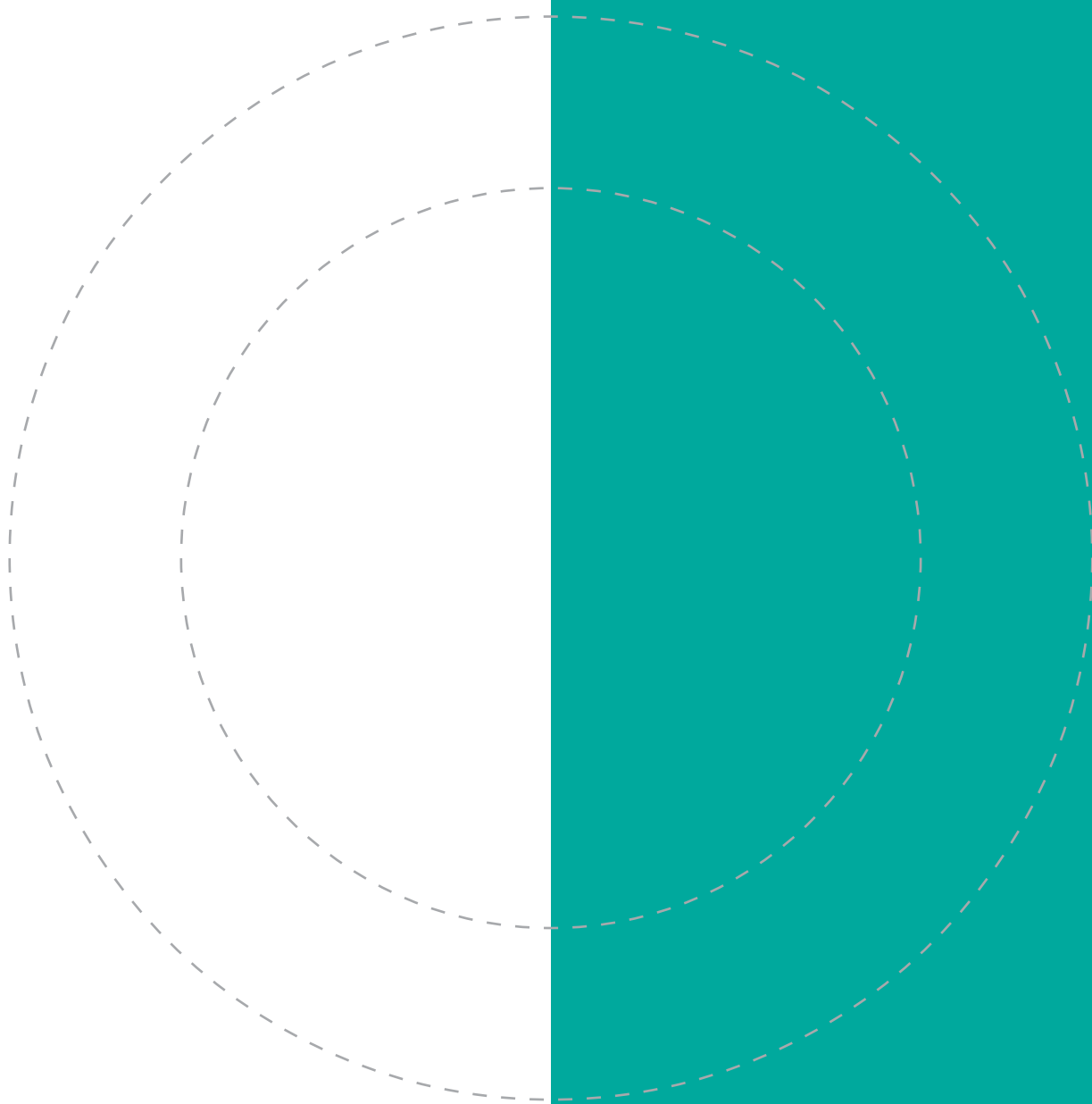


KINGDOM OF CAMBODIA

THE SOUTHEAST ASIA COUNTRY SERIES

2018







KINGDOM OF CAMBODIA

2018



ACKNOWLEDGEMENTS

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THE PAKISTAN BUSINESS COUNCIL: AN OVERVIEW

The Pakistan Business Council (PBC) is a business policy advocacy platform, established in 2005 by 14 of Pakistan's (now 78) largest private-sector businesses and conglomerates, including multinationals. It is a professionally-run organization headed by a full-time Chief Executive Officer.

The PBC is a not-for-profit entity, registered under Section 42 of the Companies Ordinance 1984. Though it is not required under the law to do so, the PBC follows to the greatest extent possible, the Code of Corporate Governance as applicable to listed companies.

The PBC is a pan-industry advocacy group. It is not a trade body nor does it advocate for any specific business sector or industry. Rather, its key advocacy thrust is on easing barriers to allow Pakistani businesses to compete in regional and global markets. The PBC conducts research, publishes position papers and policy notes and holds conferences and seminars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan.

The PBC works closely with the relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues which impact the conduct of business in and from Pakistan. The PBC has submitted position papers and recommendations to the government on legislation and other government policies affecting businesses. It also serves on various taskforces and committees of the Government of Pakistan as well as those of the State Bank, SECP and other regulators with the objective to provide policy assistance on new initiatives and reforms.

THE PBC'S FOUNDING OBJECTIVES

The major objectives of the PBC as stated in its founding documents are:

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and field works for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

The PBC is a Section 42 not-for-profit Company Limited by Guarantee. Its working is overseen by a Board of Directors. More information on the PBC, its members, and its workings, can be found on its website: **www.pbc.org.pk**



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Abbott
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 SPEL Synthetic Products Enterprises Limited	 telenor	 TOYOTA INDUS MOTOR COMPANY LIMITED	 TAPAL
 TCS WE MOVE YOU	 PROTECTS Tetra Pak WHAT'S GOOD	 TPL Holdings Thammasak Investment Company	 Tufail Chemical Industries Limited
 UBL	 Unilever		

EXECUTIVE SUMMARY

Since 2015, the Pakistan Business Council (PBC), has been publishing a Country Profile Series aimed at promoting Pakistan's trade with its non-traditional trading partners. 'Six' countries from Africa – Angola, Ethiopia, Ghana, Mozambique, Nigeria and South Africa; 'five' countries from South America – Argentina, Brazil, Chile, Columbia, and Mexico; and 'five' countries of Central Asia – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan were covered in the 2015, 2016 and 2017 country series. In 2018, 'six' countries from Southeast Asia – Cambodia, Indonesia, Malaysia, Singapore, Thailand and Vietnam are being featured by the PBC. This is the final publication of the Southeast Asian Country Series and features the Kingdom of Cambodia.

The Kingdom of Cambodia is located in Southeastern Asia. It covers an area of 181,035 km² and is bordered by Thailand, Laos and Vietnam. The country has a population of 16.5 million, of which 96.9% are Buddhists. Khmers as an ethnic group, represent 97.6% of the population and Khmer is the official language. It is also home to a number of tourist sites such as Angkor Wat Temple and Preah Vihear.

Cambodia has a long and rich history that dates back to 2300 BC. Over the course of history, Cambodia has been conquered by great powers like the Khmer Empire, French, Thais and Vietnamese. Following the withdrawal of the French from Indo-China, Cambodia became an independent country on 9th November 1953. King Norodom Sihanouk became the first constitutional monarch at independence. Following the withdrawal of the USA from Vietnam and the end of the Vietnam War in 1975, Cambodia went through the tyrannical era of the Khmer Rouge, civil war and political turmoil. However, the country started regaining stability after the end of the Khmer Rouge movement due to the death of Pol Pot in 1998. Since then Prime Minister Hun Sen continues to rule Cambodia having won five consecutive elections in 1998, 2003, 2008, 2013 and 2018.

Although Cambodia is a lower middle-income country, it has emerged as the 6th fastest growing economy in the world. As far as composition of GDP is concerned; primary, secondary and tertiary sectors each contribute 25.3%, 32.8% and 41.9% respectively to the GDP. Tourism is the 3rd largest source of foreign exchange earnings after textiles and footwear. Inward FDI rose to \$2.78 billion in 2017, out of which 75% originated from non-ASEAN countries.

Textile Industry is the major source of export earnings for Cambodia, constituting 65% of exports. In 2017, 643 garment factories were registered; employing more than 70% of the total workforce in the industrial sector. The textile industry mainly operates in the downstream sector i.e. apparel. The USA, Germany and UK were the main destinations for Cambodia's textile exports.

Cambodia in 2017, exported \$17.21 billion worth of goods and its imports totaled \$18.15 billion, this resulted in a trade deficit of \$0.94 billion. The topmost export destination was the USA followed by Germany, UK, Japan and France. The major export items included: knitted and not knitted apparel, footwear, leather and bicycles. Cambodia imports most of its products from Thailand, China, Singapore, Hong Kong and Taipei. Major imports comprise of gold, knitted fabrics, mineral oils, motor vehicles and machinery.

China is one of the largest trading partners of Cambodia. Exports to China in 2017 were dominated by furskins, knitted and not knitted apparel, cereals and machinery; generating \$1.00 billion of export revenue. Imports from China stood at \$4.78 billion and included knitted fabrics, cotton, electrical machinery, man-made filaments and ceramic products.

Apart from its major trading partners, Cambodia also trades with India. During 2017, Cambodia exported products worth \$48.00 million to India which included: knitted and not knitted apparel, rubber, manioc starch and footwear. Imports from India consisted of medicaments, motor vehicles, cotton, woven fabrics and raw hides. However, trade has remained in favor of India resulting in a trade deficit of \$72.19 million for Cambodia in 2017. In order to expand and facilitate trade, Cambodia is part of several alliances. Of these the major ones include: Association of Southeast Asian Nations (ASEAN) and World Trade Organization (WTO). Further Cambodia has signed six trade agreements under ASEAN, which have been implemented.

The table below provides a brief comparison between the economies of Cambodia and Pakistan.

Economic Indicators	Cambodia			Pakistan		
	2015	2016	2017	2015	2016	2017
GDP (USD Billions)	18.05	20.02	22.16	270.56	278.65	304.95
GDP Growth Rate (%)	7.04	6.95	6.81	4.73	5.53	5.70
Population (Millions)	15.52	15.76	16.01	189.38	193.20	197.02
FDI Net Inflow (USD Billions)	1.70	2.29	2.78	1.62	2.49	2.82
Total Exports (USD Billions)	14.66	17.40	17.21	22.09	20.53	21.88
Current Account Balance (USD Billions)	-1.70	-1.77	-1.90	-2.77	-7.09	-15.80

In contrast to Pakistan, Cambodia has a higher growth rate and a lower current account deficit. In terms of population Cambodia has a small population which is approximately 12 times smaller than that of Pakistan. Trade between the two countries is minimal considering the indicative trade potential for top 25 products at HS-06 level. In 2017, Cambodia had an export potential of \$593.81 million for its top 25 products to Pakistan. Similarly, Pakistan's export potential for the top 25 products at HS-06 level was estimated at \$1,021.68 million. However, total exports to Pakistan was only \$0.86 million while imports were valued at \$28.40 million, which resulted in a trade deficit of \$27.52 million. Knitted and not knitted apparel constituted 69% of Cambodia's exports to Pakistan, while cotton, raw hides and medicaments were the most imported items from Pakistan.

As per the Doing Business Index, Cambodia ranks 135th in the world as of 2018. This index determines the relative ease of starting and running a business by a local in a country. Cambodia has made 'dealing with construction permits' easier, however, it needs to work on measures such as 'starting a business' and 'enforcing contracts'.

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SECTION 1

KEY SOCIAL INDICATORS

Key Social Indicators

Official Name:

The Kingdom of Cambodia (Cambodia)

Independence Day:

November 9th

Time zone:

GMT +7

Currency:

Cambodian Riel (KHR)

1 USD = 4,017.60 KHR (December, 2018)

Central Bank:

National Bank of Cambodia (NBC)

Flag of Cambodia:

The red color in the flag represents bravery while the blue color depicts cooperation, liberty and brotherhood. The flag also features Angkor Wat in the center, which symbolizes justice, heritage and integrity.

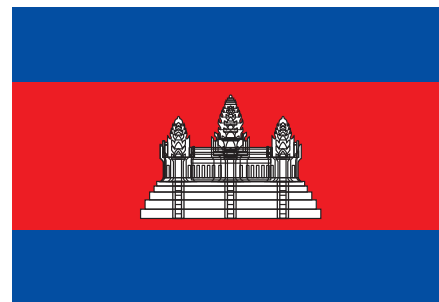


Figure 1: Flag of Cambodia

Geography

Location

Cambodia is located in Southeastern Asia. It borders Thailand to the north and west, Laos to the northeast and Vietnam to the east and southeast. It also has a 443-kilometre coastline along the Gulf of Thailand.

Geographic Co-ordinates:

13° 00' N, 105° 00' E

Capital City:

Phnom Penh

Total Area:

181,035 km²

- Land: 176,515 km²
- Water: 4,520 km²

Land Boundaries:

- Total: 2,530 km
- Bordering countries (3):
Laos 555 km, Thailand 817 km, Vietnam 1,158 km



Figure 2: Map of Cambodia

Coastline:

443 km

Climate:

Tropical; rainy, monsoon season (May to November); dry season (December to April); little seasonal temperature variation

Demography

Population:

16,449,519 (July, 2018)

Population growth rate:

1.48% (2018 est.)

Age Structure:

- 0-14 years: 30.76% (male 2,556,733 /female 2,503,796)
- 15-24 years: 17.84% (male 1,452,795 /female 1,482,065)
- 25-54 years: 41.09% (male 3,312,036 /female 3,446,962)
- 55-64 years: 5.94% (male 406,970 /female 569,383)
- 65 years and over: 4.37% (male 269,159 /female 449,620) (2018 est.)

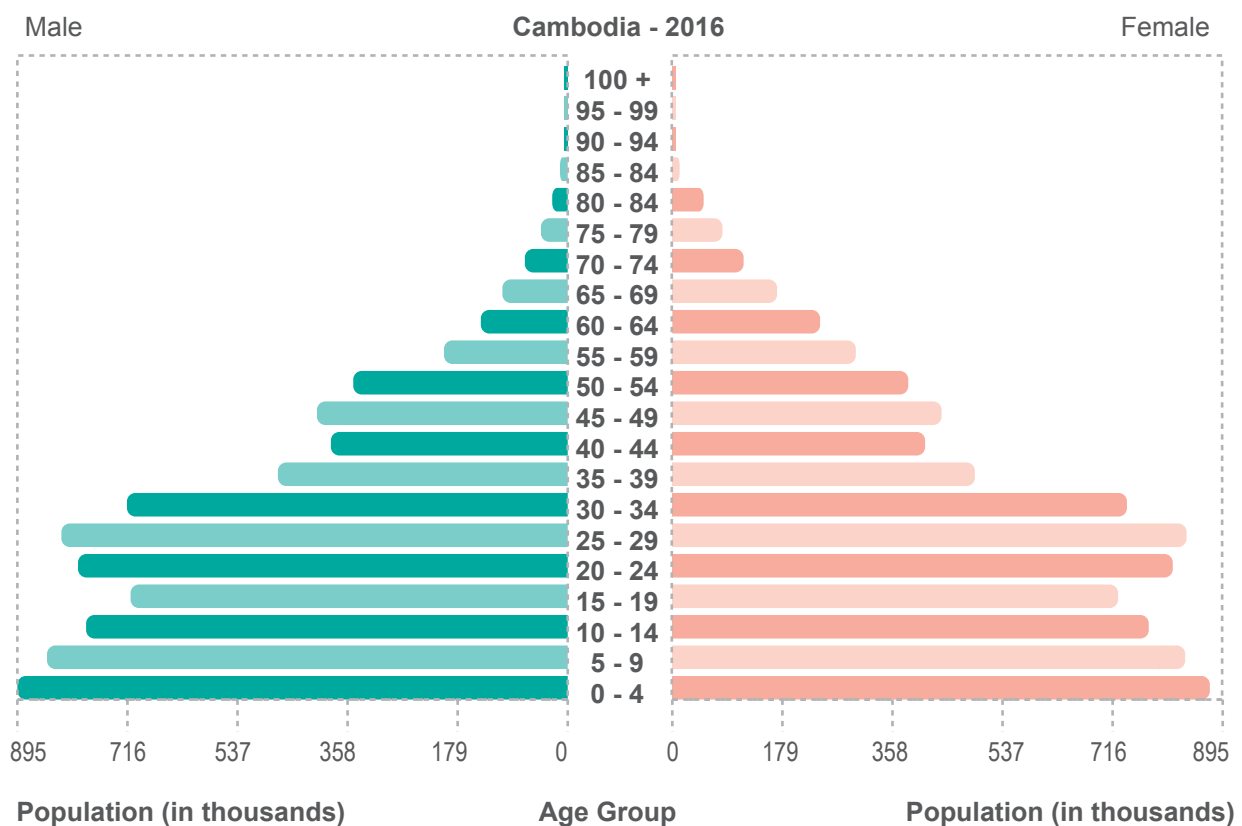


Figure 3: Population Age Structure, Source: CIA the World Factbook

Urbanization:

- Urban population: 23.4% of total population (2018)
- Rate of urbanization: 3.25% annual rate of change (2015-20 est.)

Language:

- Khmer (official language) 96.3%
- Other 3.7% (2008 est.)

Ethnic groups:

- Khmer 97.6%
- Cham 1.2%
- Chinese 0.1%
- Vietnamese 0.1%
- Other 0.9% (2013 est.)

Religious groups:

- Buddhist (official) 96.9%
- Muslim 1.9%
- Christian 0.4%
- Other 0.8% (2008 est.)

Birth rate:

23 births/1,000 population (2018 est.)

Death rate:

7 deaths/1,000 population (2018 est.)

Life expectancy:

- Total population: 65.2 years
- Male: 62.7 years
- Female: 67.9 years (2018 est.)

Education:

Literacy in Cambodia is defined as people who can read and write, of age 15 and over. Around 1.9% of GDP is spent on education (2014).

- Total population: 77.2%
- Male: 84.5%
- Female: 70.5% (2015 est.)

Government System

Government Type:

Parliamentary Constitutional Monarchy

Government Hierarchy:

- Head of the State: King
- Head of the government: Prime Minister. The current Prime Minister is Hun Sen who has held this post since 1998.
- Cabinet: The Council of Ministers is named by the Prime Minister and appointed by the Monarch

- Elections: The Monarch is chosen by the 9-members of the Royal Throne Council; following legislative elections, a member of the majority party is named Prime Minister by the Chairman of the National Assembly and is appointed by the Monarch. The current Monarch is King Norodom Sihamoni who ascended to the throne on October 29th, 2004.

Legal System:

Civil law system, customary law, communist legal theory and common law

Administrative divisions:

24 provinces and 1 municipality; Phnom Penh.

Connectivity

Transportation:

- **Roads**
 - Total: 44,709 km
 - Paved: 3,607 km
 - Unpaved: 41,102 km (2010)
- **Railway:** 642 km (2014)
- **Airports:**
 - Total: 16
 - Paved: 6
 - Unpaved: 10
- **Seaports:**
 - Major Seaport: Sihanoukville (Kampong Saom)
 - River port: Phnom Penh (Mekong)
- **Merchant Marine:**
 - Total: 442
 - By type: container ships 3, general cargo 328, oil tankers 26, others 85 (2017)

Communication:

- **Country Calling Code:** +855
- **Telephones – fixed lines**
 - Total subscriptions: 132,911
 - Subscriptions per 100 inhabitants: 1 (2017 est.)
- **Telephones – mobile cellular**
 - Total: 18,572,973
 - Subscriptions per 100 inhabitants: 115 (2017 est.)
- **Internet Users:**
 - Total: 4,080,372
 - Percent of population: 25.6% (July 2016 est.)





SECTION 2

COUNTRY HISTORY

COUNTRY HISTORY

History of the Kingdom of Cambodia dates back to many centuries prior to it being colonized by the French in 1853. However, its rich history can be divided into the following time-periods:

Khmer Kingdom

Cambodia in the 1st century, was under strong Indian and Chinese influence because of the trading settlements along the Bay of Bengal towards China. The first civilization which developed near the Mekong River delta was known as Funan, and followed Indian religious ideologies. Funan's language was a form of Khmer and Sanskrit. However, in the 6th century, the decline of the Funan civilization led to a centralized state in Cambodia referred to as Chenla, in Chinese. The Chenla dynasty ruled the Cambodian region between the 6th & 7th century and created many Hindu temples during this period.

The Funan and Chenla, were replaced by the Angkor Empire, with King Jayavarman II taking over in 802. For the next 600 years Cambodia was under the authoritative rule of the Khmer kings. Like all early civilizations, the Khmer Empire was an overwhelmingly agricultural society and the staple diet was rice. Between the 9th and 15th century, 26 different monarchs ruled the Khmer Kingdom (known as Angkor Empire). It was at this time that Angkor city had massive temples, waterworks, road networks and Khmer inscriptions. Nevertheless, towards the end of the 13th century, the Khmer kingdom started facing decline due of the rise of the Thai kingdom. The Thai captured the Cambodian capital, Angkor, and founded a new capital at Phnom Pehn. The period from the 14th to 17th century is known as the "Dark age of Cambodia" because of the frequent invasions by Thai and Vietnamese forces. In the 19th century when French missionaries arrived in Cambodia, the King appealed to them to protect Cambodians from Thai and Vietnamese rule, and in 1853, Cambodia became a French protectorate.

French Rule

French rule in Cambodia led to economic development and nationalism. After signing the protectorate treaty in 1853, the French acquired greater control over the internal affairs of Cambodia. During World War II in 1941, the Japanese occupied Cambodia, but in 1945 when the Japanese started losing the war, Cambodia was declared independent. After the Japanese surrendered, the French took control of Cambodia once again. The Indochina war (1946-1954) resulted in the emergence of communist guerilla forces in Cambodia. Eventually on the 9th of November 1953, the French allowed Cambodia to become fully independent under King Sihanouk.

Sihanouk dominated politics in Cambodia from 1955-1970, this is often referred to as the 'Sihanouk era' and it promoted the movement for Buddhist Socialism. Sihanouk introduced an industrial base in Cambodia by initiating a 'Two-year Plan' (1956-57) which focused on developing infrastructure and later a 'Five-year Plan' (1960-64) which concentrated on building factories. In the 1960s, Cambodia was drawn into the Vietnam War. In 1965, Sihanouk broke off diplomatic relations with the United States and allowed North Vietnamese communists to set up bases on Cambodian soil. In 1968, Sihanouk's authority began to waver when the communists started a civil war and in 1969 US President Richard Nixon started a bombing campaign against Cambodia in order to destroy the Vietnamese communist sanctuaries. In 1970 while Sihanouk was abroad, he was overthrown from the position of the Chief of State and Cambodia was then renamed as the 'Khmer Republic'.

Khmer Rouge – The Tyrannical Era

The then Prime Minister, General Lon Nol took office and announced the formation of the Khmer Republic. By 1973, most of the countryside was devastated by the United States carpet bombing campaign, it destroyed the country's infrastructure and caused major casualties in Cambodia. Later, in 1975, despite US aid, the Khmer Republic collapsed and the Khmer Rouge (communist forces) captured Phnom Penh. The new constitution renamed the country as 'Democratic Kampuchea', however the Khmer Rouge era under Pol Pot, was one of the tragic eras in the history of Cambodia. During this period more than 1.5 million people died of malnutrition, executions, overwork and disease. The tyrannical rule of the Khmer Rouge only ended due to an invasion by Vietnam in 1979. Cambodia then became a Vietnamese protectorate for the next 10 years.

In 1991, the Paris Peace Accords was signed, the purpose of these accords was to restore peace after two decades of civil war. In May 1993, UNTAC (United Nations Transitional Authority in Cambodia) oversaw elections for the National Assembly. A royalist party: Funcinpec (National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia) won the elections followed by CPP (Cambodian People's Party), led by Hun Sen. Later, a coalition was formed between the two parties to form a government headed by two prime ministers: Prince Norodom Ranariddh (Sihanouk's son) and Hun Sen. In 1993, the government approved a new constitution which restored the monarchy and established the 'Kingdom of Cambodia', Sihanouk became the king for a second time. After successful years of power-sharing between Hun Sen and Ranariddh, in 1997 Hun Sen staged a coup against Funcinpec by replacing Ranariddh with Ung Huot. The 1998 elections resulted in a lot of bloodshed and gave the CPP a plurality of the votes. Eventually, Hun Sen was sworn in as the Prime Minister and Prince Ranariddh became President of the National Assembly. In 1999, Cambodia joined ASEAN after which it started gaining stability. The Khmer Rouge movement eventually ended with the death of Pol Pot in 1998.

Cambodia in the 21st Century

In 2003, CPP won the general elections and Hun Sen was re-elected as the Prime Minister and King Ranariddh succeeded King Sihanouk. The Funcinpec dropped Ranariddh as its leader and he was imprisoned; charged with selling Funcinpec's headquarters. In 2008, CPP led by Hun Sen claimed victory in the parliamentary elections. Meanwhile, border tensions increased with Thailand when both countries moved troops to a disputed area near the Preah Vihear temple. In 2012, diplomatic ties were restored between Cambodia and Thailand after they agreed to withdraw troops from the contested area. Also in this period the trials of former Khmer Rouge members continued with several arrests and convictions. As a result of the 2013 elections, Parliament approved a new five-year term for Hun Sen. Mass protests took place in Phnom Penh over the election results and the Cambodia National Rescue Party (CNRP) boycotted parliament. The CNRP demanded Hun Sen's resignation and higher wages for garment workers. In November 2017, the Supreme Court dissolved CNRP. Although the authenticity of the 2018 elections is under debate, yet the CPP has managed to win its fifth consecutive term in office.





SECTION 3

ECONOMIC PROFILE

ECONOMIC PROFILE

Economic Overview

Before the 1970s, Cambodia was one of the least developed countries of Southeast Asia and was primarily an agriculture-oriented economy, with rice and rubber being its major products. However, rebuilding from decades of civil war, it has emerged as the 6th fastest growing economy¹ in the world. This rapid progress was due to restoration of peace and security, increased public and private capital inflows and stable macroeconomic conditions. These factors have also contributed towards the growth of its textile and tourism industries. According to UNDP² the economy has grown on an average of 7.06% over the last five years. GDP per capita was \$1,384.21 in 2017 as compared to \$269.05 in 1998. Cambodia is considered as a lower middle-income country by the World Bank. However, the government has set a target to achieve the status of an upper middle-income country by 2030.

Cambodia was ranked as the 8th largest economy in the ASEAN bloc and the 109th largest economy in the world³ in 2017. It is the 71st most populous country and on the UN HDI, it ranked at the 99th position. Development Assistance Committee is working on ODA⁴ in Cambodia to raise its national revenue to finance its public services by becoming a more self-sustaining economy. Recently, the government has started promoting SMEs⁵ in order to increase value addition in the production chain.

Cambodia's GDP is composed of primary, secondary and tertiary sectors, these contribute 25.3%, 32.8% and 41.9% to the GDP, respectively. The highest contribution is made by industry and the services sector; which are mainly dominated by the textile and tourism industries. According to the World Economic Forum (2016-2017), Cambodia was ranked as the 89th most competitive economy among 138 countries. The table below shows a list of major economic indicators from 2013 to 2017 for Cambodia:

Economic Indicator	2013	2014	2015	2016	2017
Nominal GDP (current USD Billions)	15.23	16.70	18.05	20.02	22.16
Real GDP (USD Billions)	13.87	14.86	15.90	17.01	18.17
Real GDP growth (annual %)	7.36	7.14	7.04	6.95	6.81
Total Population (Millions)	15.02	15.27	15.52	15.76	16.01
Annual Inflation %	2.94	3.86	1.22	3.02	2.91
Unemployment (% of total labor force)	0.30	0.18	0.18	0.20	0.22
FDI Net Inflows (USD Billions)	1.87	1.72	1.70	2.29	2.78
Official Exchange Rate (KHR per USD)	4,027.25	4,037.50	4,067.75	4,058.69	4,055.00
Trade Balance (USD Millions)	-4,681.00	-2,994.03	-1,966.27	-433.00	-935.67

Table 1: Major Economic Indicators of Cambodia

Although Cambodia's world exports have consistently been lower than its imports resulting in a trade deficit, it has managed to improve the deficit by 80% in 2017, over 2013.

¹ Source: <https://www.worldbank.org>

² UNDP - United Nation Development Program

³ Source: https://en.wikipedia.org/wiki/List_of_Southeast_Asian_Nations_by_GDP

⁴ ODA - Official Development Assistance is a term coined by the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD) and is used as an indicator to measure international aid flow

⁵ SME - Small and Medium Enterprises

GDP

Over the past 20 years, the GDP of Cambodia has shown a rising trend, this was primarily due to a move from a command to an open market economy. The GDP increased at a slower rate between 1998 and 2007 i.e. from \$3.12 billion to \$8.64 billion. During the Global Financial Crisis in 2008, the economy slowed down which severely affected the garment industry with a 23% drop in exports to the United States and Europe. However, from 2010 onwards the garment sector recovered and began to see its output increase at a faster rate. Cambodia reached its highest recorded GDP in 2017 of \$22.16 billion.

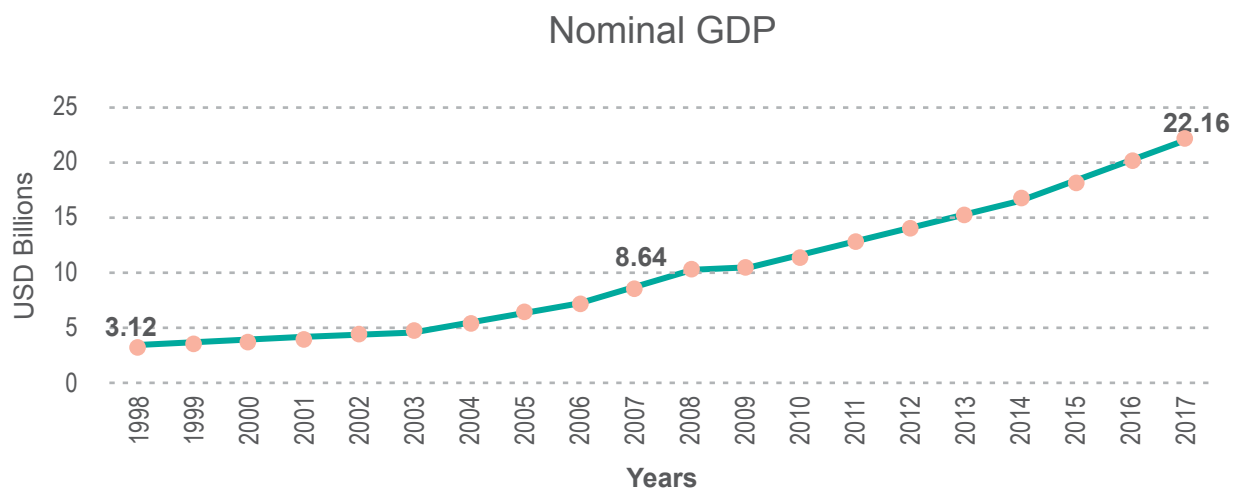


Figure 4: Nominal GDP of Cambodia

Economic Growth Rate

Political instability slowed down the economy until the 1990s. Sustained policies such as liberalization of the exchange rate and revamping of the trade creation framework led to an upward trajectory from 2000 onwards. Growth averaged 10.3% between 2004 and 2008, hitting its all-time high of 13.25% in 2005. In the post Global Financial Crisis era, the economy was hit by a slowdown as economic growth fell from 6.70% in 2008 to 0.09% in 2009, this was mainly due to a higher dependence on textile and tourism industries both of which were adversely affected. In 2010, economic growth was restored and has remained stable. In 2017, Cambodia was regarded as the 6th fastest growing economy with a growth of 6.81%.



Figure 5: Annual GDP Growth Rate of Cambodia

GDP per capita

Since 1998, GDP per capita has shown an increasing trend in line with nominal GDP. Cambodia, owing to the Global Financial Crisis faced a dip in 2009 from \$745.79 to \$738.23. However, in 2017, it hit an all-time high and stood at \$1,384.42.

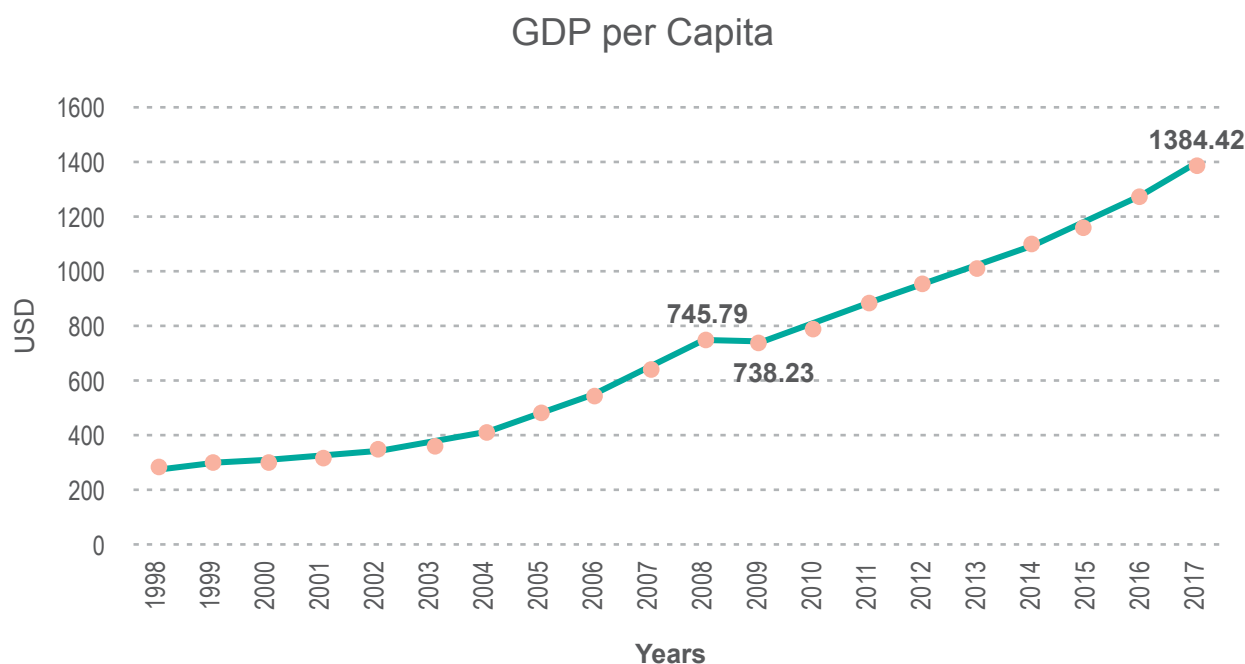


Figure 6: GDP per Capita of Cambodia

Foreign Direct Investment (FDI)

Cambodia has been successful in attracting foreign investors because of its low wages, abundant labor, proximity to Asian raw materials and markets in addition to having a favorable tax regime for FDI. The Qualified Investment Projects (QIP) scheme in Cambodia, has given foreign as well as local investors a preferential tax treatment and a faster administrative procedure from the government. The country has been working to stimulate FDI in 21 different Special Economic Zones (SEZ) and to create an open business environment. FDI rose from \$0.24 billion in 1998 to \$1.70 billion in 2015. This represented 1.4% of the inflows into the ASEAN bloc, however, 75% of the FDI in Cambodia came from outside ASEAN. From 2013 to 2017, China has been the biggest investor with investments of \$5.3 billion. Investments are mostly concentrated in sectors like industry, infrastructure and banking. In 2017, FDI net inflow stood at \$2.78 billion. The following table shows the main investors in Cambodia⁶:

Main Investors, in 2017	USD Millions
China	501.5
Hong Kong	248.9
Japan	198.7
Vietnam	184.5
Singapore	168.9

Table 2: Main Investors of Cambodia, in 2017

6 <https://assets.kpmg.com/content/dam/kpmg/mm/pdf/2018/06/asean-guide-cambodia.pdf>

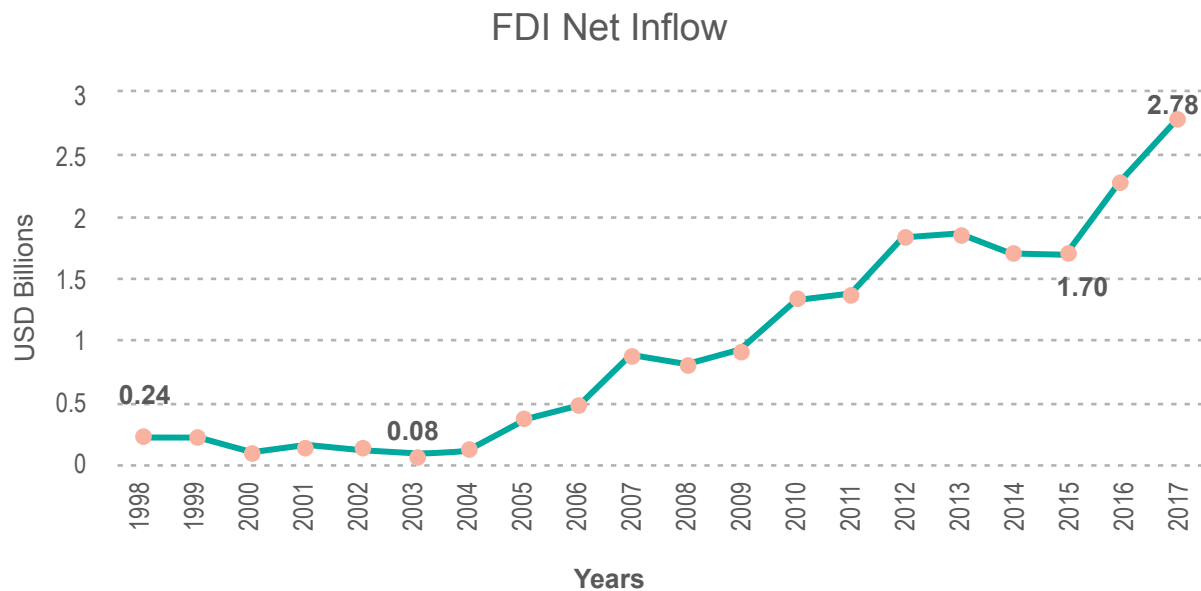


Figure 7: FDI Net Inflow of Cambodia

Inflation

The rate of Inflation in Cambodia has varied over the years. As a result of the Asian Financial Crisis in 1998, the rate of inflation soared to 14.81%. It reached an all-time high of 25% in 2008 due to a hike in food and fuel prices. In 2009, it hit a lowest of -0.66% because of weak global demand. From 2010 onwards, the inflation rate has remained between 5.48% and 1.22%. Inflation was estimated to be 2.91% in 2017.

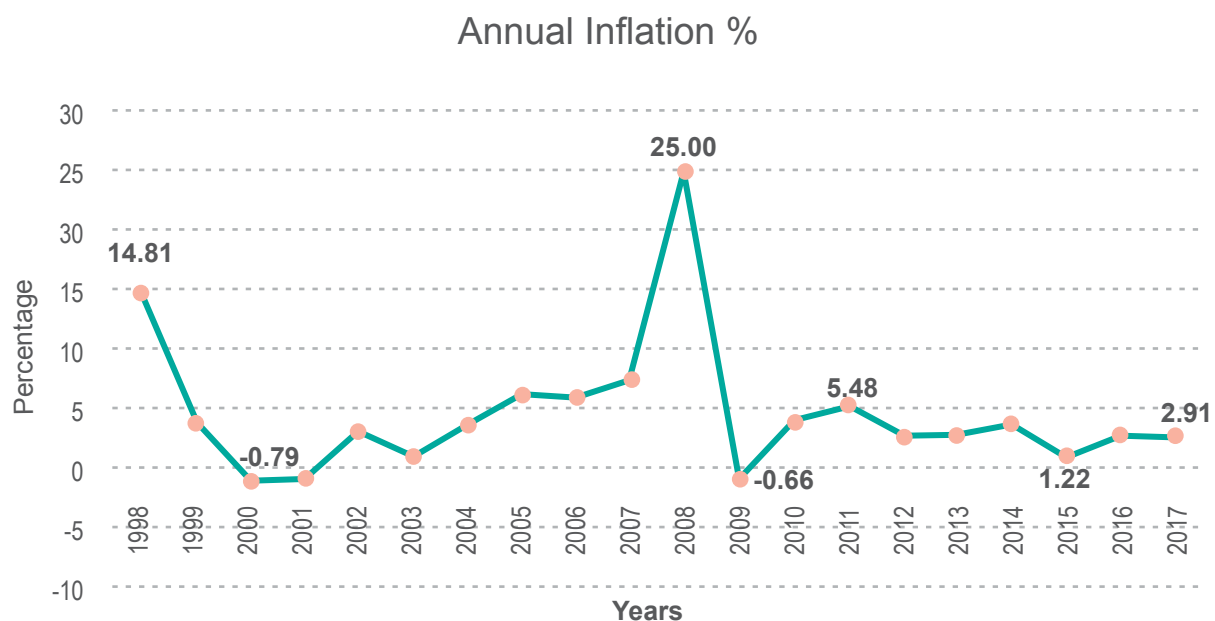


Figure 8: Annual Inflation % of Cambodia

Exchange Rate

Riel is the currency of Cambodia. The ISO⁷ currency code for the Cambodian Riel is KHR. The following figure shows the exchange rate of the KHR against the USD over the last twenty years. In order to achieve price stability, the National Bank of Cambodia (NBC) follows a managed float regime. The exchange rate in 2017 was 4,077.80 KHR, however it strengthened slightly to 4,017.60 KHR in December, 2018.

⁷ ISO - International Organization for Standardization

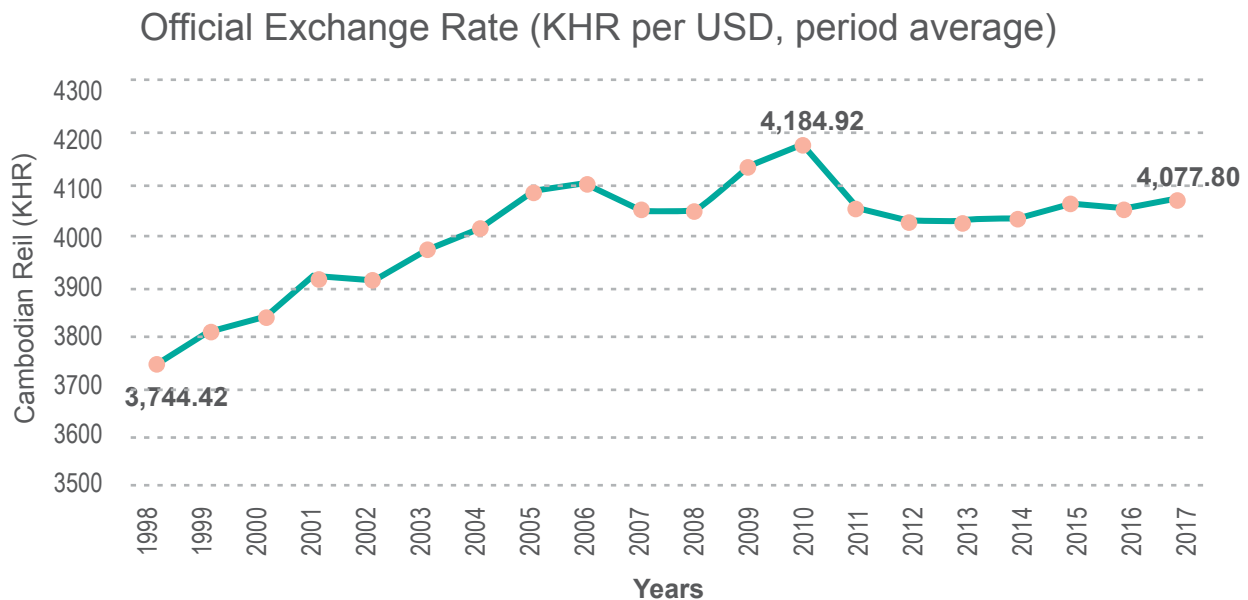


Figure 9: Exchange Rate of Cambodia

Unemployment

The following figure shows the unemployment rate for the period 1997 to 2017. Employment in Cambodia is impacted by local and international migration. The transformation over the decades in the sectors of the economy highlights the shift in share of employment from agriculture to other sectors of the economy. Due to the 2008 crisis, the textile sector laid off 60,000 workers increasing unemployment in the country. In order to meet the needs of the labor market Cambodia has started equipping young people with education and skills to improve the quality of the labor force. Around 200,000 young people enter the job market every year, creating a potential pool of employees for investors. The unemployment rate has been on a declining trend with some fluctuations since it reached its apex in 1998. It has reduced and has been relatively stable since 2009. It was estimated at 0.22% in 2017, while the total labor force stood at 9.31 million.

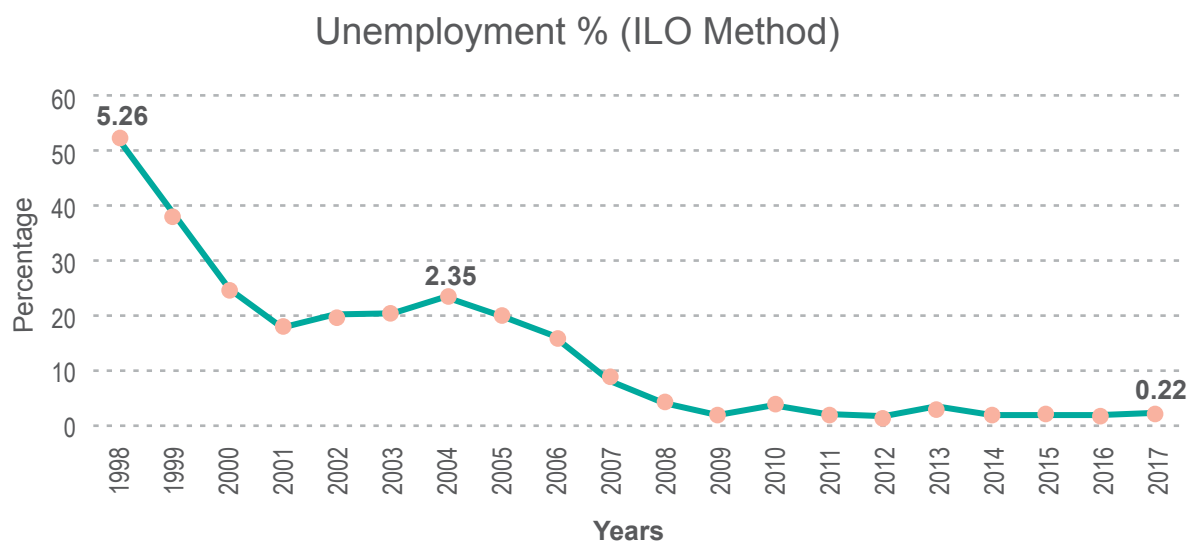


Figure 10: Unemployment Rate of Cambodia

Poverty

Income inequality and inadequate basic infrastructure in rural areas have been a few of the major reasons behind poverty prevailing in Cambodia. However, it has achieved the Millennium Development Goal (MDG) of halving poverty in 2009. According to World Bank statistics, the poverty rate fell sharply from 50.2% in 2003 to 13.5% in 2014, this reduction is attributed to economic developments such as investments in rural infrastructure, promotion of health and education facilities, increase in the prices and production of rice⁸ among others. Around 4.5 million people still remain near-poor and are highly vulnerable. Due to the unavailability of data for years in between, a best fitted line has been constructed to portray a clearer picture of the declining trend in the poverty rate for Cambodia.

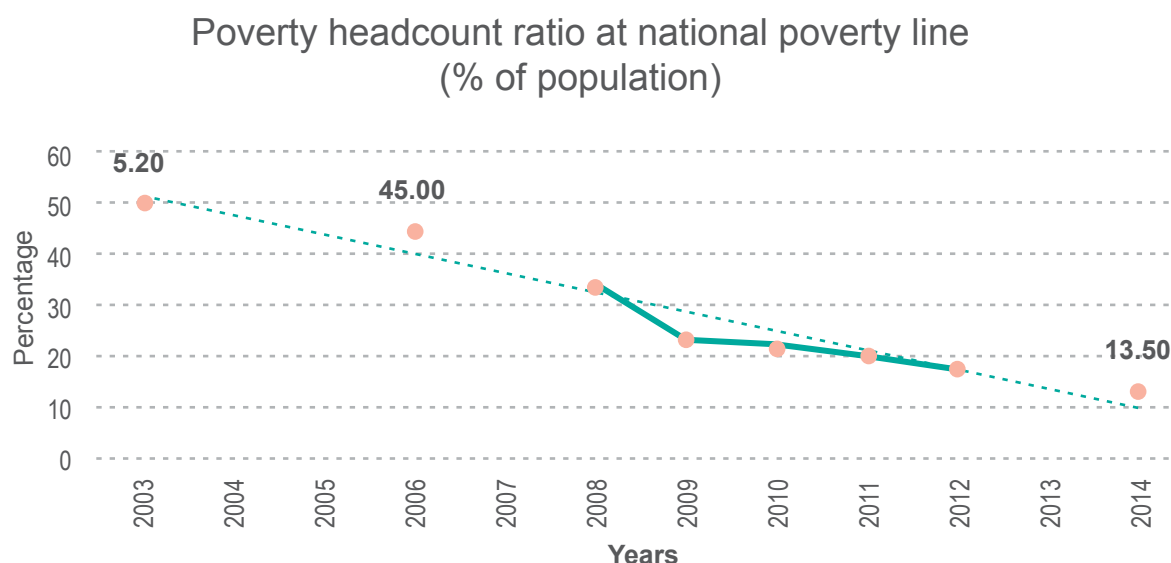


Figure 11: Poverty Rate of Cambodia

Sectors of the Economy

Over the years Cambodia has transformed itself from an agrarian into an industrial and services sector-based economy. The contribution of the three sectors has changed during the last 20 years. The following graph shows the composition of Cambodia's GDP: Primary (agriculture, mining and fishing) – 25.3%, Secondary (manufacturing and industry) – 32.8% and Tertiary (services) – 41.9%.

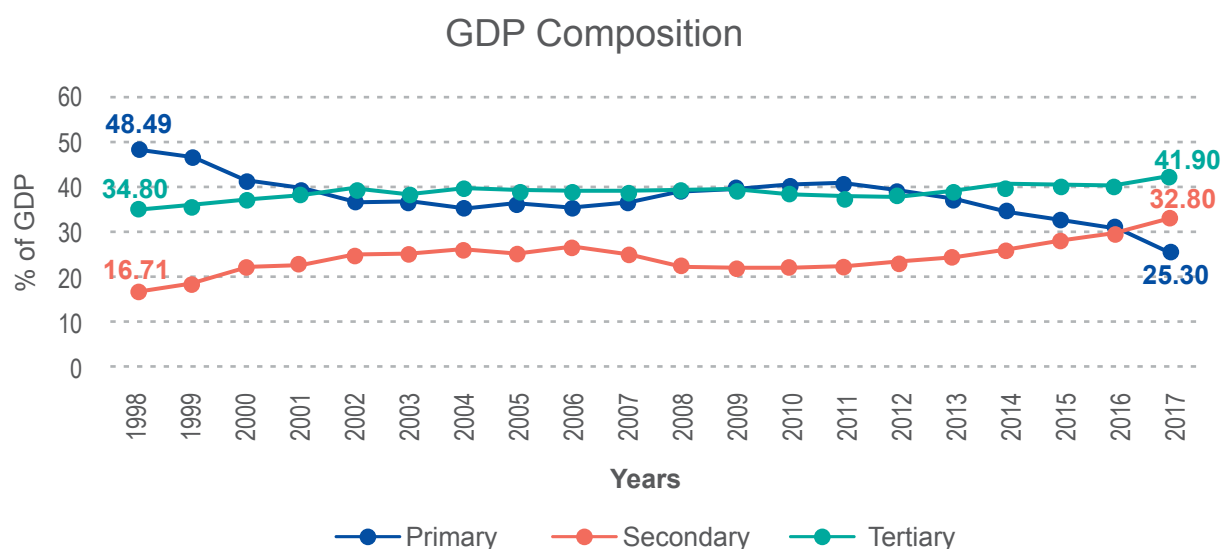


Figure 12: GDP Composition of the Sectors of Economy

⁸ <http://www.thepovertyline.net/cambodia/>

Primary Sector

Primary sector mainly comprises of production from agriculture, mining, fishing and forestry. Agriculture at one point in time was the back bone of Cambodia's economy, employing the largest numbers from the workforce. However, in 2017, this sector contributed only 25.30% to the GDP. The total workforce in agriculture has decreased by 62% over the last 10 years employing 26.71% of the labor force in 2017⁹. Agriculture output grew by 1.7% in 2017¹⁰, productivity however, has decreased over time because of outdated and inefficient farming techniques. Besides rice, other cash crops cultivated include: maize, cassava, sweet potatoes, coconuts, groundnuts, soybeans and rubber. Rice milling has become an emerging industry and in order to increase rice exports, equipment used in agricultural production are exempt from import duties.

Fishing is also an important part of the primary sector and one of the major sources of revenue. Government gives two-year leases to harvest regions of the Tonle Sap and inland rivers for large-scale fishing. The yearly fish catch comprises of: lungfish, carp, perch and smelt. However, overfishing and environmental degradation have reduced the fish harvest.

According to the Ministry of Mines and Energy (MME), Cambodia has deposits of mineral resources such as: gold, iron ore, copper, tin, ruby, limestone and phosphate. Although mining has attracted some investor interest, there is still no large-scale extraction of minerals and it only accounted for 0.1% of the total exports in 2016.

Secondary Sector

The secondary sector contributes 32.80% to the GDP and employed 27.02% of the active labor force in 2017. The main drivers of growth in the industrial sector of Cambodia were textile, footwear, bicycle manufacturing, construction and the real estate industry. During the 1980s, Cambodia strengthened its industrial base to meet domestic demand and hence manufacturing of soft drinks, paper, cigarettes, cement and cotton textiles started. From the industry sub sectors: garment and footwear are exported in significant quantities. As per the Industrial Development Policy (IDP) of 2015, government promoted economic diversification of the industrial sector beyond garment and footwear manufacturing. This eventually made bicycles the third largest export category, making Cambodia the top supplier of bicycles to the European Union in 2017¹¹. Cambodian industry remains weak because of low technological advancements, less value segmentation and concentration in only limited sectors. Better Factories Cambodia (BFC)¹² was formed in 2001 to improve the working conditions and competitiveness of domestic industry, and the Law on Patents has encouraged foreign firms to introduce technological improvements to their on-shore production systems. Overall there were approximately 1,692 factories providing 972,900 jobs in September 2017.

Tertiary Sector

Tertiary sector of Cambodia has grown to become the largest sector of the economy. It employed 46.28% of the workforce in 2017 and contributed 41.90% to the GDP. The strong growth in the services sector is anchored on tourism receipts. Over the years, the tourism industry has evolved as the fastest growing segment of the economy and has become the second most important source of foreign exchange after the textile industry. Most of the revenue generated by this sector has gone into the construction of hotels, resorts and in improving facilities for tourists.

Real estate and financial activities are important sub-sectors of the services sector. Around \$2.5 billion construction permits were approved by the Ministry of Land, Construction and Urbanization along with \$258 million fixed asset investment in the tourism sector. In 2017, there were 39 commercial banks and around 22% of the adult population had bank accounts.

9 Source: <https://www.statista.com>

10 Source: <https://opendevelopmentcambodia.net>

11 Source: <https://opendevelopmentcambodia.net>

12 BFC - It is a partnership between International Labor Organization and International Finance Corporation, a member of the World Bank Group

Tourism Sector

The tourism sector in Cambodia is one of the major sources of national revenue and the second most important industry after textiles. Today, more than 620,000 Cambodians are employed in the tourism sector. This industry has continued to grow rapidly as tourism receipts increased from \$129.00 million in 1998 to \$3,523.00 million in 2016. Receipts from tourism have been increasing gradually over the years because of political stability, it hit a high of \$3,523.00 million in 2016 which made up approximately 16% of the country's GDP. In 2017, the share of tourism in the GDP was 28.3% and it employed 25.9% of the total workforce. The worldwide marketing slogan used to promote tourism in Cambodia is "The Kingdom of Wonder, Feel the Warmth". Cambodia has 3 UNESCO World Heritage sites, namely: Angkor Wat, Preah Vihear and Sambor Prei Kuk. The top 5 international arrivals in 2017 came from China, Vietnam, South Korea, Laos and Thailand. The following table and graph show the numbers for international tourism in Cambodia:

International Tourism	2012	2013	2014	2015	2016
Receipts (USD Millions)	2,663.00	2,895.00	3,220.00	3,418.00	3,523.00
Number of arrivals (Millions)	3.58	4.21	4.50	4.77	5.01

Table 3: Tourism Statistics of Cambodia



Figure 13: Tourism Receipts of Cambodia





SECTION 4

TEXTILE INDUSTRY ANALYSIS

TEXTILE INDUSTRY ANALYSIS

Cambodia's Textile Industry

Textile industry represents the largest portion of Cambodia's manufacturing sector accounting for 65% of the country's exports. The Garment Manufacturers Association in Cambodia (GMAC) is a trade body that represents the garment and footwear industries of Cambodia and has been working closely with the government to facilitate trade and promote a healthy business environment for these sectors.

In 1996, Cambodia was granted the Generalized System of Preferences (GSP) status. In 2008, the Global Financial Crisis severely affected Cambodia's garment industry which suffered a 23% drop in its exports to the United States and European markets. As a result, 60,000 workers were laid off and 93 garment factories were closed. However, towards the end of 2009, Cambodia began to recover.

The country's open economic policy has attracted large foreign investments into this industry. Moreover, the lower cost of labor, free access to the US and EU markets and a strategic geographical location has encouraged foreign investors. Under the Everything But Arms (EBA) agreement, Cambodia has been offered free access to the EU market. And the US-Cambodia Trade Agreement on Textiles and Apparel (1999-2004) allowed Cambodia to secure access to the US market. The following table shows three tiers of the US textile and apparel suppliers as of 2008 (USD per Square Meter Equivalent, sme). Cambodia falls in the category of medium price whereas Pakistan comes under the low-price category.

Three-tier Category	Textile & Apparel Suppliers (USD per sme)
High Price (over \$4.0 per sme)	Italy (\$7.96 per sme)
Medium Price (\$2.50 - \$4.00 sme)	Vietnam (\$2.99 per sme), Indonesia (\$2.63 per sme), Cambodia (\$2.62 per sme)
Low Price (under \$2.50 per sme)	Pakistan (\$1.05 per sme), China (\$1.59 per sme), Honduras (\$1.93 per sme) Bangladesh (\$2.13 per sme) ¹³

Table 4: Three-tier category of US Textile & Apparel Suppliers

The table below shows the ownership nationality of garment factories in 2010. Around 236 export-oriented garment factories were operating under GMAC. Taiwan had the highest ownership of textile factories followed by China, Hong Kong and South Korea. A small percentage of local ownership in the textile industry reflected their limited autonomy in the decision making by this sector.

Nationality of Ownership	Ownership by Percentage	Number of factories owned
Taiwan	28%	66
China	19%	44
Hong Kong	17%	39
South Korea	13%	31
Malaysia	6%	14
Cambodia	5%	13
Singapore	4%	10
USA	4%	9
Others	4%	10

Table 5: Nationality of Ownership, 2010

¹³ Source: Textile Outlook International 2009

In 2016, Cambodian Investment Board (CIB) approved 50 projects in the garment sector. Registration of factories in 2017 was 7.5% higher than that in 2016. By 2014, the number of garment factories registered with GMAC grew from 48 in 1996 to 540. The garment industry continues to be the major source of job creation, providing 635,000 jobs on average in 2017. The following table gives a snapshot of the textile industry of Cambodia¹⁴:

Textile Industry Indicators	2014	2015	2016	2017
% growth (year on year)	9.3	12.3	11.2	N/A
Total CIB approved investment Projects	72	57	50	N/A
Total CIB approved Projects (USD Millions)	408	225	203	N/A ¹⁵
Total garment factories (end of period)	540	626	598	643
Total workers (period average, '000)	475	522	550	635
Minimum monthly wage (USD)	80	128	140	153

Table 6: Textile Industry Indicators of Cambodia

Cambodia's textile sector operates largely in the garment downstream sector i.e. apparel. In 2017, exports of the textile sector grew by 51% over 2013. Major textile exports at HS two-digit level were HS-61, HS-62 and HS-63 which accounted for 66% of the total exports of Cambodia.

Top 3 Textile Exports at HS 02 Level of Cambodia

All values in USD Millions

Product Code	Product Description	2015	2016	2017
61	Articles of apparel and clothing accessories, knitted or crocheted	5,550.19	6,108.12	7,725.18
62	Articles of apparel and clothing accessories, not knitted or crocheted	366.28	519.08	3,486.93
63	Other made-up textile articles	86.06	120.59	147.97
	Total (in USD Millions)	6,002.53	6,747.78	11,360.06

Table 7: Top 3 Textile Exports at HS-02 Level of Cambodia

Figure 14 shows the contribution of HS-61, HS-62 and HS-63 to the total textile exports of Cambodia at HS-02 level in 2017.

Major Textile Exports, 2017

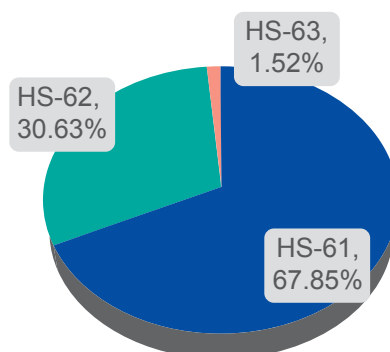


Figure 14: Contribution of Top 3 Textile Exports, 2017

¹⁴ ILO Report on Cambodian Garment and Footwear Sector (2016-2017)

¹⁵ The data for this indicator was Not Available (N/A)

Cambodia's top 15 textile exports are listed below at HS-06 level for the years 2015, 2016 and 2017.

Top 15 Textile Exports at HS 06 Level of Cambodia

All values in USD Millions

Product Code	Product Description	2015	2016	2017
611030	Jerseys, pullovers ... of man-made fibres, knitted ...	871.88	990.92	1,039.43
611020	Jerseys, pullovers ... of cotton, knitted or crocheted ...	821.04	811.15	894.99
620462	Women's or girls' trousers ... of cotton (excluding ...	700.38	789.81	831.38
610990	T-shirts, singlets ... knitted or crocheted (excluding cotton)	438.09	582.54	631.84
620342	Men's or boys' trousers ... of cotton (excluding ...	584.93	566.40	541.55
610463	Women's or girls' trousers ... of synthetic fibres, ...	405.94	469.77	526.88
610462	Women's or girls' trousers ... of cotton, knitted	406.34	425.76	518.30
610910	T-shirts, singlets ... of cotton, knitted or crocheted	475.30	445.92	447.73
611120	Babies' garments ... of cotton, knitted or crocheted	335.08	351.74	398.75
610342	Men's or boys' trousers ... of cotton, knitted	139.19	186.44	240.29
610343	Men's or boys' trousers, ... of synthetic fibres, knitted	128.07	136.56	204.04
620463	Women's or girls' trousers ... of synthetic fibres ...	149.70	181.85	186.77
610832	Women's or girls' nightdresses ... knitted or crocheted (excluding ...	156.11	133.89	157.33
620343	Men's or boys' trousers ... of synthetic fibres (excluding ...	109.47	129.24	152.98
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excluding petticoats)	150.07	143.08	152.48

Table 8: Top 15 Textile Exports at HS-06 Level of Cambodia

The aggregate value of HS-61, 62 and 63 exported to the top 5 textile export partners of Cambodia over the last three years is shown in the following table. The USA takes the lead followed by Germany, UK, Japan and Canada.



Figure 15: Top 5 Textile Export Partners of Cambodia

Cambodia's industrial policy is built on developing labor-intensive industries such as garments and textiles. Industrial and export processing zones were established in order to develop infrastructure and improve service quality. Better Factories Cambodia (BFC)¹⁶ which was formed in 2001, works for the improvement of working conditions and competitiveness in the textile sector. The policy of export oriented FDI, has played a key role in job creation and has been one of the reasons behind

¹⁶ BFC – a partnership between the International Labor Organization and the International Finance Corporation, a member of the World Bank Group

Cambodia's high economic growth. Trade liberalization policies have enabled Cambodia to compete not only in the regional but also in global markets. However, the lack of diversification and dependence on a few main sectors which are also vulnerable to foreign markets and investment fluctuations, increases the vulnerability of Cambodia's economy.

Pakistan's Textile Industry

Cotton textile and apparel have always been the most focused sector for Pakistan's economy because of the large amount of cotton grown in the country. Pakistan is classified as a lower middle-income country by the World Bank. Pakistan is the 4th largest cotton producer and according to Pakistan Textile Journal, it is the 10th best textile producer in the world. Pakistan's textile industry is highly export oriented and its share in exports is more than 60%. The industry contributes 8.5% to the GDP and employs 40% of the total labor force. Pakistan is the 8th largest exporter of textiles in Asia. The country has many strong regional (India, China, Bangladesh, Vietnam and Cambodia) as well as global competitors.

Pakistan is a composite textile exporter, meaning it exports raw, semi-finished and finished textile products. The export destinations of Pakistan's textile exports are mainly USA, UK and Germany. The global recession of 2008 gave a tough time to the local textile sector, it was further triggered by high inflation and the domestic energy crisis. Although the production of cotton increased by 7.6% in 2017, Pakistan faces tough competition in international markets due to increased cost of production as compared to its neighbors; India, Bangladesh and China. The decline in growth of the textile sector in Pakistan could be attributed to the following major reasons:

- Absence of Research and development (R&D) in the cotton sector has resulted in a lower quality of cotton being produced. This leads to lower profitability and Pakistani farmers shift to other cash crops.
- Lack of modern equipment and advanced technology has resulted in low productivity
- Increased cost of production due to inflation and high interest rates has caused downsizing of the textile sector firms; discouraging foreign investors from investing in this sector
- Constant energy crisis such as: electricity, gas load shedding and the consequential rise in cost of energy has led to a decline in Pakistan's export competitiveness; particularly in textiles
- The delay in release of rebates promised by the government

Figure below shows the contribution of HS-52, HS-61, HS-62 and HS-63 to the total textile exports of Pakistan in 2017. HS-52 is second highest exported material and it includes cotton yarn and woven cotton fabrics which is the major raw material required by apparel and textile producers.

Major Textile Exports, 2017

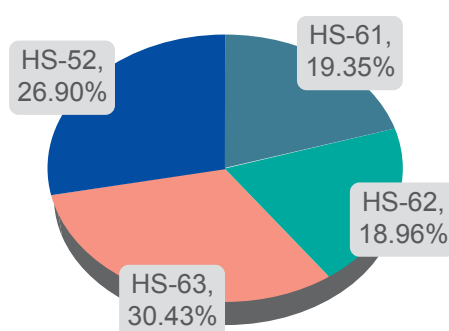


Figure 16: Top 3 Textile Exports at HS-02 Level of Pakistan in 2017

Following were the top 15 textile products exported by Pakistan to the world at HS-06 level during 2015, 2016 and 2017.

Top 15 Textile Exports at HS 06 Level of Pakistan

All values in USD Millions

Product Code	Product Description	2015	2016	2017
620322	Men's or boys' ensembles of cotton (excluding knitted ...	199.45	708.81	1,291.73
520512	Single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight ...	1,017.99	810.98	811.87
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	744.96	773.31	810.93
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	820.80	777.09	805.01
630239	Bedlinen of textile materials (excluding of cotton and man-made fibres, printed, knitted or ...	588.00	651.87	669.98
630210	Bedlinen, knitted or crocheted	654.70	606.93	665.34
520942	Denim, containing >= 85% cotton ...	447.17	461.85	482.49
620342	Men's or boys' trousers ... of cotton (excluding ...	762.16	543.87	410.42
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	396.83	384.89	407.12
610590	Men's or boys' shirts of textile materials, knitted or crocheted (excluding of cotton or man-made ...	262.02	252.52	310.70
520812	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 ...	214.96	183.87	213.20
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	166.21	143.32	199.89
610910	T-shirts, singlets ... of cotton, knitted or crocheted	203.76	205.11	197.76
620462	Women's or girls' trousers ... of cotton (excluding ...	528.52	366.22	197.08
611090	Jerseys, pullovers, cardigans, waistcoats and similar articles, of textile materials, knitted ...	129.80	151.09	195.78

Table 9: Top 15 Textile Exports at HS-06 Level of Pakistan

Comparison of Pakistan & Cambodia's Textile Industries

Both countries are classified as lower middle-income countries, however due to the large amount of cotton grown in Pakistan the emphasis is more on the exports of raw cotton, textiles and apparel. However, Cambodia focuses on its finished textile and apparel products and imports raw material in the form of cotton.

The following table compares the textile exports of Cambodia and Pakistan for the product categories under HS-61, HS-62 and HS-63. It can be seen that Cambodia's export of HS-63 is almost negligible, contributing only 1.52% to its textile exports and HS-61 has the largest share in exports. Pakistan on the other hand, has higher exports of HS-63 as compared to HS-61 and HS-62.



Figure 17: Textile Exports of Cambodia & Pakistan





SECTION 5

TRADE OVERVIEW

TRADE OVERVIEW

Cambodia follows a liberal trade regime. Classified as a Least Developed Country (LDC), it is eligible for duty free or preferential market access to many developed economies such as the Europe Union (EU) and the United States (US). In the 1990s, Cambodia's foreign trade got a boost because of the end of the civil war and high economic growth in the neighboring countries, both of which helped the economy grow. The creation of free trade zones at the ports supported expansion and legalization of cross-border trade with Thailand. The foreign policy of Cambodia has focused on establishing friendly borders with Vietnam and Thailand as well as integrating itself with regional (ASEAN) and global (WTO) trading partners. The country ranks as the 86th largest exporter as well as importer in the world.

The major exports of Cambodia include: garment, footwear, bicycles and rice. Whereas the top imports include: gold, knitted fabrics, mineral fuels and vehicles. The major export partners of Cambodia are: the USA, Germany, UK, Japan and France while the top import partners are: Thailand, China, Singapore and Hong Kong.

Trade Balance

For the past 10 years Cambodia has had a trade deficit. The trade deficit has reduced over the years, it reached its highest point of \$4.68 billion in 2013, and its lowest point in 2016 of \$0.43 billion. Cambodia exported goods worth \$17.21 billion while importing goods worth \$18.15 billion, resulting in a trade deficit of \$0.94 billion in 2017¹⁷.

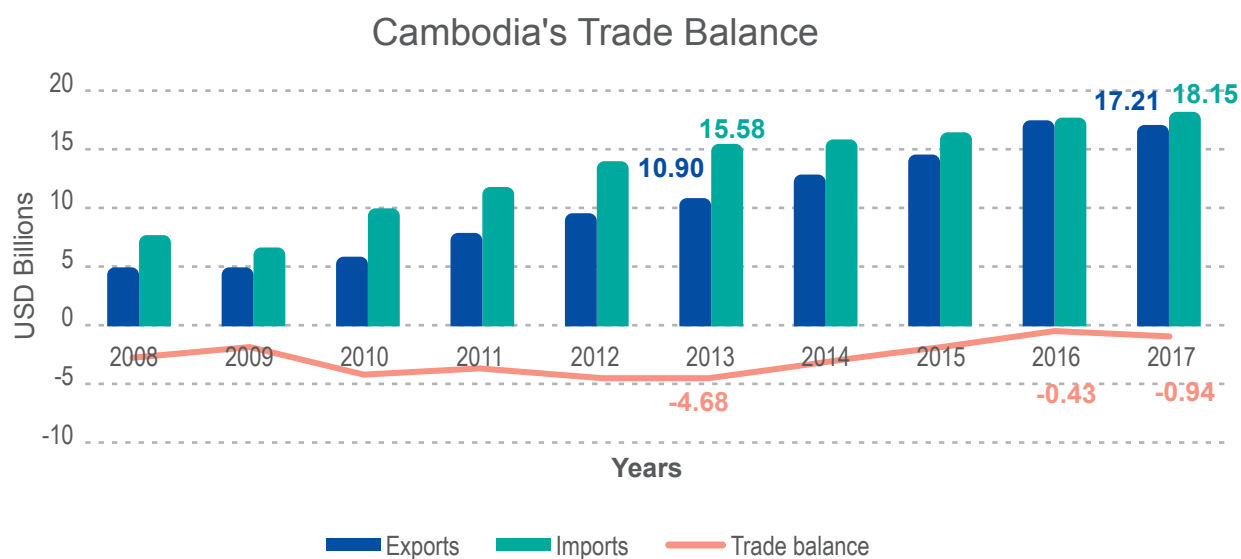


Figure 18: Cambodia's Trade Balance

Trade Trends: Partners

Major Export Partners

Over the years, exports have shown an upward trend. The USA has remained the major export destination for the last 10 years. Germany surpassed the UK to become the 2nd largest export partner of Cambodia in 2015. The top 5 export destinations and their shares in Cambodia's exports were USA (18.4%), Germany (10.3%), UK (7.5%), Japan (7.3%) and France (6.0%) as of 2017.

¹⁷ All trade values have been retrieved from ITC Trade Map and represent the mirror data. Plus, all the values used have been rounded off to 2 decimal places

Top 10 Export Partners of Cambodia

*All values in USD Billions

Countries	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total	5.04	4.89	5.86	7.96	9.50	10.90	13.00	14.66	17.40	17.21
United States of America	2.55	2.00	2.40	2.81	2.80	2.87	2.95	3.15	2.92	3.18
Germany	0.41	0.40	0.47	0.72	0.88	1.15	1.30	1.41	1.53	1.78
United Kingdom	0.33	0.42	0.50	0.76	0.84	1.05	1.27	1.37	1.29	1.30
Japan	0.12	0.14	0.21	0.31	0.40	0.58	0.77	0.97	1.20	1.26
France	0.12	0.12	0.15	0.21	0.26	0.40	0.53	0.67	0.89	1.04
China	0.04	0.04	0.09	0.18	0.22	0.36	0.48	0.67	0.83	1.01
Canada	0.25	0.26	0.35	0.53	0.60	0.68	0.75	0.81	0.90	1.00
Thailand	0.09	0.08	0.21	0.18	0.25	0.36	0.59	0.64	0.94	0.90
Spain	0.18	0.17	0.14	0.20	0.23	0.31	0.41	0.49	0.64	0.82
Belgium	0.06	0.05	0.07	0.11	0.12	0.16	0.22	0.20	0.37	0.51

Table 10: Cambodia's Top 10 Export Partners

The following graph depicts the trade trend for 6 major export destinations of Cambodia for the period 2008 to 2017.

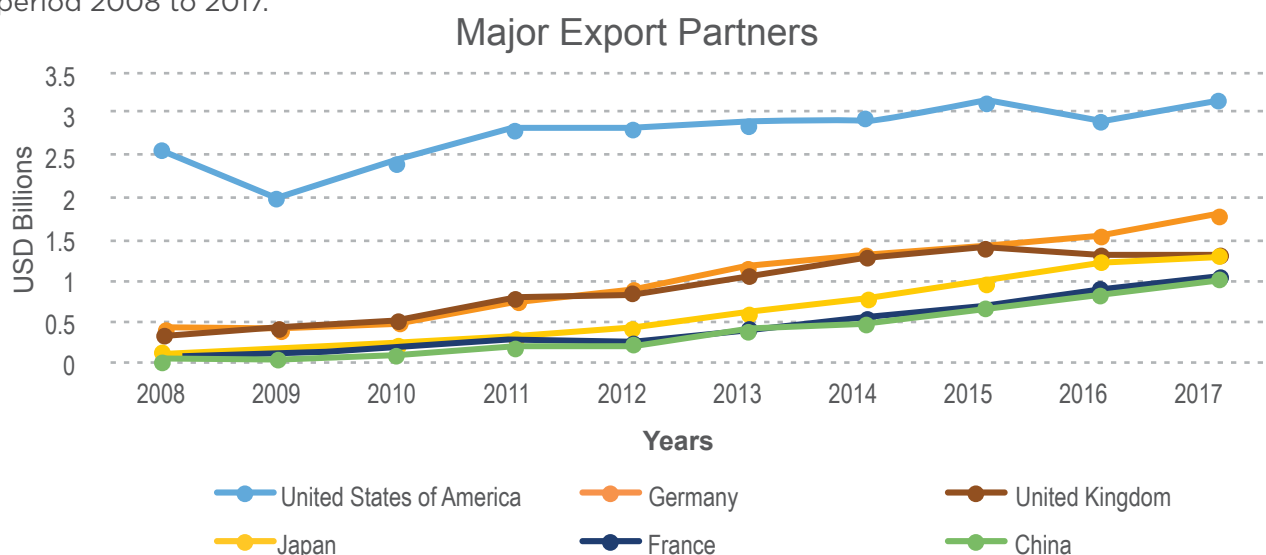


Figure 19: Cambodia's Trade Trend with Top 6 Export Partners

Major Import Partners

Thailand and China are the top '2' import partners of Cambodia. In 2017, total share of the top 5 import partners was: Thailand (29.0%), China (26.3%), Singapore (16.4%), Hong Kong (5.0%) and Taipei (3.6%). The overall import trend for the top partners has increased over the years.

Top 10 Import Partners of Cambodia

*All values in USD Billions

Countries	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total	7.69	6.76	9.97	11.83	14.07	15.58	15.99	16.62	17.84	18.15
Thailand	2.04	1.58	2.34	2.91	3.78	4.26	4.53	4.88	4.61	5.26
China	1.10	0.91	1.35	2.31	2.71	3.41	3.27	3.76	3.93	4.78
Singapore	0.62	1.12	2.20	0.91	0.99	1.11	1.10	0.96	2.49	2.98
Hong Kong, China	0.61	0.47	0.59	0.70	0.81	0.94	0.91	1.03	0.90	0.92
Taipei, Chinese	0.41	0.32	0.47	0.63	0.65	0.67	0.69	0.68	0.65	0.65
Korea, Republic of	0.29	0.27	0.33	0.45	0.59	0.61	0.65	0.65	0.57	0.60
Indonesia	0.17	0.20	0.22	0.26	0.29	0.31	0.42	0.43	0.43	0.51

*All values in USD Billions

Countries	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
United States of America	0.15	0.13	0.15	0.19	0.23	0.24	0.33	0.39	0.36	0.40
Japan	0.18	0.11	0.16	0.21	0.23	0.21	0.26	0.30	0.31	0.36
Malaysia	0.17	0.15	0.20	0.26	0.25	0.24	0.24	0.24	0.28	0.29

Table 11: Cambodia's Top 10 Import Partners

The major import origins are shown in the following graph representing import trend of Cambodia over the last decade.

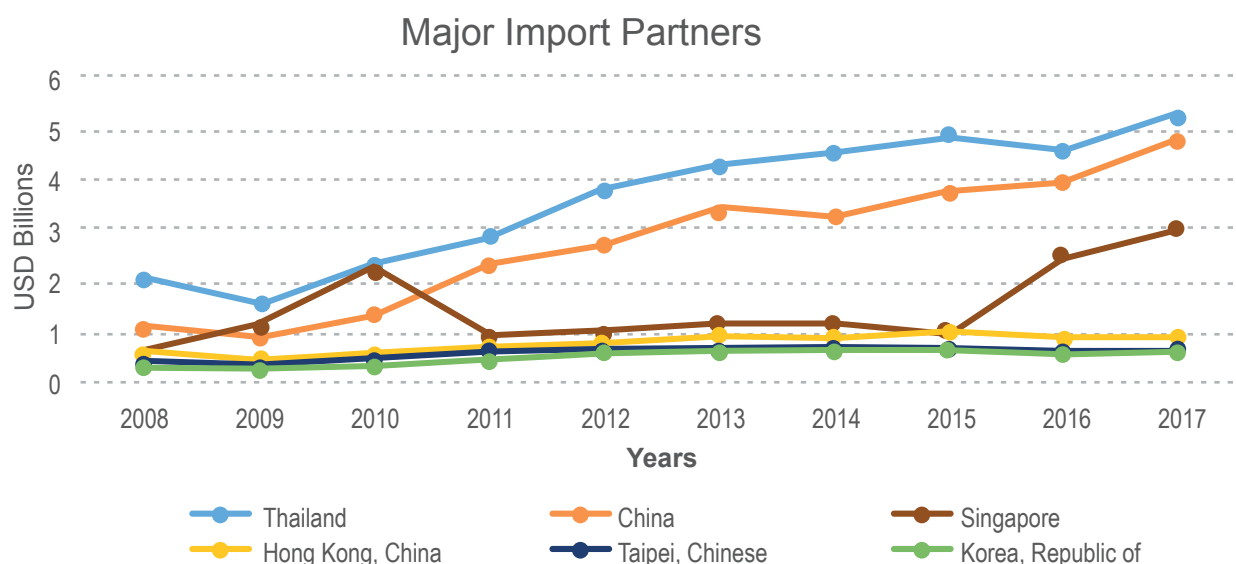


Figure 20: Cambodia's Trade Trend with Top 6 Import Partners

Trade Trend: Products

Major Exports

Cambodia's exports have risen gradually in the last '5' years, with an increase of 58% between 2013 and 2017. Its major export comprises of knitted and not knitted apparel, footwear, leather and electrical machinery at HS-02 level. The following table shows the top 10 exports of Cambodia at HS-02 level which contributed 91.3% of the total exports in 2017, of these the top 3 categories were HS-61, HS-62 and HS-64 which contributed 76.3% of the country's total export revenue.

Major Exports of Cambodia at HS 02 Level

*All values in USD Billions

		2013	2014	2015	2016	2017
TOTAL	All Products	10.90	13.00	14.66	17.40	17.21
Product Code	Product Description					
61	Articles of apparel ... knitted or crocheted	5.12	6.08	6.48	6.93	7.73
62	Articles of apparel ... not knitted or crocheted	2.29	2.54	2.84	3.18	3.49
64	Footwear, gaiters and the like	1.05	1.21	1.47	1.63	1.93
42	Articles of leather	0.03	0.08	0.18	0.25	0.45
85	Electrical machinery and equipment	0.22	0.45	0.54	0.46	0.44
87	Vehicles other than railway	0.44	0.43	0.42	0.42	0.42
10	Cereals	0.30	0.31	0.34	0.35	0.35
71	Natural or cultured pearls ...	0.01	0.02	0.04	1.84	0.34
43	Furskins and artificial fur	0.00	0.00	0.17	0.18	0.29
07	Edible vegetables and certain roots and tubers	0.26	0.25	0.43	0.49	0.29

Table 12: Major Exports of Cambodia at HS-02 Level

The table below shows the top-25 export items at HS-06 level from 2013 to 2017. Jerseys and pullovers of knitted and not knitted, women and men's trousers, T-shirts and footwear were the most exported items. These top 25 products accounted for 58.6% of the total export revenue and majorly covered the garment and footwear categories.

Major Exports of Cambodia at HS 06 Level

**All values in USD Billions*

		2013	2014	2015	2016	2017
TOTAL	All Products	10.90	13.00	14.66	17.40	17.21
Product Code	Product Description					
611030	Jerseys, pullovers, ... of man-made fibres, knitted or crocheted	0.67	0.80	0.87	0.99	1.04
611020	Jerseys, pullovers, ... of cotton, knitted or crocheted	0.86	0.87	0.82	0.81	0.89
620462	Women's or girls' trousers ... of cotton (excluding ...	0.54	0.57	0.70	0.79	0.83
610990	T-shirts, singlets ... knitted or crocheted (excluding cotton)	0.26	0.36	0.44	0.58	0.63
620342	Men's or boys' trousers ... of cotton (excluding ...	0.57	0.62	0.58	0.57	0.54
610463	Women's or girls' trousers ... of synthetic fibres, ...	0.18	0.30	0.41	0.47	0.53
610462	Women's or girls' trousers ... of cotton, knitted ...	0.36	0.39	0.41	0.43	0.52
640399	Footwear ... with uppers of leather	0.39	0.40	0.45	0.46	0.47
610910	T-shirts, singlets ... of cotton, knitted or crocheted	0.41	0.49	0.48	0.45	0.45
640419	Footwear with uppers of textile materials (excluding ...	0.12	0.14	0.17	0.26	0.43
871200	Bicycles and other cycles	0.43	0.42	0.42	0.42	0.41
611120	Babies' garments ... of cotton, knitted or crocheted	0.25	0.31	0.34	0.35	0.40
100630	Semi-milled or wholly milled rice	0.25	0.28	0.32	0.33	0.33
640299	Footwear with ... uppers of rubber or plastics (excluding ...	0.15	0.20	0.26	0.24	0.29
071410	Fresh, ... tubers of manioc "cassava",	0.25	0.24	0.42	0.49	0.29
430211	Tanned or dressed furskins of mink	-	-	0.15	0.17	0.28
610342	Men's or boys' trousers ... of cotton, knitted	0.08	0.12	0.14	0.19	0.24
640411	Sports footwear ...	0.13	0.15	0.19	0.21	0.23
420292	Travelling-bags, shopping-bags ...	0.01	0.03	0.09	0.13	0.22
640391	Footwear with ... uppers of leather, ...	0.14	0.16	0.19	0.21	0.22
610343	Men's or boys' trousers, ... of synthetic fibres, knitted	0.08	0.09	0.13	0.14	0.20
620463	Women's or girls' trousers ... of synthetic fibres, knitted	0.10	0.12	0.15	0.18	0.19
711291	Waste and scrap of gold ...	-	-	0.00	1.07	0.18
610832	Women's or girls' nightdresses ... knitted or crocheted	0.13	0.15	0.16	0.13	0.16
620343	Men's or boys' trousers ... of synthetic fibres (excluding ...	0.12	0.11	0.11	0.13	0.15

Table 13: Major Exports of Cambodia at HS-06 Level

Major Imports

Cambodia mainly imports pearls, knitted fabrics, mineral fuels, vehicles and electrical machinery. Of these products, knitted and crocheted fabric is the most imported item and is used as a raw material in the textile industry. The following table depicts the top 10 products imported by Cambodia at HS-02 level over the last 5 years, these accounted for 66% of the total import bill in 2017.

Major Imports of Cambodia at HS 02 Level

**All values in USD Billions*

		2013	2014	2015	2016	2017
TOTAL	All Products	15.58	15.99	16.62	17.84	18.15
Product Code	Product Description					
71	Natural or cultured pearls ...	0.09	0.20	0.60	0.26	3.03
60	Knitted or crocheted fabrics	1.60	1.98	1.98	2.20	2.08

**All values in USD Billions*

		2013	2014	2015	2016	2017
27	Mineral fuels, mineral oils ...	1.01	0.35	0.12	1.10	1.50
87	Vehicles other than railway	0.64	0.41	1.15	1.14	1.21
84	Machinery and mechanical appliances ...	0.56	0.97	0.67	0.88	1.21
85	Electrical machinery and equipment	0.46	0.51	0.51	0.61	0.99
52	Cotton	0.17	0.31	0.38	0.45	0.68
22	Beverages, spirits and vinegar	0.04	0.09	0.15	0.17	0.49
39	Plastics and articles thereof	0.18	0.26	0.32	0.43	0.44
24	Tobacco and manufactured tobacco substitutes	0.20	0.25	0.24	0.23	0.36

Table 14: Major Imports of Cambodia at HS-02 Level

The following table shows imports classified according to the HS-06 level. Gold by far is the largest imported item followed by dyed cotton fabrics, medium and lights oils. The top 10 import items represent around 47% of Cambodia's total imports from the world.

Major Imports of Cambodia at HS 06 Level

**All values in USD Billions*

		2013	2014	2015	2016	2017
TOTAL	All Products	15.58	15.99	16.62	17.84	18.15
Product Code	Product Description					
710813	Gold ... for non-monetary purposes	-	0.00	-	1.72	2.11
271019	Medium oils and preparations ...	1.34	1.14	0.85	0.92	0.92
710812	Gold, ... for non-monetary purposes (excluding ...	0.28	0.47	0.89	0.65	0.84
600622	Dyed cotton fabrics ... of a width of > 30 cm ...	0.54	0.54	0.56	0.54	0.47
600410	Knitted ... of a width of > 30 cm, containing >= 5%	0.35	0.38	0.41	0.43	0.44
271012	Light oils and preparations ...	0.66	0.69	0.51	0.42	0.37
240220	Cigarettes, containing tobacco	0.29	0.35	0.32	0.33	0.34
600632	Dyed fabrics ... of synthetic fibres, of a width of > 30 cm (excluding ...	0.24	0.26	0.31	0.33	0.34
170199	Cane or beet sugar ...	0.28	0.22	0.17	0.30	0.29
220299	Non-alcoholic beverages (excluding ...	-	-	-	-	0.28
430110	Raw furskins of mink ...	-	-	0.13	0.15	0.26
880240	Aeroplanes and other powered aircraft ...	-	-	-	0.11	0.20
870324	Motor cars and other motor vehicles ...	0.08	0.11	0.16	0.15	0.19
851712	Telephones for cellular networks "mobile telephones"	0.19	0.15	0.14	0.17	0.16
252329	Portland cement	0.17	0.21	0.19	0.16	0.14
870323	Motor cars and other motor vehicles ...	0.10	0.15	0.19	0.16	0.14
300490	Medicaments ...	0.12	0.11	0.12	0.12	0.14
600192	Pile fabrics ... knitted or crocheted (excluding ...	0.07	0.07	0.09	0.10	0.12
521142	Denim ... < 85% cotton by weight	0.08	0.08	0.09	0.10	0.12
871120	Motorcycles ...	0.05	0.07	0.09	0.10	0.12
392690	Articles of plastics ...	0.06	0.10	0.12	0.12	0.12
600121	Looped pile fabrics of cotton, knitted or crocheted	0.04	0.05	0.05	0.08	0.10
270119	Coal, whether or not pulverised ...	0.01	0.10	0.07	0.06	0.10
871410	Parts and accessories of motorcycles ...	0.09	0.10	0.10	0.10	0.10
600624	Printed cotton fabrics ... of a width of > 30 cm	0.09	0.10	0.08	0.08	0.10

Table 15: Major Imports of Cambodia at HS-06 Level

Trading Partners

CHINA

In the 1980s, after the end of the Cambodian-Vietnamese War, bilateral relations between the Kingdom of Cambodia and the People's Republic of China were strengthened, mainly because of China's support to Khmer Rouge against Vietnam. China has played a major role in Cambodia's development.

In its trade with China, Cambodia has always faced a deficit because of the dominance of imports over exports. From 2009 onwards, the trade deficit has been increasing gradually. This surge in the deficit can be attributed to a higher dependence on raw material required by the textile Industry. Over the course of 10 years, Cambodia's deficit with China was recorded at its lowest in 2009 of \$870.17 million and hit its highest level in 2017 of \$3,775.62 million.

Cambodia's Bilateral Trade with China



Figure 21: Cambodia's Bilateral Trade with China

Exports

China is the 6th largest export partner of Cambodia. Exports to China have shown an increasing trend but have remained almost 4 times lower than its imports. The following table shows the top 10 export items at HS-02 level which constitute 91.5% of the total exports to China. Furskins, articles of knitted apparel, cereals, electrical machinery and medical instruments were the top exports.

Cambodia's Top 10 Exports to China at HS 02 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	363.64	482.92	666.60	830.51	1,007.58
Product Code	Product Description					
43	Furskins and artificial fur	-	-	120.07	145.65	243.97
61	Articles of apparel ... knitted or crocheted	88.54	108.81	153.40	171.24	222.41
10	Cereals	19.03	31.69	68.95	73.82	101.13
85	Electrical machinery and equipment	22.08	31.81	71.13	86.47	91.33
90	Medical instruments	0.00	22.91	80.90	109.04	89.80
62	Articles of apparel ... not knitted or crocheted	37.85	33.48	39.12	46.02	65.62
64	Footwear, gaiters and the like	12.27	15.76	23.37	39.07	51.16
44	Wood and articles of wood ...	87.51	140.24	20.48	17.12	22.63

**All values in USD Millions*

		2013	2014	2015	2016	2017
25	Salt; sulphur ...	-	0.03	0.02	5.73	18.44
11	Products of the milling industry ...	0.35	4.04	8.56	10.43	15.95

Table 16: Cambodia's Top 10 Exports to China at HS-02 Level

In the top 10 export items to China at HS-06 level; furskins of mink, milled rice, parts of LCDs, jerseys and static converters were the leading export categories. These top 10 products made up approximately 60% of the total exports.

Cambodia's Top 10 Exports to China at HS 06 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	363.64	482.92	666.60	830.51	1,007.58
Product Code	Product Description					
430211	Tanned or dressed furskins of mink ...	-	-	106.69	141.43	230.38
100630	Semi-milled or wholly milled rice ...	19.03	31.69	64.38	73.58	100.54
901390	Parts and accessories for liquid crystal devices "LCD"	-	22.89	80.90	108.99	89.75
611020	Jerseys, pullovers, ... of cotton, knitted or crocheted	8.43	12.91	17.26	19.85	33.27
850440	Static converters	0.01	-	3.93	27.12	29.54
850110	Motors of an output <= 37,5 W	16.07	22.31	20.16	19.04	28.38
611120	Babies' garments ... of cotton, knitted or crocheted	13.11	18.40	23.58	21.86	24.77
610910	T-shirts, singlets ... of cotton, knitted or crocheted	15.64	18.19	19.29	25.52	22.70
610342	Men's or boys' trousers ... of cotton, knitted	2.16	3.43	6.29	10.10	21.28
610990	T-shirts, singlets ... knitted or crocheted (excluding cotton)	3.83	5.44	7.64	10.54	19.73

Table 17: Cambodia's Top 10 Exports to China at HS-06 Level

Imports

Imports from China have increased significantly by 40.3% in 2017 over those of 2013. This has enabled China to secure its position as the 2nd largest import partner of Cambodia. The top 10 import products are listed below at HS-02 level which accounted for 72.5% of the total import bill in 2017. Of these top 10 products; knitted fabrics, cotton and electrical machinery were the leading import items.

Cambodia's Top 10 Imports from China at HS 02 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	3,409.51	3,274.74	3,763.39	3,928.69	4,783.20
Product Code	Product Description					
60	Knitted or crocheted fabrics	878.04	991.94	1,005.47	1,064.67	1,266.31
52	Cotton	381.17	385.99	397.94	397.40	528.79
85	Electrical machinery and equipment	282.56	202.90	290.14	281.34	390.93
84	Machinery and mechanical appliances ...	363.13	291.07	358.46	365.35	384.18
54	Man-made filaments ...	70.30	87.24	130.53	150.26	205.68
55	Man-made staple fibres	140.41	131.31	139.32	157.73	198.39
69	Ceramic products	79.91	94.31	139.00	144.40	141.82
87	Vehicles other than railway	103.22	103.05	101.73	108.53	121.65
61	Articles of apparel ... knitted or crocheted	123.38	103.50	108.46	103.34	120.32
73	Articles of iron or steel	64.49	59.51	71.87	101.00	113.16

Table 18: Cambodia's Top 10 Imports from China at HS-02 Level

The following table shows the top 10 imported products from China at HS-06 level which constitute 26% of the total imports. This indicates that Cambodia imports a wide variety of goods from China amongst which; knitted fabrics, dyed cotton and fabrics are the most imported items.

Cambodia's Top 10 Imports from China at HS 06 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	3,409.51	3,274.74	3,763.39	3,928.69	4,783.20
Product Code	Product Description					
600410	Knitted ... of a width of > 30 cm, containing >= 5%	144.58	170.32	204.06	218.32	264.14
600622	Dyed cotton fabrics ... of a width of > 30 cm ...	210.28	212.71	180.35	187.76	226.53
600632	Dyed fabrics ... of synthetic fibres, of a width of > 30 cm (excluding ...	122.72	142.32	151.58	171.89	210.29
600192	Pile fabrics ... knitted or crocheted (excluding ...	64.12	65.38	86.17	94.98	115.75
521142	Denim ... < 85% cotton by weight	61.35	60.15	67.99	81.59	103.96
520939	Woven fabrics of cotton ... >= 85% cotton ...	58.82	51.94	40.12	29.29	74.62
600642	Dyed fabrics ... of artificial fibres, of a width of > 30 cm (excluding ...	54.07	63.40	61.09	68.02	67.10
600624	Printed cotton fabrics ... of a width of > 30 cm	56.83	50.45	44.21	47.54	62.94
600623	Cotton fabrics ... of yarns of different colours, of a width of > 30 cm ...	39.14	44.87	45.61	36.34	58.79
611790	Parts of garments ... knitted or crocheted, n.e.s.	35.26	43.21	53.25	50.65	57.10

Table 19: Cambodia's Top 10 Imports from China at HS-06 Level

INDIA

Formal diplomatic relations were established when India opened its embassy in Phnom Penh in 1981. In 1993, India provided personnel to conduct the UNTAC-sponsored elections in Cambodia. Later in 2002, a bilateral trade agreement was signed, under which India agreed to provide duty free tariff preference schemes to Cambodia. These covered 94% of India's total tariff lines in 2008. Recently, in 2018, India and Cambodia inked four agreements in order to enhance cooperation in security, connectivity and development. The MOU was signed to prevent human trafficking, criminal matters, promote a cultural exchange program and \$36.92 million was agreed as the line of credit for Cambodia's Stung Sva Hab water resource development project.

Although, Cambodia has had a constant trade deficit with India, yet total trade has increased by approximately 45%. Trade remains marginal mainly because of the high cost of transportation, identical goods market and India's protectionist policies. Cambodia's trade deficit was recorded at its lowest in 2009 at \$37.87 million and highest in 2014 at \$137.64 million. In 2017, Cambodia's trade deficit with India was \$72.19 million.

Cambodia's Bilateral Trade with India



Figure 22: Cambodia's Bilateral Trade with India

Exports

Exports to India substantially increased from \$12.79 million in 2013 to \$48.00 million in 2017. The top 10 exports at HS-02 level are shown in the table below, these products accounted for 96.8% of the total exports to India. Articles of apparel; knitted and not knitted, take the lead followed by rubber, malt, starch and footwear.

Cambodia's Top 10 Exports to India at HS 02 Level

*All values in USD Millions

		2013	2014	2015	2016	2017
TOTAL	All Products	12.79	16.43	42.99	43.21	47.99
Product Code	Product Description					
61	Articles of apparel ... knitted or crocheted	2.83	3.66	6.13	8.25	11.39
40	Rubber and articles thereof	2.72	2.06	5.28	8.57	10.35
11	Products of the milling industry ...	-	0.07	0.25	0.07	7.70
62	Articles of apparel ... not knitted or crocheted	3.58	3.36	2.95	4.38	4.54
64	Footwear, gaiters and the like	1.70	0.91	2.50	3.03	3.43
44	Wood and articles of wood ...	0.15	-	19.64	13.54	2.73
87	Vehicles other than railway	0.35	0.83	1.47	2.02	2.63

**All values in USD Millions*

		2013	2014	2015	2016	2017
21	Miscellaneous edible preparations	-	-	-	0.78	1.57
90	Medical instruments	0.03	-	0.09	0.06	1.11
29	Organic chemicals	-	-	0.16	0.52	1.01

Table 20: Cambodia's Top 10 Exports to India at HS-02 Level

At HS-06 level, smoked sheets of natural rubber, manioc starch, bicycles and wood were the topmost exported items. Listed below are the top 10 products exported to India at HS-06 level between 2013 and 2017.

Cambodia's Top 10 Exports to India at HS 06 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	12.79	16.43	42.99	43.21	47.99
Product Code	Product Description					
400121	Smoked sheets of natural rubber	1.64	0.95	4.92	7.73	9.02
110814	Manioc starch	-	0.07	0.16	0.07	7.70
871200	Bicycles and other cycles	0.35	0.83	1.47	2.02	2.61
440399	Wood in the rough ... (excluding ...	-	-	11.10	6.47	2.21
611030	Jerseys, pullovers, ... of man-made fibres, knitted or crocheted	0.58	0.47	0.88	1.16	1.92
210690	Food preparations, n.e.s.	-	-	-	0.78	1.57
610990	T-shirts, singlets ... knitted or crocheted (excluding cotton)	0.19	0.27	0.33	1.10	1.39
400122	Technically specified natural rubber "TSNR"	0.97	1.11	0.36	0.83	1.30
640399	Footwear ... with uppers of leather	0.87	0.05	0.75	1.03	1.28
610343	Men's or boys' trousers ... of synthetic fibres, knitted	0.05	0.24	0.66	0.85	1.14

Table 21: Cambodia's Top 10 Exports to India at HS-06 Level

Imports

Overall imports have gone down from 2014 onwards, however, it increased again in 2017 to \$120.18 million. Imports from India heavily depend on pharmaceutical products, vehicles and cotton; these three make up about 30% of Cambodia's imports from India.

Cambodia's Top 10 Imports from India at HS 02 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	136.77	154.07	145.35	109.28	120.18
Product Code	Product Description					
30	Pharmaceutical products	34.12	36.12	38.32	35.51	39.42
87	Vehicles other than railway	9.66	10.89	11.11	4.68	11.84
52	Cotton	24.02	18.22	16.79	7.27	11.48
55	Man-made staple fibres	11.63	11.47	12.20	9.47	9.14
41	Raw hides and skins (other than furskins) and leather	7.24	9.62	11.89	12.01	7.15
23	Residues and waste from the food industries; prepared animal fodder	16.37	15.77	9.20	2.27	5.17
84	Machinery and mechanical appliances ...	8.82	4.61	5.23	5.40	4.71
54	Man-made filaments ...	0.56	1.09	3.98	2.43	4.17
60	Knitted or crocheted fabrics	0.59	0.66	0.69	1.96	3.53
85	Electrical machinery and equipment	0.63	1.24	1.01	1.84	3.50

Table 22: Cambodia's Top 10 Imports from India at HS-02 Level

Most of Cambodia's imports from India at HS-06 level comprise of medicaments, woven fabrics, motor cars, vaccines and denim. The top 10 import products at HS-06 level are shown in the table 24 which accounted for 50.6% of the total import bill in 2017.

Cambodia's Top 10 Imports from India at HS 06 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	136.77	154.07	145.35	109.28	120.18
Product Code	Product Description					
300490	Medicaments ...	22.58	19.25	23.91	21.16	26.37
551513	Woven fabrics ... < 85% polyester staple fibres ...	2.98	4.28	6.86	5.60	5.32
870321	Motor cars and other motor vehicles ...	0.02	0.03	0.21	0.77	4.75
300420	Medicaments containing antibiotics ...	5.24	4.63	4.55	4.95	4.35
300220	Vaccines for human medicine	2.10	2.85	3.20	4.16	4.27
521142	Denim ... < 85% cotton by weight	2.31	0.76	0.16	1.40	3.85
230400	Oilcake and other solid residues ...	13.87	12.69	5.55	-	3.30
551511	Woven fabrics ... < 85% polyester staple fibres ...	7.68	6.44	4.40	2.37	3.25
411200	Leather further prepared after tanning ...	1.64	1.03	2.84	3.30	2.80
520942	Denim, containing >= 85% cotton ...	3.63	2.29	3.43	1.68	2.56

Table 23: Cambodia's Top 10 Imports from India at HS-06 Level

Trade with ASEAN

Cambodia joined the Association of South East Asian Nations (ASEAN) in 1999. ASEAN follows a vision to promote economic growth, social progress and cultural development amongst the member countries. The ASEAN Free Trade Area (AFTA) has led to trade liberalization through the elimination of tariffs for a wide range of products. GMAC has been an active member of the ASEAN Federation of Textile Industries (AFTEX).

The following graph shows Cambodia's trade with ASEAN members over the past ten years. There has been a trade deficit from 2008 to 2017. Most imported products from ASEAN members are; gold, mineral fuels, vehicles and beverages while exports include: natural pearls, edible vegetables, electrical machinery and apparel products. The lowest trade deficit was recorded in 2009 of \$3.51 billion and the highest was experienced in 2017 of \$7.66 billion.

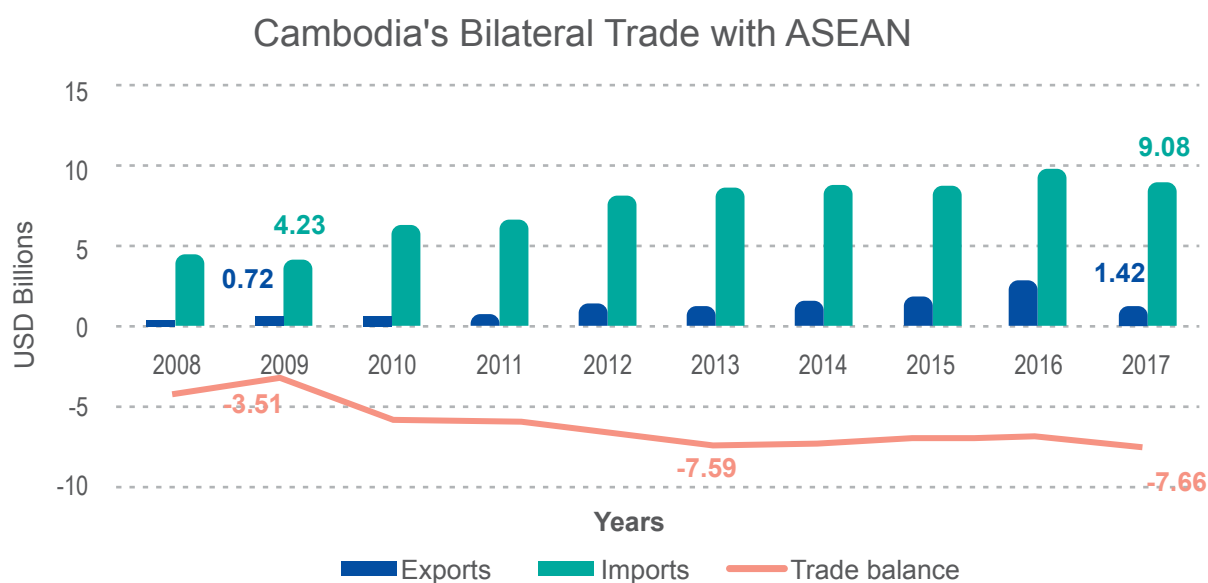


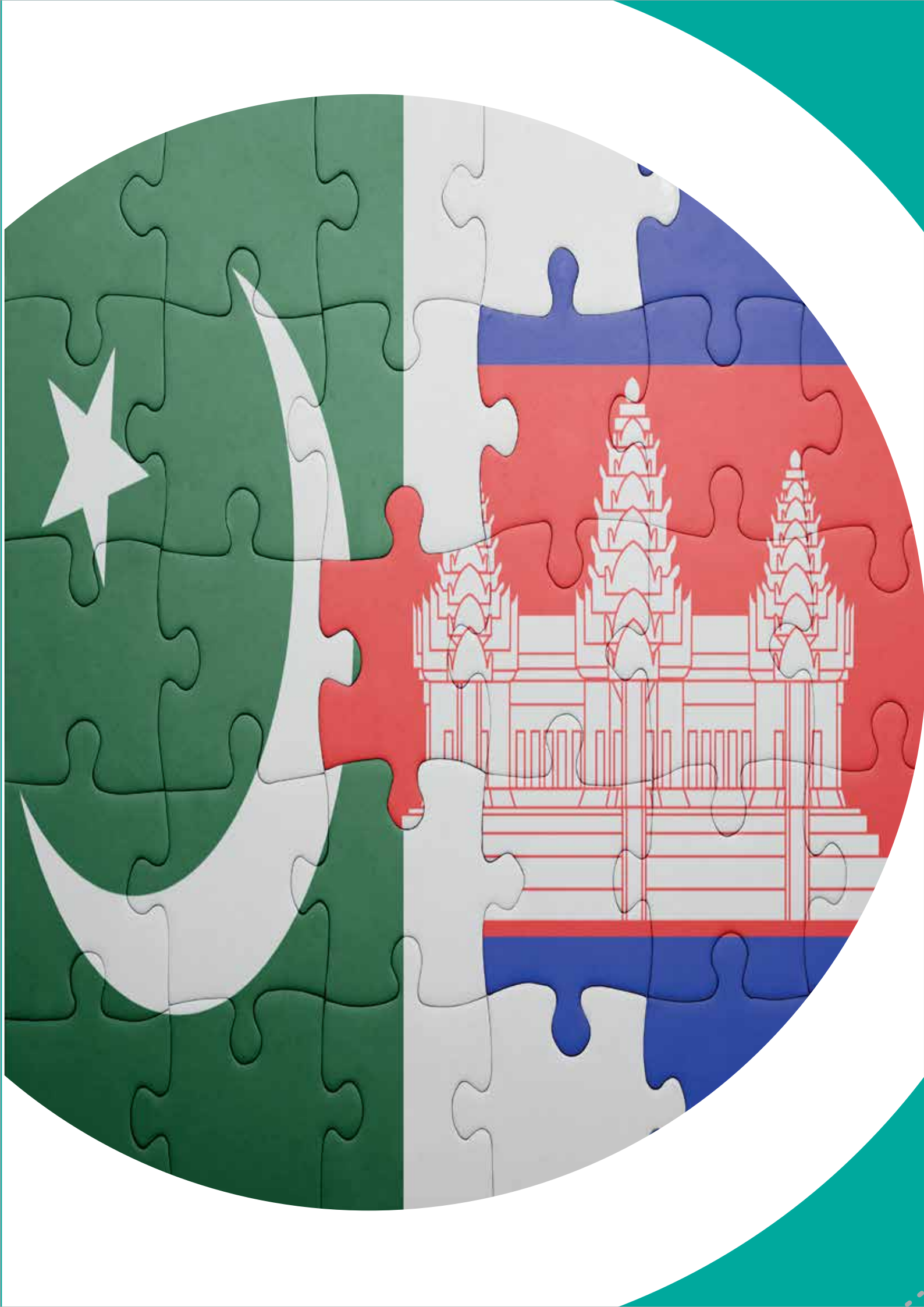
Figure 23: Cambodia's Bilateral Trade with ASEAN Members

Trade Agreements of Cambodia

Being a member of ASEAN, Cambodia is part of all trade agreements which have been signed by ASEAN. The following table shows the list of trade agreements signed by Cambodia. Other than the ASEAN-Hong Kong FTA and the Regional Comprehensive Economic Partnership (RCEP), other trade agreements have been signed and implemented.

No.	FTA	Year of Entry into Force (EIF)	Status
1	ASEAN-Hong Kong, China Free Trade Agreement	2017	Signed but not yet In Effect
2	ASEAN Free Trade Area	1993	Signed and In Effect
3	ASEAN-India Comprehensive Economic Cooperation Agreement	2010	Signed and In Effect
4	ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement	2005	Signed and In Effect
5	ASEAN-[Republic of] Korea Comprehensive Economic Cooperation Agreement	2007	Signed and In Effect
6	ASEAN-Japan Comprehensive Economic Partnership	2008	Signed and In Effect
7	ASEAN-Australia and New Zealand Free Trade Agreement	2010	Signed and In Effect
8	Regional Comprehensive Economic Partnership	2013	Negotiations launched

Table 24: Trade Agreements signed by Cambodia





SECTION 6

BILATERAL TRADE WITH PAKISTAN

BILATERAL TRADE WITH PAKISTAN

Trade Balance

In 2004, Pakistan and Cambodia agreed to establish multi-lateral relations for peace, security and stability in the Asia Pacific region. The Government of Pakistan has signed agreements for the training of Cambodian students in various Civil Aviation and defense forces institutions of Pakistan and it also has an embassy in Phnom Penh.

Both Pakistan and Cambodia are significant textile players in Asia but trade has mostly remained in favor of Pakistan making it the 18th largest import partner of Cambodia. Although efforts are being made to bolster trade relations between the two countries, Cambodia's imports of raw materials have remained significantly higher than its exports to Pakistan. The following graph shows the bilateral trade between Cambodia and Pakistan over the last 10 years. The highest trade deficit of \$47.39 million was experienced in 2013 and the lowest of \$22.35 million was in 2011. In 2017, the trade deficit stood at \$27.52 million.

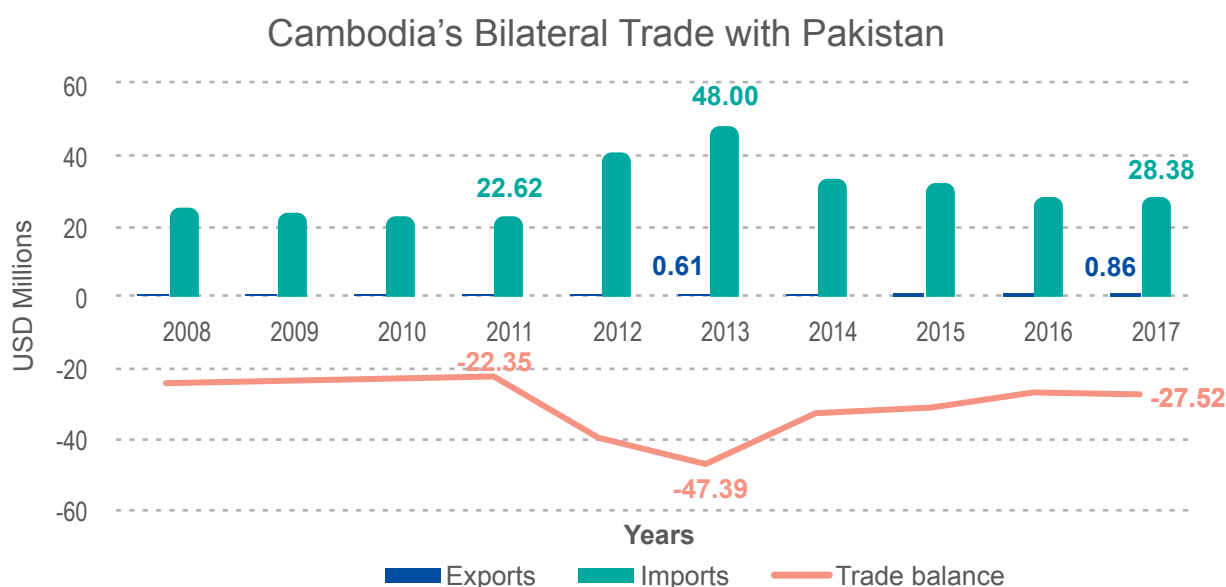


Figure 24: Cambodia's Bilateral Trade with Pakistan

Exports

The highest level of Cambodian exports to Pakistan over the last five years were recorded in 2016 at \$1.16 million. Exports declined to \$0.86 million in 2017. The top 10 exports to Pakistan at HS-02 level are shown in the table below, these accounted for 99% of total exports to Pakistan. Export items mainly covered articles of apparel knitted and not knitted, electrical machinery, footwear and rubber at HS-02 level.

Cambodia's Top 10 Exports to Pakistan at HS 02 Level

*All values in USD Millions

		2013	2014	2015	2016	2017
TOTAL	All Products	0.61	0.25	1.07	1.16	0.86
Product Code	Product Description					
62	Articles of apparel ... not knitted or crocheted	0.24	0.20	0.48	0.40	0.43
61	Articles of apparel ... knitted or crocheted	0.02	0.02	0.08	0.08	0.16
85	Electrical machinery and equipment	0.00	0.00	0.07	0.19	0.09

**All values in USD Millions*

		2013	2014	2015	2016	2017
64	Footwear, gaiters and the like	-	0.00	0.10	0.22	0.08
40	Rubber and articles thereof	-	-	0.00	0.23	0.04
90	Medical instruments	0.01	0.00	-	-	0.02
84	Machinery and mechanical appliances ...	0.12	0.01	0.29	-	0.01
65	Headgear and parts thereof	-	-	0.00	-	0.01
63	Other made-up textile articles	-	-	0.00	-	0.00
42	Articles of leather	0.00	-	-	-	0.00

Table 25: Cambodia's Top 10 Exports to Pakistan at HS-02 Level

The main commodities exported by Cambodia were women's and men's trousers of cotton and textile materials, discharge lamps and surgical gloves at HS-06 level in 2017. The top five products made up 53.5% of the total exports to Pakistan. The following table shows the top 10 exported items at HS-06 level over the last five years.

Cambodia's Top 10 Exports to Pakistan at HS 06 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	0.61	0.25	1.07	1.16	0.86
Product Code	Product Description					
620342	Men's or boys' trousers ... of cotton (excluding ...	0.08	0.10	0.17	0.28	0.26
620349	Men's or boys' trousers ... of textile materials (excluding ...	0.13	0.08	0.21	0.07	0.08
853931	Discharge lamps, fluorescent, hot cathode	-	-	-	0.15	0.05
401511	Surgical gloves, of vulcanised rubber (excluding fingerstalls)	-	-	-	-	0.04
610462	Women's or girls' trousers ... of cotton, knitted ...	-	-	0.00	0.01	0.04
621010	Garments made up of felt or nonwovens ...	0.02	-	0.05	0.01	0.04
610990	T-shirts, singlets ... knitted or crocheted (excluding cotton)	0.02	0.01	0.01	0.02	0.03
640399	Footwear ... with uppers of leather	-	0.00	0.06	0.16	0.02
640411	Sports footwear ...	-	-	-	0.01	0.02
640299	Footwear with ... uppers of rubber or plastics (excluding ...	-	-	0.01	0.02	0.02

Table 26: Cambodia's Top 10 Exports to Pakistan at HS-06 Level

Imports

Imports from Pakistan have shown a 40% decline in 2017 as compared to 2013. Cotton, raw hides, sugar confectionery and man-made staple fibres were the leading import items. The table below shows the top 10 imports from Pakistan at HS-02 level during the last five years.

Cambodia's Top 10 Imports from Pakistan at HS 02 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	48.00	33.11	32.35	28.59	28.38
Product Code	Product Description					
52	Cotton	37.41	19.96	19.36	17.30	12.61
41	Raw hides and skins (other than furskins) and leather	8.02	7.94	7.46	5.97	6.85
30	Pharmaceutical products	1.86	3.15	3.63	5.02	5.91
17	Sugars and sugar confectionery	-	-	-	-	1.92
55	Man-made staple fibres	0.32	0.10	0.03	0.10	0.58
28	Inorganic chemicals ...	-	-	-	-	0.23
90	Medical instruments	0.08	0.05	0.06	0.06	0.07

**All values in USD Millions*

		2013	2014	2015	2016	2017
56	Wadding, felt and nonwovens ... thereof	0.10	1.63	1.61	-	0.04
63	Other made-up textile articles	0.09	0.06	0.01	-	0.03
29	Organic chemicals	-	0.00	-	-	0.03

Table 27: Cambodia's Top 10 Imports from Pakistan at HS-02 Level

The table below shows the top 10 imports from Pakistan at HS-06 level, which accounted for 85.7% of the total import bill in 2017. Denim, leather, medicaments, woven fabrics and sugar were the major import items.

Cambodia's Top 10 Imports from Pakistan at HS 06 Level

**All values in USD Millions*

		2013	2014	2015	2016	2017
TOTAL	All Products	48.00	33.11	32.35	28.59	28.38
Product Code	Product Description					
520942	Denim, containing >= 85% cotton ...	15.99	11.42	11.71	9.72	7.98
410712	Grain splits leather ... skins of bovine ...	2.48	2.37	1.32	1.61	3.41
300439	Medicaments containing hormones ...	0.63	1.23	1.44	2.59	3.32
520932	Woven fabrics of cotton, containing >= 85% cotton ...	14.78	3.79	3.51	4.49	1.94
170199	Cane or beet sugar ...	-	-	-	-	1.92
300490	Medicaments ...	0.99	0.83	1.58	1.55	1.85
411310	Leather further prepared after tanning or crusting ... of goats ...	1.26	2.28	3.68	2.36	1.71
410792	Grain splits leather "incl. parchment-dressed leather" ...	1.63	1.05	1.00	1.54	1.03
411390	Leather further prepared after tanning or crusting ... of antelopes ...	2.06	1.06	0.65	0.36	0.63
551323	Woven fabrics ... < 85% polyester staple fibres ...	-	-	-	0.10	0.55

Table 28: Cambodia's Top 10 Imports from Pakistan at HS-06 Level

Trade Potential with Pakistan

Trade Potential

Trade potential is an economic concept that allows us to measure the extent to which bilateral trade can be increased. It seeks to measure the additional trade that can exist between two countries if trade is perfectly frictionless between them.

Cambodia's Potential Exports to Pakistan

The export potential for a product is calculated by subtracting Cambodia's actual exports for a product to Pakistan from the minimum of Pakistan's imports from the world and Cambodia's exports to the world for that product.

Export Potential = Min (Pakistan's imports from the world of X, Cambodia's exports to the world of X) – Cambodia's current exports to Pakistan of X

The table below shows Cambodia's exports to Pakistan, Pakistan's imports from the world, Cambodia's exports to the world along with the trade potential of the top 25 items at HS-06 level in 2017. For the top 25 high potential items, Cambodia exported goods to Pakistan worth \$0.008 million only, although it had the potential to export \$593.818 million in 2017. The highest trade potential existed for goods such as parts of telephone sets, footwear, waste aluminium and static converters, however, the actual trade of these products was zero or close to negligible.

Cambodia's Potential Exports to Pakistan at HS 06 Level

**All values in USD Millions*

Product Code	Product Description	Cambodia's exports to Pakistan, 2017	Pakistan's imports from world, 2017	Cambodia's exports to world, 2017	Indicative trade potential, 2017
851770	Parts of telephone sets ...	-	84.772	66.126	66.126
640419	Footwear with uppers of textile materials (excluding ...	0.002	63.374	430.535	63.372
760200	Waste and scrap, of aluminium (excluding ...	-	70.216	58.021	58.021
850440	Static converters	-	133.901	49.252	49.252
400122	Technically specified natural rubber "TSNR"	-	46.437	47.948	46.437
999999	Commodities n.e.s.	-	37.105	33.957	33.957
392321	Sacks and bags ...	-	24.752	26.535	24.752
151110	Crude palm oil	-	84.341	24.282	24.282
940190	Parts of seats, n.e.s.	-	31.870	21.488	21.488
710812	Gold, ... for non-monetary purposes (excluding ...	-	20.416	140.700	20.416
854442	Electric conductors for a voltage <= 1.000 V, insulated, fitted with connectors, n.e.s.	-	19.371	25.962	19.371
950300	Tricycles, scooters, pedal cars and similar wheeled toys ...	-	57.751	18.533	18.533
850110	Motors of an output <= 37,5 W	-	16.749	73.133	16.749
740400	Waste and scrap, of copper (excluding ...	-	16.500	26.249	16.500
847330	Parts and accessories of automatic data-processing machines ...	-	23.250	13.141	13.141
850490	Parts of electrical transformers and inductors, n.e.s.	-	20.748	12.399	12.399
440729	Tropical wood specified ...	-	49.634	12.355	12.355
844399	Parts and accessories of printers, copying machines and facsimile machines, n.e.s. (excluding ...	-	10.996	47.688	10.996
630140	Blankets and travelling rugs of synthetic fibres (excluding ...	0.001	44.370	10.466	10.465
871200	Bicycles and other cycles	-	10.102	410.049	10.102
420212	Trunks, suitcases, vanity cases, executive-cases, briefcases ...	0.003	10.037	24.983	10.034
400121	Smoked sheets of natural rubber	-	9.771	15.558	9.771
630900	Worn clothing and clothing accessories, blankets ...	-	240.193	9.113	9.113

**All values in USD Millions*

Product Code	Product Description	Cambodia's exports to Pakistan, 2017	Pakistan's imports from world, 2017	Cambodia's exports to world, 2017	Indicative trade potential, 2017
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.002	8.163	22.812	8.161
590190	Tracing cloth; prepared painting canvas ...	-	8.061	8.025	8.025
Total	Top 25 HS-06 Level Products	0.008	1,142.880	1,629.310	593.818

Table 29: Cambodia's Potential Exports to Pakistan

Pakistan's Export Potential to Cambodia

Export potential for a product of Pakistan is calculated by subtracting Pakistan's actual exports for a product to Cambodia from the minimum of Cambodia's imports from the world and Pakistan's exports to the world for that product.

Export Potential = Min (Cambodia's imports from the world of X, Pakistan's exports to the world of X) – Pakistan's current exports to Cambodia of X

The following table depicts Pakistan's exports to Cambodia, Cambodia's imports from the world, Pakistan's exports to the world and the trade potential of the top 25 products at HS-06 level in 2017. For these 25 top potential exports, Pakistan actually exported goods worth \$18.61 million although it had the potential to export around \$1,021.68 million during 2017. Pakistan had the highest potential in products such as cane or beet sugar, portland cement, denim and medicaments.

Pakistan's Potential Exports to Cambodia at HS 06 Level**All values in USD Millions*

Product Code	Product Description	Pakistan 's exports to Cambodia, 2017	Cambodia's imports from world, 2017	Pakistan's exports to world, 2017	Indicative trade potential, 2017
170199	Cane or beet sugar ...	1.921	292.655	342.901	290.734
252329	Portland cement	-	141.950	208.181	141.950
520942	Denim, containing >= 85% cotton ...	7.976	91.683	482.494	83.707
300490	Medicaments ...	1.850	137.041	70.786	68.936
521142	Denim ... < 85% cotton by weight	0.036	123.768	50.788	50.752
410792	Grain splits leather "incl. parchment-dressed leather" ...	1.028	38.428	50.702	37.400
851712	Telephones for cellular networks "mobile telephones"	-	155.728	30.749	30.749
040120	Milk and cream of a fat content by weight of > 1% but <= 6%, ...	-	32.416	29.386	29.386
520852	Plain woven fabrics of cotton, containing >= 85% cotton by weight ...	-	23.957	30.641	23.957
611020	Jerseys, pullovers ... of cotton, knitted or crocheted	-	22.823	37.589	22.823
020230	Frozen, boneless meat of bovine animals	-	43.133	20.402	20.402
520939	Woven fabrics of cotton ... >= 85% cotton ...	-	74.897	19.009	19.009
210690	Food preparations, n.e.s.	-	86.371	18.522	18.522
520932	Woven fabrics of cotton, containing >= 85% cotton ...	1.936	20.289	155.860	18.353
410712	Grain splits leather ... skins of bovine ...	3.406	20.552	114.395	17.146
850710	Lead-acid accumulators of a kind used for starting piston engine "starter batteries" (excluding ...	-	20.181	17.041	17.041
730890	Structures and parts of structures, of iron or steel, n.e.s. ...	-	53.605	16.853	16.853
170490	Sugar confectionery not containing cocoa ...	-	16.703	61.780	16.703
551219	Woven fabrics containing >= 85% polyester staple fibres ... made of yarn of different ...	-	16.197	15.689	15.689
310210	Urea, whether or not in aqueous solution (excluding ...	-	15.580	17.039	15.580
190110	Food preparations for infant use ...	-	57.255	14.001	14.001
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.001	13.120	34.713	13.119
841451	Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an ...	-	13.080	28.217	13.080
520542	Multiple "folded" or cabled cotton yarn, of combed fibres, containing >= 85% cotton by weight ...	0.459	17.887	13.526	13.067
870193	Tractors, of an engine power > 37 kW but <= 75 kW (excluding ...	-	57.051	12.723	12.723
Total	Top 25 HS-06 Level Products	18.613	1,586.350	1,893.987	1,021.682

Table 30: Pakistan's Potential Exports to Cambodia





SECTION 7

EASE OF DOING BUSINESS

EASE OF DOING BUSINESS

The World Bank Group calculates and records the Ease of Doing Business Index each year, it is a comprehensive study comprising of ten indicators. The World Bank has established this index in order to rank the economies as per the relative ease of starting and running a business by a local for each country.

The global ranking of Cambodia was 135 out of 190 countries in 2018¹⁸. The overall ranking fell from 131 to 135 due to a fall in the rankings in 'starting a business' and 'enforcing contracts', where the country ranks 183rd and 179th, respectively. However, Cambodia made 'dealing with construction permits' less costly by reducing the fees for obtaining a building permit. While it made 'starting a business' more difficult by increasing the time required to register and asking companies to submit evidence of capital deposit after registration¹⁹. The following table shows the overall ranking of Ease of Doing Business with the ten basic indicators used to measure it, for the years 2017 and 2018.

Topics	DB 2017 Rank	DB 2018 Rank	Change in Rank
Overall	131	135	-4
Starting a Business	180	183	-3
Dealing with Construction Permits	183	179	4
Getting Electricity	136	137	-1
Registering Property	120	123	-3
Getting Credit	7	20	-13
Protecting Minority Investors	114	108	6
Paying Taxes	124	136	-12
Trading across Borders	102	108	-6
Enforcing Contracts	178	179	-1
Resolving Insolvency	72	74	-2

Table 31: Doing Business in Cambodia

¹⁸ <http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2018-Full-Report.pdf>

¹⁹ <http://www.doingbusiness.org/en/reforms/overview/economy/cambodia>

Pakistan's Embassy in Cambodia

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Head of Mission: Mr. Amjad Ali Sher, Ambassador

Cambodia's Embassy in Pakistan

There is no Cambodian Embassy established in Pakistan, as of yet.

Sources

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Section Breaks

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