

Chapter 3 Industrial Location in Cambodia: Industrial Policies and Economic Statistics

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journal or publication title	Spatial Statistics and Industrial Location in CLMV
page range	1-20
year	2010-03
URL	http://hdl.handle.net/2344/996

Chapter 3

Industrial Location in Cambodia

—Industrial Policies and Economic Statistics—

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INTRODUCTION

Cambodia has experienced high economic growth in the last decade. Because most of its industries were destroyed during the Pol Pot regime and civil war, in the last 20 years the country has been working hard to liberalize its economy to attract foreign investors. With its efforts to join the regional and international community and with changes in the international trade environment, Cambodia started to grow its economy in the late 1990s. Now, in the early 21st century, the Cambodian economy seems to be prepared to take off. We can observe a kind of industrial agglomeration occurring, even though still at a small scale.

In this paper, first, I will review the history of Cambodia's economic development since the late 1980s. Second, I will examine the economic policies, laws, rules, and other environmental factors which have influenced industrial development and industrial location in Cambodia. Third, I will introduce industrial location in the late 2000s. Lastly, I will introduce some statistical data for the future analysis of industrial location in Cambodia.

1. Industrial Policies in Cambodia

Cambodia was ruled by a harsh and bloody regime in the 1970s. Throughout the 1980s, the government tried to reconstruct the economy through socialist policy. However, in 1989, it decided on reform, replacing central planning and starting to liberalize the economy gradually.

After the signing of the Paris Peace Agreement in 1991, when Cambodia returned to the international community, the country hurried to catch up with the regional and global economies, in efforts to compensate for the time lost since 1975. To be integrated into the regional and international community has been Cambodia's strongest desire.

(1) Structural Change in Industry over the last 20 years

Cambodia has achieved high growth in the last 20 years (Figure 1). Its industrial development can be described in 3 phases (Hang 2010): i) 1989- 1998, the Rehabilitation Phase; ii) 1999-2004, the Reconstruction Phase; and iii) 2004-present, the Economic Take-off Phase.

i) The Rehabilitation Phase

In 1989, Cambodia started to move away from its policy of central planning in efforts to liberalize its economy (Hang 2010, Hirohata 2004). For example, the government started to privatize state-owned enterprises (SOEs). In 1989, there were more than 160 SOEs but most were not so active. Due to its inefficiency, the system cost more to maintain than it could produce. Besides reforming the SOEs, the government removed price controls, ended its close relationship with the Soviet Union, and ceased receiving commodity aid and other humanitarian assistance from Eastern Europe countries and Vietnam.

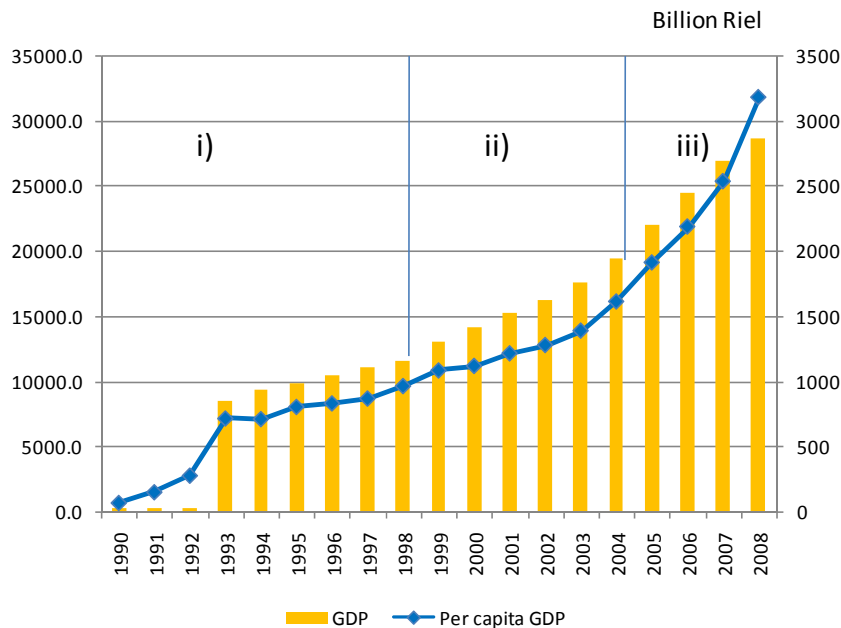


Figure 1 GDP and GDP per capita in Cambodia, 1990-2008

(Source) ADB Key Indicators 2009.

Upon reentering the international community, a bigger wave of liberalization swept the entire country. Since the end of the 1980s, few industries have been protected, because there were no big domestic companies and most SOEs were not powerful enough to resist the open economy at that time. Cambodia did not have to take such measures as an infant industry protection policy. Furthermore, with the considerable support of Western donors, it worked hard to reconstruct the economy.

The new Constitution of 1993 states that Cambodia shall adopt a market economy system (Article 56, Constitution). The government aimed at liberalization, which can be clearly observed in the Law on Investment 1994 (amended in 2003). There is no discrimination between domestic capital and foreign capital except in the case of land ownership (Article 8, Law on Investment) and thus Cambodia aimed at industrialization by utilizing foreign capital in its policy of liberalization, which included the service sector.

In 1996, Cambodia received Most-favored-nation (MFN) status from the US and EU. Normalization of these trade relationships allowed Cambodia to export goods to those countries with a lower tariff. Cambodia was granted General System of Tariff Preferences (GSP) for some specific goods as it was one of the least developed countries in the world. The EU also allowed Cambodia to apply for the “Everything but Arm (EBA) initiative” which gives duty-free access under the very strict rule of origin. Being granted the GSP and EBA status has allowed Cambodia to export some products on the lists without tariff or with a very low tariff.

ii) The Reconstruction Phase

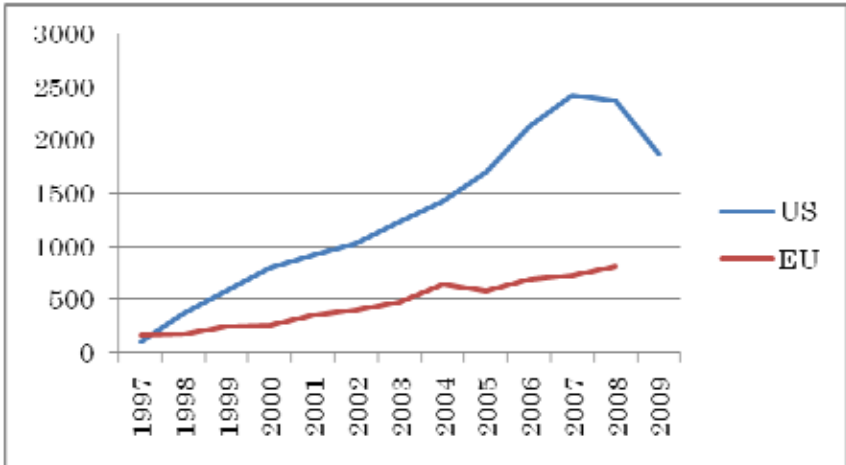
Cambodia started to achieve high economic growth in the reconstruction phase, between the late 1990s and early 2000s. It was mainly led by the garment industry owned by foreign capital, especially from the Chinese. This growth was not only attributable to the aforementioned tariff incentives, but also the peculiarity of the global garment trade system. Following strong demands made by garment industry groups in the US and EU, large exporters as well as imports from China were severely restricted under the Multi Fiber Agreement (MFA). This Agreement imposed quota restrictions on strong exporters like China who had bilateral agreements, even though those countries are members of World Trade Organization (WTO).

As a consequence, Chinese garment companies looked for locations in big markets to which they could export more garment products, such as the US. In 1996, when Cambodia received MFN status from the US, it meant that it could export garment products there with a tariff rate of 16-17% without any quota restrictions. Therefore, many Chinese companies started to invest in Cambodia, establishing factories to produce garments for the US market. Garment exports to the US jumped during 1996-1999 (Figure 2). The US started to restrict the

imports from Cambodia in 1999 but the quota was still bigger than Cambodia’s production capacity and so the exports to the US continued to grow. Cambodia was able to enjoy MFA restrictions until the end of 2004, when the MFA expired worldwide (Hatsukano 2006). In fact, China had to self-regulate its exports in 2005-2008¹.

Figure 2. Garment Exports to the US and EU markets

Unit: million USD



(Source) U.S. Dept. of Commerce, Bureau of Census and EuroStat

Cambodia joined ASEAN in 1999. But, because the Cambodian economy was led by the garment industry’s exports to the US and EU markets, the regional ASAEN network itself did not hold much significance for Cambodia at this time. However, its entry was important as it signified a historical as well as symbolic return of the country to the regional community. Since then, ASEAN and neighboring countries have shown more interest in filling the gap in the region in order to develop the region’s economy and stability.

¹ After 2009, all garment trade is carried out under a WTO scheme, without any quota restrictions. However, due to the current global economic crisis, exports to the US market decreased dramatically in late 2008 and early 2009.

iii) The Economic Take-off Phase

During the period 2004-2008, the economy started to grow more quickly and strongly. It can be said that the Cambodian economy was poised on the brink for take off. The growth rate during this period is shown in Table 1.

Table 1. Growth rate of the Cambodian economy in the 2000s

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Rate	8.4%	7.7%	7.0%	8.5%	10.3%	13.3%	10.8%	10.2%	6.7%

(Source) ADB Key Indicators 2009.

In 2004, Prime Minister Hun Sen's fourth term started. He declared "The Rectangular Strategy" to promote growth, employment, equity and efficiency, as will be explained in detail later in this paper. In this period, Cambodia joined the WTO. This was a symbolic event for post-conflict and least-developed countries like Cambodia. The garment industry continued to grow and the agriculture, construction, and tourism sectors also contributed to the country's high rate of growth until the current global economic crisis hit in late 2008.

(2) Policies on Domestic Industrial Development

Since the late 1980s, the Cambodian government has consistently tried to take liberal policies toward economic development. Naturally, there remain many seen and unseen barriers to their implementation, but these policies play an important role in the growth of the real economy. Next, we will briefly examine the history and contents of these industrial policies (Table 2).

Table 2. Main Industrial Policies, 1986-2008

Year	Title	Target period
1986	The First Five-Year Socioeconomic Rehabilitation and Development Programs (SRDP I)	1986-90
1991	The Second Five-Year Socioeconomic Rehabilitation and Development Programs (SRDP II)	1991-1995
1994	The National Programme to Rehabilitate and Develop Cambodia (NPRD)	1.5 and 3 years
1996	The First Five-Year Socio-Economic Development Plans (SEDP I)	1996-2000
1998	Triangle Strategy*	1998-2003
2001	The Second Five-Year Socio-Economic Development Plans (SEDP II)	2001-2005
2002	National Poverty Reduction Strategy (NPRS)	2003-2005
2003	The Cambodia Millennium Development Goals (CMDGs)	2015
2003	Rectangular Strategy*	2004-2007
2006	National Strategic Development Plan (NSDP)	2006-2010
2008	Rectangular Strategy Second Phase*	2008-2011

*(Note) * Triangle Strategy and Rectangular Strategies were declared the starting points for new legislation after the general elections.*

(Source) Prepared by the Author.

1) The First and Second Five-Year Socioeconomic Rehabilitation and Development Programs (SRDP I and II) and The National Programme to Rehabilitate and Develop Cambodia (NRDP): Late 1980s to 1990s

The SRDP I and II and NRDP were the first policies in the move toward liberalization. The priority sector in all three policies was agriculture. SRDP I and II stated that agriculture, especially food, rubber, fishing, and timber, was a priority; for example, in SRDP I, which was made in cooperation and coordination with Vietnam and Lao, the plan aimed to expand rubber plantations to 50,000ha, jute production to 15,000t, fish production to 130,000t, etc. The plan was less specific with regards to the industrial sector, with the exception of

electricity (Cosslett 1990, 158-159).

2) The First and Second Five-Year Socio-Economic Development Plans (SEDP I and II): Mid 1990s-present

Both SEDP I and II were aimed at poverty reduction of around 6-7% through sustainable economic development. SEDP I aimed at high economic growth (double that of 1994 GDP by 2004) centering on the agriculture, industry, and tourism sectors. The government pointed out the importance of the private sector in economic development and poverty reduction. However, the low growth rate among other results for SEDP I were not satisfactory (Hirohata 2004). The results for SEDP II were much more positive; in combination with other policies and factors including the international environment and national stability, the economy started to show dramatic growth.

3) National Poverty Reduction Strategy (NPRS): 2003-2005

NPRS was basically the policy paper for poverty reduction, whose original initiative was led by the World Bank group (RGC 2002). Here, we shall review only the part concerning industry. NPRS stated the following eight points are important for sustainable economic development in Cambodia.

- i) Continue to develop labour-intensive industry, such as garment, toys, and footwear industries
- ii) Promote the development of agribusiness by strengthening the legal framework for longer-term land management. (omitted)... provide tax incentives to establish factories to process agricultural products, such as cotton, jute, sugar, palm oil, cashew nuts, rubber, cassava, and fruits
- iii) Develop industries based on the utilization of basic natural resources, mainly by

processing the existing natural resources in the country such as fish, meat, cement production, brick, and tile

iv) Promote small and medium enterprises (SMEs), micro-enterprises, and handicrafts

v) Promote industries that produce appliances and electronics products for domestic and industrial uses and improve product quality....(omitted)

vi) Establish industrial and export processing zones by developing infrastructure, improving service quality and encouraging investments. These zones can be established on the outskirts of Phnom Penh, Sihanoukville, Banteay Meanchey, or Koh Kong... (omitted)

vii) Increase the production of goods for import substitution to some extent by encouraging the development of paper, chemical industries, such as the production of fertilizers, acid, as well as daily consumption goods such as soap, paint, electrical appliance, water pump, and agricultural inputs, etc.

viii) (omitted) ...promote “cultural and natural tourism development”

NPRS broadly covered a great number of points. But, what looked new in this strategy was that it mentioned Special Economic Zones (SEZ) and specifically named certain provinces. This strategy also mentioned the importance of developing both export-oriented and import substitution industries.

4) National Strategic Development Plan (NSDP): 2006-2010

In the NSDP, the important points for industrial development are agriculture and agro-industry, transport and telecommunications infrastructure, energy and electricity generation and distribution, labour-intensive industries and export-oriented processing and manufacturing, tourism and related spheres, and human resource development (4.73). Furthermore, it announces the “creation and implementation of SEZ which could attract

foreign direct investments and create jobs.” (4.72) (RGC 2006).

5) Triangle Strategy: 1998-2003

The Triangle Strategy was a strategy of PM Hun Sen’s second term in government, and was started in 1998. It worked alongside SEDP I and aimed at strengthening the three pillars: i) Strengthening stability, peace, security and public order; ii) Integrating Cambodia into international and regional community; and iii) Socio-economic development and poverty reduction. All three pillars are related to each other and are based on state reform.

6) Rectangular Strategy (Phases I and II): 2004-2011

The Rectangular Strategy is a strategy for the third and fourth government terms of PM Hun Sen (RGC 2004, 2008). It has four pillars to be achieved: i) Peace and political stability and social order; ii) Integration of Cambodia into the region and the world; iii) Partnership in development; and iv) Favorable macroeconomic and financial environment, centered around the notion of “Good governance.” In this strategy, the government is strengthening these four elements along with the four points mentioned above: i) Enhancement of the agriculture sector; ii) Further rehabilitation and construction of physical infrastructure; iii) Private sector development and employment generation; and iv) Capacity building and human resource development. With these goals, the government is trying to achieve “Growth, Employment, Equity and Efficiency”.

As for the industrial sector, The Rectangular Strategy mentioned above seeks to achieve the following: i) Development of agriculture and agro-industry by giving priority to agricultural irrigation; ii) Development of transport and telecommunications infrastructure systems; iii) Development of the energy and electricity sectors; iv) Labor-intensive industries and export-oriented processing and manufacturing; v) Tourism-related industries; and vi)

Human resource development.

The Rectangular Strategy II basically took over the concepts of Phase I. It states that partnership, infrastructure development, joining regional integration initiatives, diversifying the economic base (agro-processing, assembling industry (electronic and machinery), and SEZ are important for sustainable economic development. In Phase II, it seems that the government wants to scale up the development stage.

7) Section Summary

In the preliminary stage, when Cambodia had just started the process of reconstructing its economy, policies were aimed just at peace and stability. Later, the government introduced some specific goals for economic development. In the early 1990s, most of the policies mentioned agriculture and labor-intensive sectors only. After the garment sector flourished, policies started to become ambitious and concrete to some extent. After 2000, NPRS mentioned SEZ, and all subsequent policies related to industry refer to SEZ, especially SEZ in border areas.

(3) Laws, Rules and other factors impacting on industrial location

i) Law on Investment 1994 (amended in 2003)

The Law on Investment was approved in 1994 (CDC/CIB 2005). This law governs both Cambodian and foreign investors in a non-discriminatory manner (Article 1, 8). The original Article 12 of the Law listed 9 types of investments to be promoted: 1. Pioneer and/or high technology industries; 2. Job creation; 3. Export-oriented; 4. Tourism industry; 5. Agro-industry and processing industry; 6. Physical infrastructure and energy; 7. Provincial and rural development; 8. Environmental protection; and 9. Investments in Special Promotion

Zones (SPZ) as shall be created by law².

The Law was amended in 2003. Article 12 was amended and no longer limits the types of business to be promoted but rather promotes investment broadly. To this end, it states that the government shall make available incentives to Qualified Investment Projects (QIPs). There are three types of QIPs: 1. Export QIP; 2. Supporting Industry QIP; and 3. Domestically oriented QIP. They include various types of investment and QIP can receive incentives including tax exemption for a trigger period + 3 years + priority period. There is also a list of investment activities which can not receive incentives, such as production of poisonous chemicals or forestry exploitation, and processing and production of electricity power by using any waste imported from a foreign country (Annex I of the Sub-Decree No.111 ANH/BK dated September 27, 2005 on the implementation of the law on the amendment to the law on investment of the Kingdom of Cambodia). QIP in SEZ can receive the same incentives as QIP located outside SEZ.

The Law on Investment does not discriminate domestic and foreign investors, location of investment, types of industries, and so on. It welcomes all types of investment from any country. Therefore, the Law itself does not much affect industrial location in the individual provinces/districts.

ii) Sub-Decree on Special Economic Zones and some related Rules (2005)

Government of Cambodia approved Sub-Decree No.148 on the Establishment and Management of the Special Economic Zones on 29 December 2005. SEZ provide a one-stop service via the SEZ administration office, whose members are composed of representatives from the Cambodian SEZ Board (CASEZB), Customs and Excise Department,

² The concept of SPZ was taken over by Special Economic Zone (SEZ) in 2005.

CAMCONTROL³, the Ministry of Commerce, and the Ministry of Labor and Vocational Training (Article 4.2, Sub-Decree No.148). Since 2009, the government also offers VAT exemption for the investment within SEZ.

Developers can develop SEZ at any location in Cambodia, although there are certain Articles which support their location in border areas: Article 7.6 (Sub-Decree No.146) states that the Zone Developer may obtain a land concession from the State for the establishment of a Special Economic Zone in areas along the borders or in isolated regions, in accordance with the Land Law, and may lease this land to the Zone Investors; Article 3.4.1 (Annex to Prakas No.734, Ministry of Economy and Finance, 11 September 2008) states that SEZ located near the official border gate or located within 20 km of the inland or coastal borders of the Custom zone may apply simpler and quicker formalities⁴.

iii) Regional development cooperation: Greater Mekong Subregion (GMS) and The Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS) as examples

Cambodia is the original member of GMS. In 1998, GMS decided to develop economic corridors in the GMS region—the Southern economic corridor which traverses Cambodia from East to West, connecting Bangkok to Ho Chi Minh City, is one such corridor project. Under the GMS development scheme, Cambodia succeeded in rehabilitating the national road infrastructure. Currently, the pavement ratio is 99.1% for the main national roads (1 digit, Nos.1-7) and 30.2 % for second level national roads (2 digits) (Table 3).

Table 3. Percentage of roads that are paved at national level as of December 2009

³ CAMCONTROL is the organization within the Ministry of Commerce which is in charge of Import Export Inspection and Fraud Repression.

⁴ For example, exporters need show only a copy of the export documents to the border gate authorized custom officer.

	Road	Length		Pavement ratio (%)
		Length (Km)	Percentage of total	
1	1 digit national roads	2,117	5.3	99.1
2	2 digit national roads	3,146	7.9	30.2
3	Provincial roads	6,441	16.2	1.7
4	Rural roads	28,000	70.5	0.3
	Total	39,704	100.0	

Source: Ministry of Public Works and Transport

Under the GMS scheme, to take greater advantage of these infrastructure developments, the Cross Border Transportation Agreement (CBTA) was signed by GMS countries. The Government of Cambodia signed in 2001 and the agreement became effective in 2004. As for the Cambodian border, Bavet (Moc Bai, Vietnam) and Poi Pet (Aranya Prathet, Thailand) are included among the five gates at which the CBTA is aiming at early implementation (Ishida 2010).

The governments of Cambodia and Vietnam signed a Memorandum of Understanding (MOU) to accept entry of each other's vehicles. In regards to the tourist buses operating between Ho Chi Minh City and Phnom Penh, a maximum 40 round trips are permitted per day and at present 12 buses are operating. They also agreed for the procedures for a single stop at the border gates, although this has not been implemented yet (Shiraishi 2010).

Regarding the border gate with Thailand, the instability of the Thai government and tensions between Cambodia and Thailand have delayed the negotiations between two countries since 2008. In addition, Thailand's internal law restricts their public officers from working outside of the nation and therefore additional amendments to Thai law must be made in relation to the single-stop border procedures.

Despite the delay, in September 2009, the two governments signed an MOU to accept 40 of each other's vehicles per day (Yagura 2010). However, since the traffic rules differ in

the two countries, there are further issues to be discussed in order to realize smooth implementation. Thus, vehicles from Thailand are not so commonly seen in Cambodia yet, unlike in the case of Vietnam.

Besides GMS, ACMECS was initiated in 2004 with the strong backing of Thailand. Under this scheme, Thailand supported the construction of National Road No.48, which is a part of Southern Coastal Corridor along the Gulf of Thailand.

2. Trends in Industrial Location in Cambodia

Three trends in industrial location can be identified in Cambodia: 1. Phnom Penh and neighboring provinces; 2. Sihanoukville⁵ located near the only international sea port in Cambodia, and 3. Border areas, especially that along the Southern Economic Corridor. Table 4 shows the number of establishments and other information at province level.

Most of large factories are located along the growth corridor in Phnom Penh City (the capital), Kandal Province (National Road No.4), and Sihanoukville (international sea port), (Table 5). However, development of the Southern Economic Corridor has resulted in the development of Poi Pet in Banteay Meanchey Province, which is the large border gate with Thailand, and Bavet in Svay Rieng Province, which is the large border gate with Vietnam, since the mid 2000s. Even though GDP or GDP per capita in 2006 was still relatively low in these provinces, it is expected that, within several years, it will become higher in the border areas than in surrounding provinces.

Table 4. Province-Level Data

	Province	No. of establishments	Population 2008	Provincial GDP	GDP per capita 2006*
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⁵ The government changed the name of province from Sihanoukville City to Preah Sihanouk Province in 2008, increasing the province’s size. However, most of the statistical data in 2009 were collected under the previous boundary condition. Therefore, in this paper, I use the former name of Sihanoukville.

		2009		2006*	
1	Banteay Meanchey	15,536	677,872	1,021.5	312
2	Battambang	19,539	1,025,174	1,845.5	441
3	Kampong Cham	43,896	1,679,992	3,078.2	397
4	Kampong Chhnang	13,888	472,341	790.0	365
5	Kampong Speu	18,206	716,944	815.9	266
6	Kampong Thom	19,274	631,409	1,001.3	350
7	Kampot	13,305	585,850	1,055.0	420
8	Kandal	38,754	1,265,280	2,253.2	434
9	Koh Kong	4,759	139,170	665.2	810
10	Kratie	7,991	319,217	622.6	442
11	Mondul Kiri	1,615	61,107	177.9	990
12	Phnom Penh	55,593	1,327,615	8,012.7	1,436
13	Preah Vihear	5,129	171,139	338.7	526
14	Prey Veng	26,513	947,372	1,305.2	301
15	Pursat	10,133	397,161	689.2	385
16	Ratanak Kiri	3,847	150,466	269.2	525
17	Siemreap	22,350	896,443	1,995.2	550
18	Sihanoukville	7,621	199,707	1,098.7	1,235
19	Stung Treng	2,591	111,671	249.8	568
20	Svay Rieng	12,216	482,788	711.3	318
21	Takeo	27,606	844,906	1,186.2	316
22	Oddar Meanchey	3,707	185,819	155.3	376
23	Kep	790	35,753	61.5	383
24	Pailin	1,902	70,486	113.1	809

(Note) Provincial GDP and GDP per capita (Constant Price) is based on unofficial estimations by the National Institute of Statistics (NIS).

(Source) NIS.

Table 5. Number of Registered Companies by Province in 2004

	Small-size			Medium and large-size		
	Province	No	Share	Province	No	Share
1	Kampong Thom	4318	15.3%	Phnom Penh	275	74.5%
2	Prey Veng	3120	11.1%	Kandal	59	16.0%

3	Kampong Cham	3015	10.7%	Sihanoukville	11	3.0%
4	Kampot	2397	8.5%	Kampong Speu	6	1.6%
5	Kandal	2122	7.5%	Kampot	6	1.6%
	Others	13159	46.8%	Others	12	3.3%
	Total	28131	100.0%	Total	369	100.0%

(Note) Data is for only registered companies with MIME.

(Source) Ministry of Industry, Mines and Energy.

(1) Phnom Penh City and neighboring provinces

Most of the large-scale factories are located in Phnom Penh City and Kandal Province. This trend has remained unchanged since the early 1990s. In this area, basically all aspects such as the labor force and infrastructure are better prepared than in any other areas of Cambodia. Among the large-scale factories in this area, most are garment and textile factories and they have a large proportion of their workers coming from other provinces.

The population of the city is around 1.3 million, but reaches around 2 million when the surrounding areas are included. This region is the political, economic, and cultural center of the country. All of the main national roads start from Phnom Penh and it has river port along the Tonle Sap River. The river flows to southern Vietnam, so exporters use this port to transport their products to the US, EU or Japan via Vietnam. Therefore, Phnom Penh has better connections with outside of the country in three ways: it has National Road No. 1, a part of the main Southern Economic Corridor, National Road No.4 to Sihanoukville sea port about 3-4 hours away, and the river port to Vietnam.

(2) Sihanoukville; the one international sea port in Cambodia

As mentioned earlier, Sihanoukville has the only international sea port in Cambodia and it has, therefore, been a very important place for economic development. Garment product exports to the US and EU via Singapore go from Sihanoukville port. Since 2005, the Japanese

government has supported the upgrading of this port with a yen loan. A project to build a new SEZ attached to the port—the Sihanoukville port SEZ—is also being supported by Japan.

Besides development in the SEZ, there are shoe factories, garment factories for export, and beverage factories for the domestic market in the Sihanoukville area.

(3) SEZ near borders

There are 21 SEZ located in Cambodia, 13 of which are located in border areas (Table 6). Five are in the border area with Thailand and 8 in the border area with Vietnam. There are also 6 in Sihanoukville (the most important port for logistics) and 2 in Kandal Province which surrounds Phnom Penh City where there is a large population. Phnom Penh City also has the river port with good connections to Vietnam.

In the border areas, investors can use the relatively cheap Cambodian labor force and benefit from GSP for the goods manufactured domestically. At the same time, they can use the well-equipped infrastructure in neighboring countries such as roads, ports, and electricity. The price of electricity especially is high in Cambodia compared to other ASEAN countries.

Table 6. List of SEZ in Cambodia as of the end of 2009

	Name of SEZ	Province	ha	Economic Activities in the SEZ
T	Kok Koh Kong SEZ	Koh Kong	335.43	Car Assembly and Spare Part Manufacturing
T	Suoy Chheng SEZ	Koh Kong	100	NA
PS	SNC SEZ	Preah Sihanouk	150	NA
PS	Stung Hav SEZ	Preah Sihanouk	192	NA
V	NLC SEZ	Svay Rieng	105	NA
V	Manathen SEZ (Svay Rieng)	Svay Rieng	157	Bicycle Manufacturing, Exporting to Europe Screw (machine bolts)

				Footwear Manufacturing Textile Manufacturing Electronic Processing Hospital Garment Factory Packaging Materials Garment Factory Packaging Materials Factory
T	Poi Pet Oneag SEZ	Banteay Menchey	467	Jewelry Packaging
V	Duong Chhiev Phnom Den SEZ	Takeo	79	NA
-	Phnom Penh SEZ	Kandal	350	Footwear Manufacturing Dry Port Establishing Pure Drinking Water Manufacturing Electricity Pillars Production Pure Drinking Water Production Garment Factory Motorcycle Assembly Processing of Metal, Construction Materials Sugar Cane Plastics Factory Paper Boxes and Cases Electricity Power Factory Ingredient and Food Processing
V	Kampot SEZ	Kampot	145	NA
PS	Preah Sihanouk 1 SEZ	Preah Sihanouk	178	NA
V	Tai Seng SEZ Bavet	Svay Rieng	99	Bicycle Manufacturing, Export Footwear Manufacturing Garment Factory
T	Ork Nha Mong SEZ	Koh Kong	100	NA
-	Gold Fem Park Sun SEZ	Kandal	80	Cartons, Plastics and Embroidery

V	Thary Kampong Cham SEZ	Kampong Cham	142.14	Vegetable Processing
PS	Preah Sihanouk SEZ 2	Preah Sihanouk	1,688	Garment Factory Garment Factory Motorcycle and Electronic Bicycle Assembly Plastics Factory
V	D & M Bavet SEZ	Svay Rieng	117.95	NA
T	Kiri Sakor Koh Kong SEZ	Koh Kong	1,750	NA
PS	Preah Sihanouk Port SEZ	Preah Sihanouk	70	NA
PS	Kampong Saom SEZ	Preah Sihanouk	255	NA
V	P (SEZ) I C	Svay Rieng	107.55	NA

(Note) NA= No Action Yet, T=Near the border with Thailand, V=Near the border with Vietnam, PS=Near Sihanoukville Port

(Source) Cambodia Special Economic Zone Board (CSEZB)/Cambodia Development Council (CDC).

As for the border areas, Bavet City, Svay Rieng Province is the most successful area. It is only 1.5-2 hours by road to Ho Chi Minh City in Vietnam. As mentioned earlier, Bavet is one of the CBTA-prioritized gates. Furthermore, due to export restrictions imposed in 2006 on several products, such as bicycles, from Vietnam to the EU because of trade conflicts, some companies have started to think to open additional factories in Cambodia. One such company is a bicycle assembly factory in Manhattan SEZ, Bavet, who successfully produce bicycles even though productivity is as high as in their factories in Vietnam. Manhattan SEZ provides a one-stop service with the cooperation of CSEZB. Therefore, staff from, for example, the Customs office, CAMCONTROL, and the Ministries of Commerce and Labour have bases there. It is 2 hours to the port near Ho Chi Minh City, from where they can deliver products to the EU market in 20 days. Because of the recent upgrade to the port in Vietnam, access to the

US, EU and Japanese markets is expected to improve further in the near future.

Due to the political instability in Thailand since 2008, the border areas with Thailand are not as active as the Vietnam border areas. However, Hyundai (Korean) is now planning to establish a motor assembly factory in Koh Kong SEZ by the end of 2010. Road infrastructure has been improved to connect Thailand to Vietnam via Cambodia. Thus, it is expected that when the political situation is resolved, there will be better growth in the border areas with Thailand.

4. Statistical data for analysis in future work

For analysis in the future, the following statistical data is available at, for example, the National Institute of Statistics (NIS), the Ministry of Planning and other relevant ministries such as the Ministry of Commerce, Ministry of Economy and Finance (Tables 7 and 8).

Most of the information is available from the Data User Service Center at NIS and some from websites listed in Table 7. Since 2000, the Statistical Year Book has been published every year. This publication provides the main statistical data for Cambodia including population, education, health, income and expenditure, agriculture, industry, investment, government finance, national accounts, and trade.

Table 7. Surveys and Statistical Data Available from the National Institute of Statistics

Title of the Survey/Statistics	YEAR
POPULATION CENSUS	
*Population Census	1962
Population Census	1998
Cambodia Inter-Censual Population Survey	2004
Population Census	2008
ESTABLISHMENT	
Establishment survey	1993
Establishment survey	1995

Survey of Industrial Establishment Cambodia (SIEC)	2000
Nation-Wide Establishment Listing	2009
LABOR	
Labour Force Survey (Phnom Penh)	1997/1998
Labour Force Survey	2000/2001
SOCIO-ECONOMIC SURVEY	
Socio-Economic Survey	1996/1997
Socio-Economic Survey	2003/2004
Socio-Economic Survey	2007
CHILD LABOR	
Child Labor Survey	2001
Child Domestic Worker Survey	2003
HEALTH	
Cambodia Demographic and Health Survey	2000
Cambodia Demographic and Health Survey	2005
National Accounts	
National Accounts	Yearly

(Source) NIS.

Besides those data, through daily administration activities, each ministry collects data on agriculture, education, public health, import/export data, and so forth. Every year, NIS collects these data from other ministries for the purpose of publishing the Statistical Year Book (NIS 2008). When NIS conducts a statistical survey that cuts across fields, the relevant ministries get together under NIS.

Table 8. Economic Data from Other Ministries

Title	Ministries	URL
Trade	MEF	http://www.mef.gov.kh/share.php?cid=9&p=1&scid=1
	MEF/Customs	http://www.customs.gov.kh/
	MOC	http://www.moc.gov.kh/News/Default.aspx?MenuID=17
Agriculture Statistics	MAFF	http://www.maff.gov.kh/eng/statistics/index.html

1980-present		
Education Statistics	MEYS	http://www.moeys.gov.kh/education_static_indicator.php
Registered Companies List	MOC, MIME, CDC/CIB	

(Source) Prepared by the author.

Province-level and district-level statistical data are still very limited. The census data can, however, tell us about the population and living standards at district level (NIS 1998, 2009). Some ministries like the Ministry of Education or Ministry of Health know more about schools or health centers at a detailed level. As for economic data specifically, an establishment listing was undertaken in 2009 and the first economic census will be held in 2011. The data gathered by these new surveys will provide us with more detailed and accurate statistical information for use in future research.

Conclusion

The Government of Cambodia chose to implement a market economy at the end of 1980s. The present location of industry in Cambodia is not the result of the government's strong intentions to invite specific industry into specific locations; however, with the promulgation of certain laws and regulations promoting SEZ and progress in regional cooperation such as GMS as well as policies which open up the economy to foreign investors, we can observe from the data for the late 2000s that industries in Cambodia are located in the Phnom Penh area, the Sihanoukville area, and the border areas with Thailand and Vietnam. Future analysis should refer to more detailed data such as other economic indicators, infrastructure development indicators, and social development indicators at province or district level.

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