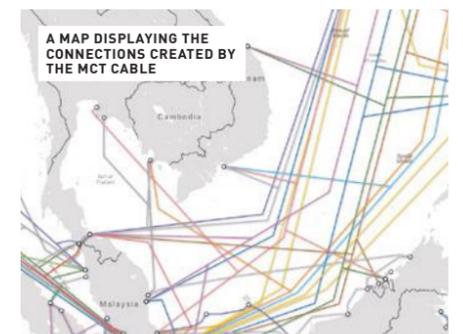
January 2017 saw the unveiling of a cutting-edge 1,300km-long submarine cable laced around Malaysia, Thailand and Cambodia's coastlines, promising even faster and more reliable internet to the three countries. Known as the MCT cable, the project is a partnership between Cambodia's Ezeecom, Malaysia's Telekom Malaysia, and Symphony Communications of Thailand.

Thailand and Malaysia will benefit from increased bandwidth, but it's Cambodia that will really notice the difference, with traffic speeds of up to 100 gigabits per second and an overall capacity of at least 30 terabits per second delivering high-speed internet across the country.

Around the same time, the Kingdom's three biggest mobile operators – Cellcard,

Smart and Metfone – have been racing to be the first to roll out high-speed 4G mobile broadband internet across the entire country. The cable, in addition to enabling the construction of fixed line broadband services, is also expected to boost coverage of 4G connections in parts of Cambodia where they are still limited. Ezeecom have even suggested the MCT connection could eventually be shared with landlocked Laos.

However, while capacity could be up to 30 times greater than current levels, Ezeecom managers contacted by *Focus Cambodia* stressed that Cambodia's biggest telecoms companies will still have to develop the infrastructure to match its internet speeds. ●





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LIVING LARGE

Focus Cambodia rounds up some of the luxury brands diving into the country's consumer market



ROLLS-ROYCE

A household name in much of the world, Rolls-Royce opened its first Cambodian showroom in March 2015. While many have questioned the company's decision to do business in a country with a GDP per capita of \$1,200, the iconic automobile manufacturers believed the country's rapid economic growth demanded the presence of a local dealership so that sales and after-sales could be better managed. The showroom, located on Phnom Penh's Charles de Gaulle Boulevard, stocks the full range of Rolls-Royce motor cars, from the statement Phantom to the elegant Dawn.

PORSCHE

With numerous studies over the years having declared the famed 911 model the world's most reliable sports car, Porsche has been a mainstay of the luxury car industry for decades. It opened its first Cambodian showroom in February 2015 across from Phnom Penh International Airport, and testament to Cambodia's ongoing love affair with the SUV, its best-selling model has been the spacious and versatile Cayenne with a starting price of \$114,000.



MERCEDES-BENZ

One of the first luxury car manufacturers to enter the Kingdom of Wonder, Mercedes-Benz cars can often be seen cruising along the streets of Phnom Penh – a city where big cars are readily interpreted as symbols of power and success. In August 2016, Star Auto Cambodia, the exclusive importer of Mercedes-Benz vehicles from Germany, offered the public a glimpse of its \$10 million, 5,100-square-metre eco-friendly showroom on Samdech Techo Hun Sen Boulevard. According to Khun Chantha, marketing director at Star Auto Cambodia, the showroom will soon be completed and will display more than 12 cars at a time.



SALVATORE FERRAGAMO

Purveyor of exquisite leather goods and high-end accessories, Salvatore Ferragamo took up residence in the Vattanac Capital building in April 2016. The company's origins date back to 1927 and, since then, a commitment to innovation and superior craftsmanship has seen it develop it into one of Italy's premier luxury fashion retailers, which boasts a global network of over 660 mono-brand stores. While the high standards of Salvatore Ferragamo products speak for themselves, the lavish chestnut and walnut interior of the Phnom Penh boutique helps to reinforce the brand's focus on quality and heritage.



HUGO BOSS

Not only has Cambodia's economic boom resulted in a proliferation of luxury car dealerships, it has also led to the expansion of high-end retailing. The internationally renowned menswear giant Hugo Boss opened its first Cambodian boutique in March 2015. Located in the shiny, prestigious Vattanac Capital building,

the store stocks the full Boss menswear and womenswear lines, as well as a selection of its golf-inspired Boss Green range. In keeping with the building's sweeping, modern exterior and the contemporary style espoused by the German retailer, the shop's layout is simple yet sophisticated, featuring contrasting surfaces and high gloss furniture.



MICHAEL KORS

The brand new Phnom Penh Duty Free zone has just opened its doors as the centrepiece of a lavish 4,000-square-metre underground walkway linking the older NagaWorld casino with its new sister

property 'Naga 2'. Inside is a bevy of high-end purveyors of cosmetics, perfume, jewellery, sunglasses, watches, fashion, beverages, tobacco and travel goods. The veritable who's who of high-end brands includes sportswear fashion designer and luxury accessory creator Michael Kors, whose bright, butter-soft leather bags and simple yet beautifully tailored dresses are worn by the likes of Jennifer Lopez and former First Lady Michelle Obama. The boutique-lined casino walkway is owned by China Duty Free Group (CDFG) and is part of an international expansion policy targeting the so-called 'Silk Road Economic Belt' to which CDFG parent, China Travel Group, is committed.



RIMOWA

This German premium luggage brand, around for over a century, breathes all things travel – its CEO and president Dieter Morszeck has even been a licensed pilot for 33 years – and is renowned for its sleek aluminium and polycarbonate suitcases.

One of its bestsellers is the Salsa Air Multi-Wheel cabin trolley, boasting a light-as-a-feather case, combination locks and multi-directional wheels. In the wake of the brand's successful store openings in Singapore and Bangkok, its first Cambodia outlet opened in 2015 in the shiny Vattanac Capital building and more recently at Siem Reap's Angkor Fashion Plaza. ●



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Phnom Penh

From the ornate roofs of the Royal Palace to the glistening steel of the Vattanac Tower, Cambodia's capital is a fascinating blend of traditional and modern. With swanky bars and restaurants fit to grace any capital, this buzzing metropolis is definitely on the up. Whether you're here long-term or short-term, for business or pleasure, check out our guide to the hottest spots in Phnom Penh and beyond



AS its economy has grown steadily over the past two decades, Cambodia has attracted increasing amounts of foreign investment, while local entrepreneurs have seized the opportunity to create business ventures.

Nowhere has the fruits of that economic development been more visible than in Phnom Penh. Much of that is palpable in the sheer number of construction sites that dot the city, as residential and commercial complexes surge up from the streets amid a continuing real estate boom.

However, it is not only the look of the capital – once a placid, low-rise city – that is changing shape.

Phnom Penh's social scene has also been undergoing a transformation in recent years. Once dominated by beer gardens, budget eateries and cloistered hotel bars, there is now a plethora of trendy drinking and dining options for discerning patrons to choose from.

The city's residents and visitors can enjoy everything from hole-in-the-wall bars to vegan-friendly lunch spots that would not be out of place in Melbourne, London or San Francisco – not to mention a wealth of upscale Khmer and international restaurants that cater to a range of tastes.

Accommodation options for business travellers are becoming increasingly varied, with global hotel brands such as Rosewood, Shangri-La and Marriott due to open in the near future. These will join the ranks of the city's existing luxury hotels such as Raffles Hotel Le Royal and Sofitel Phokeethra, proving that the city is once again taking its place among the outstanding capitals of Southeast Asia.

Tourists will quickly discover that there are several sites of interest to take in, such as the Royal Palace and National Museum, with cultural

hubs including Oudong mountain and Phnom Chisor sitting just a day-trip outside the city limits. To gain a greater insight into the country's culture and history, there is also the option to join fascinating excursions from the likes of Khmer Architecture Tours.

Further afield, Cambodia offers endless opportunities for exploration. The azure waters off the southern coast will tempt even the most obstinate landlubbers, with the delights of Kep's historic charm and island-hopping off Sihanoukville also proving major attractions.

The ancient temples of Angkor Wat, with the splendour of the vast complex matched only by the mystery that surrounds it, remain an unmissable sight for visitors. Nearby sits the town of Siem Reap, which acts as a base for exploring the temples and has become a destination in itself with art galleries, quirky cafés and fashionable dining experiences on offer.

And for those setting up a base back in the capital, it is now more straightforward than ever.

Relocation services can help expatriates settle in to Phnom Penh life, which is made easier than many other international hubs thanks to its affordability and the fact that English is widely spoken.

International-standard schools, hospitals and dental clinics have sprung up, allowing families to access a higher level of medical care and education than ever before. Parents can choose the schooling that is right for their children, while it is no longer necessary to go abroad for most medical treatments.

And with every passing year, services are improving markedly. All in all, there has never been a better time to be in Cambodia. ▶



◀ **ELBOW ROOM**

Designed by the people behind Tippling Club, one of Singapore's original and most important gastro-cocktail bars, Elbow Room would not look out of place in any of the world's drinking capitals. The masculine design also manages to throw a dash of boudoir into the mix, but this place is all about the unique creations of head bartender Jen Queen. With an uncanny eye for unusual ingredients, she has fashioned a hip-hop inspired menu that includes such delights as Chilli Paste Yo Face, a mixture of tequila, sherry, chilli tincture, pressed ginger and citrus.

Tel: +855 (0)78 890 617

BASSAC LANE

This hip little warren of bars shows no sign of slowing down, with new projects springing up frequently and a steady slew of satisfied customers. Its concealed location means that Bassac Lane has managed to retain its status as an in-the-know destination, but the word is getting out about spots such as Cicada, which specialises in gin, Meat and Drink, where quality burgers mix with mean Bloody Marys, and Hangar 44, with its unabashed motorbike fetish and hefty cocktails served in steel mugs.

Tel: +855 (0)77 555 447

facebook.com/bassaclanephnompenh

▶ **CHINESE HOUSE**

It is difficult to pin down exactly what the highlight of Chinese House is: the inventive and constantly evolving menu of exciting young South African chef Amy Baard, or the exquisite old Chinese merchant's house, dating to the first few years of the 20th century, that the restaurant is set in? Expect fusion food that draws influences from all four corners of the globe, from okra lamb kofta and Thai fish-cakes to laksa and wagyu beef, as well as creative cocktails and a popular brunch menu at weekends.

Tel: +855 (0)92 553 330
restaurant-phnompenh.com



▶ **BATTBONG**

The speakeasy trend hit Phnom Penh this past year with the opening of BattBong, a funky little spot that's suitably light on windows but heavy on atmosphere. In true speakeasy style, the entrance is tucked down a relatively quiet alleyway and disguised as a Coca-Cola machine, but ease it open and expect a glorious hodgepodge of brushed cement, leather banquettes and bright Cambodian artworks, along with a number of unique drinks such as the house speciality Melrose, a mix of Jim Beam, elderflowers, rose, grapefruit and lime.

Tel: +855 (0)69 291 643



HOPS CRAFT BEER GARDEN

After what seemed like an eternity, Phnom Penh has caught the craft beer bug and is slowly being inundated with quality brews. Hops Craft Beer Garden has established itself as one of the city's best spots for a beer after, reassuringly, enlisting a German brewmaster to create its four house brews plus occasional special guest ales. This giant space also boasts arguably the city's best pool tables.

Tel: +855 (0)23 217 039
hops-brewery.com



▼ **PHNOM CHISOR**

A panorama of emerald-green paddy fields stretches out beneath the peak of Phnom Chisor, located about 60km from Phnom Penh in Takeo province. The hilltop not only provides spectacular views but is also home to an 11th-century temple. Given the lengthy journey, it's best to hire a car to take you to the site in comfort, before hiking up the hundreds of steps that lead to the summit. Brave the heat to be rewarded with a true treasure: a jaw-dropping vista of rural Cambodia.

KHMER ARCHITECTURE TOURS

With gleaming spires, ornate temples and 1960s jewels galore, Cambodia's capital is alive with architectural wonders. Perhaps the best way to get an insight into the city's landmarks is to traverse the streets of Phnom Penh with the knowledgeable folk at Khmer Architecture Tours. The group organises a range of trips, all led by local artists, architects and students, but has a particular focus on post-independence buildings, such as those created by national icon Vann Molyvann.

Tel: +855 (0)17 369 743
ka-tours.org

▲ **ENSO CAFÉ**

Set on leafy Street 240, one of the capital's best roads for languid browsing, Enso Café wasted no time in capturing the hearts of Phnom Penh's brunchers. This large, modern space is splashed with colonial-style tiles and an eclectic collection of reading materials to match its wide-ranging menu. The brunch options are what this place is most famous for, and we would recommend the avocado and feta smash with basil, or the chak chouka, a Tunisian dish of baked eggs with chorizo, peppers, tomatoes and olives.

Tel: +855 (0)78 626 240
enso-cafe.com



Photos: Sam-Jam for Discover Cambodia



Must-see sights



◀ TEMPLE OF HEAVEN

Established as the seat of Cambodia's royalty in 1866, Phnom Penh's Royal Palace is but a baby when compared to the country's many ancient temples. But with pointed spires and crenellated ivory-coloured walls, it's an architectural jewel. Highlights throughout the complex, which is the official residence of the king, include the silver pagoda, which contains countless jewelled treasures, a cast-iron pavilion originally used at the opening of the Suez canal and the throne hall, once the centre of the royal court and still used for ceremonies today.

▲ A WORLD'S WONDER

With its profile of tiered towers and monumental walkways, Angkor Wat stands as the pinnacle of Khmer art and civilisation. The religious structure, the world's largest, is steeped in symbolism. Walk over the enclosing moat, across causeways and into successive layers and compounds to reach a heavenly inner sanctum – the whole being a representation of Mount Meru, the Hindu equivalent of Mount Olympus. Much more than a picturesque ruin, it embodies Cambodia, both ancient and modern, and has been revered from its construction in the 12th century right up to the present day.

➤ KEP

Once a seaside escape for French colonialists before morphing into a playground for Cambodia's elite in the 1960s, Kep is now a sleepy retreat for visitors looking to sink into its languid pace. With wide boulevards and crumbling modernist villas surrounded by the abundant Kep National Park, self-guided exploration is an appealing option. But for those who prefer quiet relaxation over action, filling up on seafood at the crab market before heading to the laid-back beach or famed Sailing Club for cocktails is the way to go.



➤ HERITAGE PRESERVED

Described as “a building enlarged from Cambodian temple prototypes seen on ancient bas-reliefs and reinterpreted through colonial eyes”, the National Museum is much more than an attractive structure. Its walls house one of the most extensive collections of ancient Khmer art in the world. From monumental Hindu gods carved in stone to intricate bronze representations of Buddha, the artworks on show encompass a wide sweep of Cambodia's cultural heritage. By striving to preserve this artistic legacy and to repatriate pieces looted during times of war, the museum authorities are preserving a sense of pride in the nation's past.



Photos: Jeremy Meek, Sam Jam (2), both for SEA Globe



Founded in 1993 as “The Corporate Club,” IBC is an officially registered chamber of commerce since 2009 with over 100 member companies from 20 countries providing networking events, speakers’ lunches, briefings on economic and political developments, conferences and workshops, meetings with visiting business delegations, social events, etc.

The IBC is today Cambodia’s leading international business association, and represents its members’ interests in the Government-Private Sector Forum (‘GPSF’) which is an annual meeting between the Prime Minister, his Cabinet and the business community. The IBC also is in close touch with government authorities on regulatory and legislative issues that impact the Cambodian investment climate.

Essential services

► INTERNATIONAL SCHOOL OF PHNOM PENH

The International School of Phnom Penh’s sprawling campus on Hun Neang Boulevard belies its humble beginnings. Started in 1989 by a group of families working for non-governmental organisations, the school has since been accredited by a slew of international organisations and become one of the country’s leading educational institutions. Students study for the International Baccalaureate – widely recognised as the world’s most rigorous, balanced academic programme – and are taught by some of the region’s most talented educators. Tel: +855 (0)23 425 088 ispp.edu.kh



▲ ROYAL PHNOM PENH HOSPITAL

Set up by the trusted Bangkok Dusit Medical Services healthcare network, the \$50 million Royal Phnom Penh Hospital has been treating private patients in a high-quality environment since late 2014. Equipped with sophisticated medical technology – not to mention a rooftop helipad – and spanning 17 medical departments, the hospital is able to carry out a wide array of medical procedures that are both in compliance with international standards and relatively affordable. Tel: +855 (0)23 991 000 royalphnompenhhospital.com

SUNRISE HOSPITAL

This January saw the widely anticipated opening of the Sunrise Japan Hospital. Located in Phnom Penh’s Chroy Changvar district, Sunrise comprises four main departments: emergency (open 24 hours); stroke and neurosurgery; general medicine; and health check-ups. In the eyes of Toshiaki Fukuda, the hospital’s CEO, two decades of stable economic growth in Cambodia has increased demand for high-quality healthcare, which Sunrise aims to provide through cutting-edge technology and state-of-the-art medical expertise. Tel: +855 (0)23 432 022 sunrise-hs.com

ROOMCHANG DENTAL HOSPITAL

Roomchang has been at the forefront of dental care in Cambodia for more than 20 years. Led by Dr. Tith Hongyeou, who has been practising dentistry since 1995, the hospital carries out a wide range of clinical procedures, ranging from cosmetic whitening to root canal treatment and dental implants. What’s more, the practice has a strong working relationship with the respected Goethe University of Frankfurt, where it has sent a number of its dentists for advanced training over the years. Tel: +855 (0)23 211 338 roomchang.com

NORTHBRIDGE INTERNATIONAL SCHOOL CAMBODIA

As a member of the renowned Nord Anglia group, Northbridge is able to draw upon a deep well of global educational expertise to ensure its students receive the best possible education. The school follows an innovative methodology that results in high levels of academic success, while linkups with world-class institutions such as New York’s Juilliard School for drama, dance and music, and MIT for science, technology, engineering, art and maths provide Northbridge with exceptional credibility. Tel: +855 (0)23 900 746 nordangliaeducation.com/our-schools/cambodia

INVESTMENT CONDITIONS

For the past two decades, Cambodia has experienced rapid economic growth. Broad access to global markets and an economic policy that openly courts foreign investment means the country's economy is expected to grow by a further 7.1% in 2017

BASICS

CURRENCY

The local currency, the Khmer Riel (KHR), was introduced in 1980. However, the Kingdom is a partially-dollarized economy, with 80% of deposits and credits in the country's banks in US dollars. One dollar is equal to roughly KHR4,000.

DEMOGRAPHICS

Population: 15,957,223 (July 2016)
 Median age: 24.9 years (2016)
 Phnom Penh population: 1.731 million (2015)
 Labour force: 6.643 million (2016)
 GDP: \$19.37 billion (2015)
 GDP per capita: \$3,700 (2016)
 GDP growth: 7% (2016)
 (Source: CIA World Factbook)

GNI per capita: \$1,070 (2016)
 Economic status: lower-middle income (2016)
 GDP growth: 7.0% (2015)
 Inflation: 1.2% (2015)
 (Source: World Bank)



FOREIGN EXCHANGE CONTROL

Commercial transactions up to **\$10,000** may be made freely between residents and nonresidents, provided they are made through an authorized bank. Transfers exceeding **\$10,000** must be declared to the National Bank of Cambodia prior to the transfer.

PREFERENTIAL MARKET ACCESS

Everything But Arms (EBA): Guarantees Cambodia, as a Least Developed Country (LDC), duty-free access to the European Union for exports of all products, except arms and ammunition.

US Generalised System of Preferences (GSP): A 40-year-old trade preference programme under which the United States provides duty-free treatment to imports from developing countries. Cambodia has had access to the US market since 1996. In June last year, the scheme was expanded to include travel goods.

Most Favoured Nation (MFN): Cambodia has been a member of the World Trade Organisation since October 2004 and has been awarded the preferential Most Favoured Nation status by many developed nations such as China, France, Germany, the UK and the US.

Association of Southeast Asian Nations (Asean): an Asean member since 1991, Cambodia also benefits from numerous regional trade benefits. By 2018, Asean hopes to have completely eliminated all tariffs between member states.

INVESTMENT INCENTIVES

Foreign entities can own 100% of a local business or commercial enterprise and the Cambodian government:

- Does not discriminate against non-Cambodian investors.
- Does not undertake a nationalisation policy.
- Does not impose price controls on products or services.
- Does not impose controls on foreign exchange.
- Does not impose trade restrictions.
- Allows for the free repatriation of profits and free remittance of royalty, interest, loan repayments, dividends and capital.
- Allows foreigners to lease land for up to 50 years (the Law on Investment restricts foreigners from owning land in Cambodia).

Companies granted Qualified Investment Project (QIP) status are entitled to the following investment incentives:

- QIPs may elect to receive a profit tax exemption (maximum total six years) or use special depreciation (40% special depreciation allowance on the value of the new or used tangible properties used in the production or processing). An annual Certificate of Obligation Satisfaction (or "Certificate of Compliance") has to be obtained by the QIP to be entitled "Profit Tax Exemption". A QIP shall be subject to a profit tax rate after its tax exemption period as determined in the Law on Taxation.
- Duty free import of production equipment, construction materials etc.
- A QIP shall be entitled to 100% exemption of export tax, except for activities as stipulated in other legislation.
- A QIP located in a designated SPZ or EPZ is entitled to the same incentives and privileges as other QIPs.

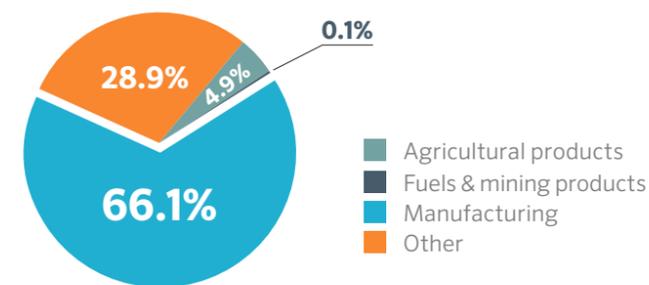
ACCESS TO CREDIT

Cambodia is ranked joint 7th out of 190 economies on the ease of obtaining credit. The credit bureau recently started to provide credit scores to banks and financial institutions, which greatly improved access to credit information.

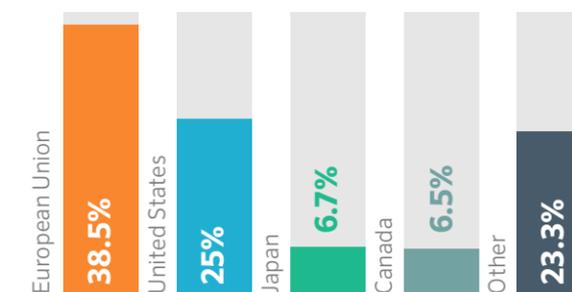
(Source: World Bank, *Doing Business 2017*)

ECONOMIC BREAKDOWN

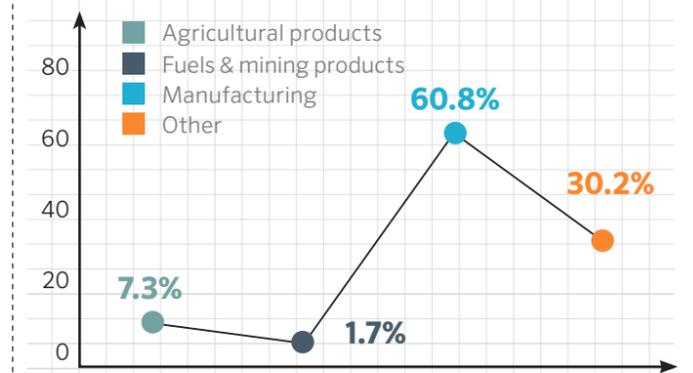
• Breakdown in total exports by commodity group



• Breakdown in total exports by destination



• Breakdown in total exports by destination



• Breakdown in total imports by main origin



(Source: World Trade Organisation, 2015)

STARTING A BUSINESS

There are nine key steps to starting a business in Cambodia:

Conduct an initial check for uniqueness of the company name and obtain company name approval at the Business Registration Department - seven days / **\$10**

Incorporate the company with the Business Registration Department at the Ministry of Commerce - 30 days / **\$420**

Make a company seal - one day / **\$15**

Open a bank account, deposit the legally required initial capital and obtain deposit evidence - one day / no charge

Have registration documents stamped and approved, register for TIN, Patent tax and VAT tax - 30 days / **\$100**

Notify the Ministry of Labour of the start of operations and hiring of employees - 30 days / **\$69**

Submit company original statutes and capital deposit evidence at the Business Registry - one day / **no charge**

Receive inspection from Labour Inspector - one day / **included in procedure six**

Register at the National Social Security Fund - 14 days (simultaneous with previous procedure) / **no charge**

(Source: World Bank, *Doing Business 2017*)

Legal

Tax collection is increasingly contributing to the government's budget. *Focus Cambodia* provides an overview of the key taxes you are expected to pay in the Kingdom of Wonder

TAX

The tax year is the same as a calendar year, unless an alternative agreement has been reached with the General Department of Taxation (GDT). Employers must file and pay annual corporate tax within three months after the year end. Monthly tax returns must be filed by the 15th day of the following month. Penalties apply if tax is paid late.

PERSONAL TAXATION:

RESIDENCE - A resident is defined as an individual who is domiciled in or who has a principal place of abode in Cambodia, or who is present in Cambodia for more than 182 days in any 12-month period ending in the current tax year.

BASIS - a resident employee is subject to tax on worldwide income, but a non-resident employee is only taxed on income earned in Cambodia.

TAX ON SALARY RATES - salary is defined broadly to include wages, bonuses, compensation and fringe benefits. Rates are as follows (based on monthly salary):

0%	0 - 250 USD
5%	250 - 350 USD
10%	350 - 2,125 USD
15%	2,125 - 3,125 USD
20%	3,125 USD

Non-residents get taxed a flat 20%.

FILING RESPONSIBILITY - responsibility for the remittance of tax on salary lies with the employer, not the employee.

CAPITAL GAINS - there is no capital gains tax.

CORPORATE TAXATION

RESIDENCE - residents include companies that are organised, managed or have their principal place of business in Cambodia.

BASIS - as with individual taxation, resident taxpayers are subject to tax on worldwide income, while non-residents are taxed only on Cambodian-source income.

TAX ON PROFITS - for resident taxpayers, taxable profit is calculated as the difference between total revenue (including capital gains and passive income) and allowable expenses paid or incurred to carry on the business.

TAXATION OF DIVIDENDS - dividends paid to Cambodian shareholders are not taxable, but, if a company distributes dividends from retained earnings that have been subject to tax in Cambodia, the distributing company is subject to the additional profit tax on dividend distributions at a 20% rate (as well as a 14% withholding tax if remitted to a non-resident).

CAPITAL GAINS - there is no separate capital gains tax. Any gain on the sale of fixed assets/shares is subject to the tax on profits at a rate of 20% on the higher of the contract price or the market value; the proceeds are subject to minimum tax.

LOSSES - tax losses may be carried forward to offset taxable income for up to five years after the year in which losses are incurred, subject to certain conditions; they may not be carried back.

RATE - the tax on profits ranges from 0% to 30% based on the business activity. The average rate is 20%. Businesses operating within the production or exploitation of natural resources are subject to the top rate of 30%, while insurance companies are subject to a 5% tax rate on gross premiums.

SURTAX - there are no surtaxes.

For more information, refer to the General Department of Taxation and the Ministry of Economy and Finance.

(Source: Deloitte, *Cambodia Highlights 2016*)

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Living

Not only is Cambodia a great place to do business, it is also a vibrant and exciting place to live. Before you dive straight in at the deep end, here is some advice to guide you on your way

WORK PERMIT

All foreign nationals in Cambodia holding a business visa/E-visa are required to apply for a work permit. Since January 2017, applications can be made online. However, legislation is poorly enforced and many expatriates work in the Kingdom without the required work permits.

Processing period: 15-20 working days
Fees: \$199 per calendar year

HEALTH

While Cambodia is generally a safe country, *Focus Cambodia* recommends taking out a health insurance policy for the duration of your stay.



Local

AG Cambodia - agcambodia.com
Forte Insurance - forteinsurance.com
Infinity Insurance - infinity.com.kh

International

Aetna International - aetnainternational.com
April International - april-international.com
Cigna Global - cignaglobal.com



HOUSE OWNERSHIP

Foreigners can buy residential property in Cambodia, but can only own property situated on the first floor or higher. However, if you partner with a Cambodian legal entity, you will be able to purchase 49% of a private property. To purchase property, you will need a current passport and visa.

RECRUITMENT AGENCIES

HRInc - hrinc.com.kh
Saint Blanquat & A - saintblanquat.com
Top Recruitment Cambodia - top-recruitment.com

BUSINESS CHAMBERS

AusCham Cambodia - auschamcambodia.com
BritCham Cambodia - britchamcambodia.org
Cambodia Chamber of Commerce - ccc.org.kh
CCI France Cambodge (CCFC) - ccifcambodge.org
EuroCham Cambodia - eurocham-cambodia.org
German Business Group Cambodia (ADW) - adw-cambodia.org
International Business Chamber of Cambodia - ibccambodia.com
Malaysian Business Chamber of Cambodia - mbccambodia.org
Thai Business Council in Cambodia - tbccambodia.org

Useful Links

Council for the Development of Cambodia - cambodiainvestment.gov.kh
Ministry of Commerce - moc.gov.kh
General Department of Taxation - tax.gov.kh/en
Ministry of Economy and Finance - mef.gov.kh
General Department of Customs and Excise of Cambodia - www.customs.gov.kh
Phnom Penh City Hall - www.phnompenh.gov.kh/
National Bank of Cambodia - nbc.org.kh/english

SOUTHEAST ASIA
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November 2016
NEWS ON REGIONAL AFFAIRS, BUSINESS AND CULTURE

ONE YEAR ON
WHERE IS AUNG SAN SUU KYI TAKING MYANMAR?

THE KING IS DEAD
Considering Thailand's future

UPPER CLASS
Meet Singapore's millionaire private tutors

MUSICAL MASTER
Legendary DJ Pete Tong talks dance music in Asia

Painting a nation
The fifth annual Art Fair Philippines will be returning this month with works from galleries and will open across the Philippines as well as Japan, Hong Kong and Taiwan. The four day fair will be preceded by six days of public art installations and gallery openings across the capital, Manila, to showcase the Philippines' living contemporary art scene before the world's top art collectors.

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Build your Future

CAMBODIA RISING

A look at the numbers behind the country's economic growth

5 MILLION



Number of foreign tourists who visited Cambodia in 2016, generating \$3 billion in revenue.
(Source: Ministry of Tourism)

542,144

Cambodia's total rice exports in tonnes in 2016.
(Source: Ministry of Agriculture)



\$6.3 BILLION



The total value of garment and footwear exports in 2015, a 7.6% increase on the previous year.
(Source: Ministry of Commerce)

25%

The increase in capital inflows of FDI last year compared to 2015, reaching a total of \$2.15 billion.
(Source: National Bank of Cambodia)



\$22.3 BILLION

The country's expected GDP this year.
(Source: Ministry of Economy and Finance)

The number of millennials in Cambodia's famously young population, equating to about 40% of its people.
(Source: World Bank)

SIX MILLION

LIFE ON PLANET EARTH IS GETTING BETTER, THANKS TO GLOBAL TRADE.

Through #global trade, businesses big and small are helping developing economies to flourish. New found wealth brings better health (the average person lives a third longer than 50 years ago) and education (today 90% of kids in developing regions of the world go to primary school). Of course there is still a long way to go, but one package at a time, the more we keep on trading the better it's going to get for everyone, everywhere.
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