# Tourism Sector Investment Profile

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USAID
FROM THE AMERICAN PEOPLE

## Greetings from USAID

It gives the team at USAID great pleasure to present this Sector Investment Profile on the tourism industry.

It is the nature of frontier markets that investment-relevant information can be difficult to come by. The purpose, therefore, of this profile is to save you some initial investigative work, and provide a starting point from which you may launch more detailed enquiries.

This document should give an overview of trends that are shaping the tourism sector and identify the key factors which contribute to healthy investment prospects. Questions that will be addressed include:

*What are Cambodia's major tourism assets?*

*What are the key drivers of demand?*

*What is the government's strategy and how is it supporting tourism development?*

*Who are the relevant organizations active in the tourism development?*

*Where are the significant investment opportunities?*

Cambodia is a vibrant economy, which is winning many admirers for its investment-friendly policies. It has also proven itself a resilient economy, rebounding rapidly from the global financial crisis. The ADB and IMF both upgraded their GDP growth forecast of Cambodia during the course of 2010, citing strong economic performance. While Cambodia has enjoyed rapid economic growth throughout the past decade, there remain many more investment opportunities for the entrepreneurial investor. We hope that this Sector Investment Profile whets your appetite to invest in the tourism industry, and wish you and your business every success.

Sincerely,

**USAID Cambodia MSME Project**

## National Strengths

Over the last decade, Cambodia has emerged as a vibrant and robust regional player with many of the underlying attributes necessary for successful business development and growth.

### Open for Business

- ✓ Low corporate taxes – 20% tax on corporate profits (five-year carry forward of losses)
- ✓ No foreign ownership restrictions
- ✓ Ranked ahead of China, India, Vietnam and Indonesia for economic freedom[1]
- ✓ Equal treatment of all investors
- ✓ Ranked ahead of Philippines, China and Vietnam for protecting investors[2]
- ✓ No price controls on any products or services
- ✓ No foreign exchange controls or restrictions on convertibility
- ✓ No restriction on capital repatriation
- ✓ First low-income country to join the WTO
- ✓ No quantitative trade restrictions; falling tariff barriers. Cambodia has duty-free and quota access to major world markets (such as the United States, European Union, Japan and many ASEAN members)
- ✓ Provincial governments have authority to approve investments under US$2 million to fast-track business development start-up

> *"Cambodia is fully open for business and the Royal Government of Cambodia will try its best to guarantee a favourable environment and the success of every enterprise in Cambodia."*
>
> - H.E. Samdech Hun Sen, Prime Minister of Cambodia.

### Inexpensive & Productive Labor

Compared to many regional competitors, Cambodia enjoys competitive wage rates and high labor productivity, making it an attractive destination for labor-intensive industries.

In recent years, Cambodia's labor force has grown by more than 50%, greater than double the rate in any other ASEAN country.[3] And with a very young population (half are under the age of 20), this labor force growth will continue.

> *"Like China and India in earlier periods, Cambodia has been identified as a location with a promising future for manufacturing investment, primarily due to the wide availability of low-cost labour and its falling country risk premium ... it also benefits from relative proximity to the West Coast of the US."*
>
> - PriceWaterhouseCoopers, June 2008

### Strategic Regional Location

Cambodia is ideally located in the heart of one the most dynamic regions in the world. Nestled between Thailand and Vietnam, Cambodia is part of the Greater Mekong Sub-Region's Southern Economic Corridor stretching from Ho Chi Minh City to Bangkok.

Given its strategic position, Cambodia has enjoyed significant international support in building its transport infrastructure to facilitate trade both within the country and with its neighbors. As a result, trade with Vietnam and Thailand is growing rapidly.


> *"You've got two of the biggest cities in Asia on either side of you. You've got 15 million people in Bangkok and 8 million people in Ho Chi Minh City, and things are increasingly happening between the two."*
>
> - Edward Hopkins, CB Richard Ellis Group Inc.

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[1] Heritage Foundation, *2009 Index of Economic Freedom* http://www.heritage.org/index/
[2] World Bank, *Doing Business 2009* http://www.doingbusiness.org/

[3] ILO, *Labour and Social Trends in ASEAN 2007 - Integration, Challenges and Opportunities*

# Reasons to invest in Cambodian Tourism

## 1. Introduction

Despite its small land mass, Cambodia has a breadth of tourism assets that enables it to address a wide market of potential tourists. These include internationally recognized attractions such as UNESCO World Heritage Sites Angkor Wat and Preah Vihear, UNESCO designated Tonle Sap biosphere reserve and a coastline that includes some of Asia's best beaches[4].

The quality of these assets is reflected in the growth rate of the tourism industry. Cambodia has been ranked number one among 181 countries for real growth in personal travel and tourism.[5]

However, despite this, Cambodia still only represents 3.3% of tourism arrivals in the ASEAN region. Moreover, average stay in Cambodia is only 6.45 days and remains dominated by visits to Siem Reap, the location of Angkor Wat.[6]

Notwithstanding historical growth, there remains great potential in the sector, and consequently many investment opportunities. As a reflection of the current healthy state of tourism and the industry's growth prospects, Cambodia has received recognition and awards from Forbes.com, *The Guardian* newspaper[7] and Lonely Planet[8].

## 2. Resources

Cambodia has a variety of world-class assets to appeal to most tourism segments, whether their interests are cultural, environmental or leisure orientated.

### *Culture and History*

The Kingdom of Cambodia lies at the center of one of the most powerful empires to have ruled Southeast Asia. The Khmer empire was in its golden age from the 9th to 13th centuries, ruling over much of modern day Laos, Thailand, Vietnam, Myanmar, and the Malaysian peninsular. UNESCO-designated World Heritage Site Angkor Wat, located in Siem Reap, is considered its greatest legacy.

There are over 1,000 more ancient archaeological monuments and temples scattered across Cambodia. Among them is Cambodia's second UNESCO-designated World Heritage Site, Preah Vihear Temple.

The allure of Angkor Wat was illustrated in a recent survey by the online travel site TripAdvisor.com, which awarded the temple complex status of World #1 Most Recommended UNESCO Site. This appeal drives demand across all segments of tourists; 3 of the 500 World's Best Hotels, according to the best-selling *Travel & Leisure* magazine, are located in Siem Reap. A total of 4 for the country, including 1 in Phnom Penh, compares very favorably with the neighboring country totals of Vietnam (2), Malaysia (4), Indonesia (2) and the Philippines (2).

### *Ecotourism*

Falling among several ecologically diverse geographic regions, Cambodia is home to natural habitats that boast wide varieties of plants and animals.

The heart of Cambodia is the Tonle Sap River Basin and the Mekong lowlands. The Great Lake, the largest freshwater body in the region, is the center of the UNESCO-designated Tonle Sap Biosphere Reserve. To the southeast is the Mekong delta, which extends into Vietnam, providing easy river transport between the two countries. These basin and delta regions are rimmed by mountain ranges. In the southwest, providing a dramatic backdrop to the south coast, are the Cardamom Mountains and the Elephant Range. To the north of the country are the Dangrek Mountains and in the northeast, the provinces of Ratanakiri and Mondulkiri merge into the Central Highlands of Vietnam.

A variety of species of mammals, reptiles, freshwater and marine fish are found throughout the country. Many of these have been recognized by the International Union for Conservation of Nature as threatened, endangered or critically endangered; including for instance, the Mekong River Dolphin or Irrawaddy Dolphin.

To conserve this biodiversity, the government has placed approximately 25% of the country under protection. These areas contain seven

[4] Forbes, (June 2010). *Asia's Best Beaches*
[5] World Travel & Tourism Council, (2010). *Travel & Tourism Economic Impact, Cambodia*
[6] Ministry of Tourism, *Tourism Statistics, Annual Report 2009*
[7] The Guardian, (2009). *Travel Award 2009 Winners, http://www.guardian.co.uk/travel/2009/oct/20/travel-awards-2009-winners*
[8] Lonely Planet, (2010). *Best in Travel*

national parks, 10 wildlife sanctuaries, three protected landscapes, three multi-use areas and nine protected forests.[9]

### *Beach Areas*

Another main focus of tourism is Cambodia's 440 km coastline on the Gulf of Thailand.

The area contains the coastal resort destinations of Kampot, Kep, Koh Kong and Sihanoukville, which lie to the southeast of Phnom Penh. In addition to these areas, there is an archipelago of 22 islands a short distance off the coast. In 2010, Otres, Koh Rong and Ream beaches, near Sihanoukville, were selected for the list of Asia's Best Beaches by Forbes.com.

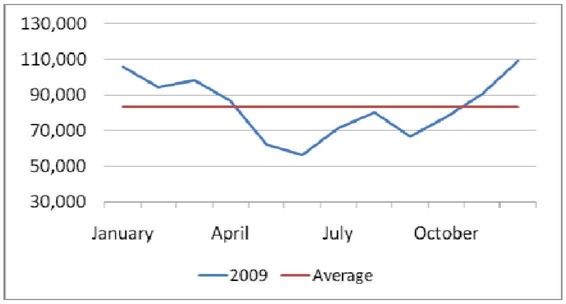
## 3. Market Conditions[10]

In 2009, Cambodia attracted 2.16 million visitors, representing an increase over 2008 of 1.7%. Largely due to the impact of the global financial crisis, tourist numbers from most countries fell, but were offset by large increases in tourism from major markets such as the UK (6th largest market), France (7th) and in particular Vietnam (1st).

For the first seven months of 2010, the Ministry of Tourism reported a 13.8% year-on-year increase. This reflects a significant rebound in tourism from Asian countries, which have experienced a relatively strong economic recovery.

Visitor arrivals in Cambodia are dominated by tourism (85% in 2009). Due to its climate, Cambodia is popular throughout the year. Based on tourism arrivals at Siem Reap airport, deviation from average arrivals is only approximately +/- 30% during peak and off-season, as illustrated in the following graphic.

**Visitor arrivals at Siem Reap airport (2009)**




Tourists are split evenly between package and individual, however, package tours are typified by much higher spending than their single travelling counterparts.

**Total spending by tourist class (2009)**

| | % tourists | Average Expenditure |
|---|---|---|
| Group Tours | 50% | $ 1,135.93 |
| Individual Travellers | 50% | $ 425.67 |

The average tourist spend is US$117.25 per day.

### *Trans-Regional Tourism*

A large proportion of tourists arriving in Cambodia are trans-regional, stopping in several countries in ASEAN or the Greater Mekong Sub-region. Consequently, the increasing popularity of the region in general should provide additional stimulus to the Cambodian tourism industry. Over the period of 2005-2010, the growth of arrivals in the region averaged 16% annually[11], reaching over 24 million tourists in 2009.

Key to this is improvement of intra-regional transport links, which is a major objective of the Royal Government of Cambodia's participation in the Greater Mekong Tourism Strategy.

### *Domestic and ASEAN Demand*

Cambodia had enjoyed a remarkably high rate of economic growth, averaging 9.8% annually from 1997 to 2007. Income per capita has more than doubled from US$285 in 1997 to US$593 in 2007 and further reached US$739 in 2008.[12] This growth has been accompanied by rising domestic tourism. In 2009, over 7 million domestic tourists visited Cambodian tourist sites[13].

Similarly, the strong economic performance of the Asia-Pacific region is fuelling greater tourism demand of which Cambodia is a significant beneficiary.

**Visitor arrivals to Cambodia by region (2009)[14]**

| Origin | % |
|---|---|
| Asia Pacific | 69% |
| Europe | 22% |
| Americas | 9% |

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[9] ADB, *Strategic Environment Assessment of the Tourism Sector in Cambodia*
[10] Unless indicated otherwise all statistics in this section are from Ministry of Tourism, *Tourism Statistics, Annual Report 2009*

[11] Mekong Tourism Coordinating Office, 2010
[12] i) World Bank, (2009). *Cambodia Sustaining Rapid Growth in a Challenging Environment*. ii) National Institute of Statistics, Cambodia
[13] Ministry of Tourism, *Tourism statistics, Annual Report 2009*
[14] Ministry of Tourism, *Tourism statistics, Annual Report 2009*

Of the 69% attributed to Asia-Pacific, 34% of total tourists are from ASEAN countries.

### *Supply Constraints*

In the National Strategic Development Plan 2009-2013[15], the Royal Government of Cambodia identified several issues that are impeding development of the tourism sector. Among these is the high cost of tour packages, which is particularly noticeable when compared to the low per-capita income of the country. This is perhaps attributable in part to lack of competition in the market for tourism services, and lack of appropriately skilled workforce. As a labor-intensive, service-led industry, tourism requires suitably qualified employees with a diverse range of specialties. Cambodia has a large, young workforce, which is very cost effective by international comparisons. However, a relatively small proportion of the workforce is suitably qualified, and they are seldom to be found outside Phnom Penh and Siem Reap. Under these circumstances, the cost of training and retaining good staff becomes particularly high, and this burden is most keenly felt by SMEs, which provide most of the services in the flourishing tourism sector.

Furthermore, development of tourism in Cambodia to date has tended to be concentrated in urban areas and weak elsewhere. This specifically impacts the development of ecotourism.

## 4. Business-Enabling Environment

The tourism sector contributed US$1.6 billion in direct expenditure in 2009, representing about 14% of the GDP. Consequently, the Council for the Development of Cambodia has classified tourism as one of the priority areas for foreign investment.

### *Supportive Policies*

Government policy towards tourism is described in the National Strategic Development Plan 2009-2013, which outlines recent activities and key development priorities in the sector. Achievements include:

- Simplified visa requirements, including visa waivers, visa on arrival and online visa applications
- An open skies policy, to encourage air traffic to and within Cambodia
- The 'Clean City, Clean Resort and Clean Service' program to improve service-levels in major tourist centers
- The construction of a new international airport at Sihanoukville on the south coast

The government is also actively seeking partners to cooperate on skills development and training, as shown by a recent agreement with University of the Sunshine Coast, Australia.[16]

### *Promotion*

The government works hard to promote Cambodia's image and tourism potential. The Ministry of Tourism has launched "The Kingdom of Wonder" advertising campaign in international media such as CNN and is also committed to bringing high profile international events into the country. Cambodia will host the 30th ASEAN Tourism Forum in 2011, and is working towards hosting the ASEAN Games in 2015.

### *International Cooperation*

The Royal Government of Cambodia is an active participant in the Greater Mekong Sub-region Tourism Sector Strategy, which exists to develop and promote the region as a single tourism destination. Implemented by the governments of the six member countries (Cambodia, Lao PDR, Myanmar, Thailand, Vietnam, and Yunnan and Guangxi provinces in China) and supported by Asian Development Bank and other multilateral organizations, the estimated implementation budget is US$441 million, of which US$373 million accounts for tourism infrastructure.[17]

Cambodia falls within six of the 13 sub-regional priority zones targeted for tourism development: Emerald Triangle Tourism Zone, Green Development Triangle, Southern Tourism Costal Corridor, GMS Coastal and River Lines, Heritage Necklace Circuit and the Mekong River Tourism Corridor.

### *Public Private Sector Dialogue*

[15] The Royal Government of Cambodia, (2009). *National Strategic Development Plan Update 2009-2013*

[16] http://www.tourismcambodia.com/news/localnews /1746/qld-uni-to-help-cambodias-eco-tourism.htm 27th October 2010

[17] Asian Development Bank, (2005*). The Greater Mekong Sub-region Tourism Sector Strategy*

Tourism businesses interface with the public sector in tourism development policy through the Tourism Working Group, where they identify issues, problems and recommend solutions to the government.

## *Financial Incentives*

**Qualified Investment Projects (QIPs)** approved by the Council for the Development of Cambodia (CDC) enjoy a number of financial incentives including, but not limited to, tax holidays and import-duty exemption for production equipment and construction materials. QIPs are not required to make pre-payments of profit tax and file minimum tax during the exemption period. The following are thresholds for the application for QIPs status in the tourism sector:

- Hotels 3-star grade and above
- Tourism complexes with hotels containing more than 100 rooms and resorts of multiple services with a size of more than 10 hectares
- Natural tourism and the creation of natural tourism sites with a size from 1,000 hectares with investment capital from US$1 million
- Resort complexes, including hotels, theme parks, sports facilities or zoos with a size from 50 hectares

Investments under US$2 million can be approved at provincial level rather than with the Council for Development of Cambodia (CDC) in Phnom Penh. Each province has constituted a 'Sub-Committee on Investment' for this purpose, chaired by the Governor and a regional representative from CDC. Where the sub-committee is not yet fully operational the investor may proceed through CDC in Phnom Penh.

## *Financial Services*

Cambodia has a thriving financial sector comprising of 33 banks and 20 Micro Finance Institutions regulated by the National Bank of Cambodia. In total these institutions issued credit worth approximately US$3 billion in 2009. Internet banking, mobile banking and ATMs are common within the capital and provincial urban centers. To encourage quality in the sector, effective end of 2010, the National Bank required that each commercial bank increase its registered capital threefold to approximately US$37 million. [18]

# 5. Supporting Infrastructure

Similar proportions of visitors arrive in Cambodia by land and water, as by air. This reflects Cambodia's central location and the trans-regional character of tourism.

**Percentage of visitors by mode of arrival (2009)**[19]

| Mode of Arrivals | % |
|---|---|
| Phnom Penh Int'l Airport | 24 |
| Siem Reap Int'l Airport | 27 |
| Land | 40 |
| Boat | 4 |
| Transit[20] | 5 |

To facilitate travel to and within Cambodia, the government has invested heavily in transport infrastructure.

## *Roads*

Cambodia has upgraded its road system and river crossings. There are seven international land border crossings, and Cambodia enjoys uninterrupted road access to neighboring Thailand, Laos, and Vietnam.

## *Air Travel*

There are two main international gateways for arrival by air, Phnom Penh International Airport and Siem Reap International Airport. The government is keen to expand the number of routes and has recently signed agreements for direct flights from Jakarta to Phnom Penh and from Bali to Siem Reap. A third international airport has been established near Sihanoukville on the south coast, though operations have yet to begin.

## *Rail*

The rail network is currently being reconstructed as part of the Tran-Asia Railway Project. This comprises of two lines: the first between Phnom Penh and Poipet (the major land crossing to western Thailand), and the second between Phnom Penh and Sihanoukville. Construction of a third line that will connect Phnom Penh with Vietnam has also been planned.

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[18] National Bank of Cambodia, *Annual Report,* Banking Supervision Department, 2009.
[19] Ministry of Tourism, *Tourism statistics, Annual Report 2009*
[20] A visitor who does not stay overnight in the country

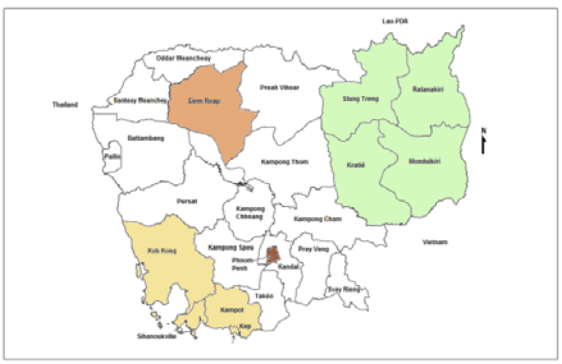
### *Boat*

Cambodia has extensive inland waterways including the Mekong River, Tonle Sap River, and their numerous tributaries. These play an important role in tourism and transport. Moreover, on the south coast, Sihanoukville International Seaport receives cruise ships sailing through the Gulf of Thailand.

## Investment Opportunities

Discussion about tourism development in Cambodia is often orientated around the particular regions of Siem Reap, Phnom Penh, the northeast and the southeast. Each region has a unique geographical character as well as economic and tourism potential. The following graphic illustrates their relative location.

**Siem Reap, the northeast, the southern coastline and Phnom Penh**




The following table shows the percentage of international visitors to each of the tourist regions that have been highlighted.

**Proportion of total visits (international visitors, 2009)[21]**

| Destination | % |
|---:|:---:|
| Phnom Penh | 42% |
| Siem Reap | 41% |
| Costal Region | 6% |
| North East Region | 2% |
| Other Regions | 9% |

### *Siem Reap and the Tonle Sap Area*

While the Angkor temple complex is situated on the northern tip of the Great Lake, only a small proportion of the visitors to that site take advantage of it's proximity to the UNESCO-designated biosphere reserve, suggesting an enormous untapped potential for future tourism.

As noted previously, service provision in the tourism sector is considered to lack choice and quality. This is particularly true outside the existing tourism centers of Siem Reap and Phnom Penh. The scarcity is reflected in the high cost of group travel, despite the low labor costs prevailing in Cambodia. Service companies that are able to provide high-quality service have healthy growth prospects and offer a potential area for new investments. These include international standard hotels, restaurants, tour companies and vocational training organizations.

### *Phnom Penh*

Cambodia's thriving economy is attracting substantial investment interest across all sectors, and this drives business travel and tourism. A World Travel and Tourism Council report ranks Cambodia 17th out of 131 countries for forecast business travel real growth in 2010. The proportion of business travellers arriving at Phnom Penh airport is approximately 16% of all arrivals, considerably higher than the average for Cambodia of 6.7%.

The Diamond Island Convention and Exhibition Center, managed by the Overseas Cambodia Investment Corporation covers an area of 100 hectares. The project features further plans to build a 333-meter observation tower, cultural plaza, business complex and convention center by 2016. Diamond Island is the location of regular international exhibitions including the ASEAN Tourism Forum to be held in January 2011. In 2010, the nearby NagaWorld hotel was awarded Business Hotel of the Year at the International Travel Exhibition in Ho Chi Minh City, and is a popular location for meetings, conferences and exhibition ('MICE') events in Phnom Penh.

Further investments in these areas will be needed to keep pace with the country's economic development.

### *Coastal Region*

The coastal region of southeast Cambodia accounted for 6% of international visits in 2009. However, developing coastal tourism is a key element of the government's strategy to

[21] Ibid.

encourage tourists to stay longer, and to appeal beyond those for whom Angkor Wat is the greatest attraction.

The government has built an international airport in Sihanoukville, the largest city in the region, from which prosperous markets such as Singapore and Hong Kong are within easy reach. Moreover, this area is identified in the Greater Mekong Sub-region Tourism Strategy as the Southern Tourism Coastal Corridor, and is a convenient transit route between western Thailand, Cambodia and Southern Vietnam.

Since 2008, the region has also been the focus of substantial foreign and local private investment. Major development projects are underway around Ream National Park, as well as the islands of Koh Rong and Songsaa as well as other islands lying a short distance off the coast.

Having received its first cruise ship in December 2008, Sihanoukville International Seaport handled 26 cruise ships in 2009, indicating great future growth potential.

Though known mainly for beach-related tourism, the southeast also includes many areas of natural beauty[22]:

| Kampot | Kep | Koh Kong | Sihanoukville |
|---|---|---|---|
| • Teak Chou Waterfall<br>• Bokor National Park<br>• Phnom Chhork Cave | • Koh Tonsay<br>• Ang Keng beach<br>• Oukasa forest | • Cardamon mountains<br>• Oral Wildlife Sanctuary<br>• Phnom Preah mountain | • Ream National Park<br>• Koh Rong<br>• Kbal Chhay rapids |

The convenient location of the region and both private and public infrastructure investment will improve tourism numbers. Moreover, the character of much of the recent development, with a focus on the premium end of the market, should increase demand for a broad range of international quality services and leisure activities.

### *The Northeast*

The northeast, comprising of the provinces Kratie, Mondulkiri, Ratanakiri, and Steung Treng, is considered an area of outstanding natural beauty. However, it is currently the least developed tourist region in Cambodia, accounting for only 2% of visits in 2009.

It is, however, the focus of ambitious national and regional plans to develop the area into a popular destination and is included within three priority development zones of the Greater Mekong Sub-region Tourism Strategy. These are the Emerald Triangle, the Green Development Triangle and the Mekong River Corridor.

A few of the most notable sites in this region are shown in the following figure[23]:

| Kratie | Mondulkiri | Ratanakiri | Steng Treng |
|---|---|---|---|
| • Dolphin Pools | • Bousra waterfall<br>• Srepo Forest | • Yeak Laom Lake<br>• Virachey National Park<br>• O Sen Le waterfall | • Ramsar site<br>• Planet waterfall and Anlong Cheuteal dolphin pools |

These investments and natural attractions will drive tourist numbers in the region, providing strong customer base for strong growth in a variety of businesses. Given its relatively low tourist footfall compared to rest of Cambodia, it is expected that long-term growth will be high. Of particular interest is eco-tourism given the wealth of natural beauty and character of the landscape, including eco-lodges, homestays, safaris, river travel and activity-based tourism.

## Development Partners in the Tourism Sector

A number of development partners are aiding the tourism sector development:

**USAID Cambodia MSME Program** facilitates technical and business assistance to thousands of micro-, small- and medium-sized enterprises in rural Cambodia. In the tourism sector, MSME has been working to establish the Cambodia and Tourism Marketing Board, which will seek to position Cambodia as a stand-alone destination.

The MSME project also concentrates on facilitating technical assistance to eight other product sectors, including: aquaculture, clay tile, safe drinking water and latrines, skills

[22] Asian Development Bank, *Strategic Environment Assessment of the Tourism Sector in Cambodia*

[23] Asian Development Bank, *Strategic Environment Assessment of the Tourism Sector in Cambodia*

development to the garment industry, honey, resin, eco-tourism and high-quality fruits.

**Mekong Tourism Coordinating Office** was set up with funding from GMS Tourism Strategy to coordinate development projects in the Mekong region and promote it as a single-tourism destination.

**SNV**, a Netherlands development organization, provides support to micro-, small- and medium-sized businesses in the tourism sector. In conjunction with the Ministry of Tourism and UNWTO, SNV launched the Mekong River Discovery Trail, an ecotourism-focused project in northeastern Cambodia.

**CCBEN** (the Cambodia Community-Based Ecotourism Network) is a network of more than 30 members including communities, non-governmental organizations, academic institutions and private companies who are working closely on ecotourism.

## Recent Events

**2008** Preah Vihear Temple received UNESCO World Heritage Site designation.

**2009** UK newspapers *The Guardian* and *The Observer* Travel Award rates Cambodian second favorite long haul country, based on survey of over 19,000 readers.

**2009** Cambodia's Koh Kong province listed among the Top 10 regions, in the forthcoming *Lonely Planet* Best in Travel 2010. The guidebook presents the top 10 countries, regions and cities as chose by the Lonely Planet's global team.

**2010** Angkor Wat voted World #1 Most Recommended UNESCO Site. The survey, conducted by TripAdvisor.com in conjunction with UNESCO, polled almost 250,000 respondents.[24]

**2010** The Royal Government of Cambodia and the University of the Sunshine Coast (Australia) signed an agreement at the Global Eco Asia-Pacific Tourism Conference, to cooperate on eco-tourism planning and professional training in the tourism sector.

## Want to learn more?

**Council for the Development of Cambodia**

www.cambodiainvestment.gov.kh

**Cambodian Chamber of Commerce**

www.ccc.org.kh

**Cambodian Ministry of Tourism**

http://www.mot.gov.kh/

**Apsara Authority**

www.autoriteapsara.org

**Cambodia Association of Travel Agents (CATA)**

www.catacambodia.com

**Cambodian Community-Based Ecotourism Network (CCBEN)**

www.ccben.org

[24] TripAdvisor.com press release, October 27, 2010

# Key Statistics

## Tourism statistic at a glance (2009)[25]

| | |
|---|---|
| Number of tourists | 2.16 million |
| Length of stay | 6.45 days |
| Daily spending | US$117.25 |
| Tourism receipts | US$1,561 million |
| Tourism contribution to GDP | 14.45% |

## Cambodia at a glance[26]

| | |
|---|---|
| Land area | 181 035 km² |
| Climate | Tropical |
| Average temperature | 27ºC or 80 F |
| Population | 13 395 682 (2008) |
| Annual population growth rate | 1.54% |
| Official language | Khmer |
| Business language | Khmer and English |
| Religion | Buddhist |
| Coastline | 440 km |

## Cambodia tax rates[27]

| | | |
|---|---|---|
| Profit tax | normal | 20% |
| | incentive rate | 0% or 9% |
| Minimum tax | | 1% of turnover |
| Withholding tax | | 15% |
| Income from property rental | | 10% |
| Payment to non-residents | | 14% |
| | | |
| Tax on salary (riel per month) | | |
| 0-500,000 | | 0% |
| 500,001-1,250,000 | | 5% |
| 1,250,001-8,500,000 | | 10% |
| 8,500,001-12,500,000 | | 15% |
| 12,500,001 + | | 20% |
| | | |
| Non-residents | flat rate | 20% |
| Fringe benefits tax | | 20% |
| | | |
| Value added tax | | 10% |
| | export | 0% |
| Property transfer tax | | 4% |

## Cambodian macroeconomic data[28]

| | 2005 | 2006 | 2007 | 2008 | 2009e | 2010f |
|---|---|---|---|---|---|---|
| Real GDP growth (%) | 13.3 | 10.8 | 10.2 | 6.7 | -2 | 4.4 |
| Export growth, goods only (%) | 12.4 | 26.9 | 10.7 | 15.2 | -17 | 5 |
| Exports, goods only (% GDP) | 47% | 50% | 47% | 46% | 39% | 0.37 |
| FDI (US$Million) | 375 | 475 | 866 | 795 | 515 | 725 |
| FDI (%GDP) | 6% | 6% | 10% | 8% | 5% | 0.07 |

## Business costs[29]

| Land | Sales price (per sq.m) |
|---|---|
| Phnom Penh, Commerical land | US$800-5,000 |
| Siem Reap Commercial land | US$300-500 |
| Sihanoukville., Commercial land | US$300-1000 |
| Development land (all provinces/cities) | US$30-120 |
| **Office space** | **Rent/month (per sq.m)** |
| Prime areas | US$10-15 |
| Secondary areas | US$7-10 |
| **Electricity tarriffs in Phnom Penh Commercial and industrial** | **Tariff, US$/kWh (average in 2009)** |
| Small (<6,750kWh) | US$0.1863 |
| Medium (≥6,750kWh but less than 13,500kWh) | US$0.1783 |
| Big (≥13,500kWh) | US$0.1742 |
| Directly connected to MV | US$0.1703 |
| | |
| **Industrial gas supply** | US$0.32/Kg |
| **Labor costs** | **Salary (per month)** |
| Senior manager | US$1,000-1,5000 |
| Middle manager | US$500-1,000 |
| Entry level manager | US$240-400 |
| Accountant | US$250-400 |
| Secretary | US$120-150 |
| Office clerk | US$100-120 |
| Driver | US$100-120 |
| Janitor | US$50-80 |
| Laborer | US$50-80 |
| Garment worker minimum wage | US$60 |

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[25] Ministry of Agriculture and Fisheries, *Annual Report 2009-10*
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