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INVEST

FOREIGN DIRECT INVESTMENT

FDI inflows to Cambodia have grown exponentially in the last few years due to sound macroeconomic policies, political stability, regional economic growth and an open investment market. According to the [2022 World Investment Report](#) by UNCTAD, FDI inflows stood at USD 3.6 billion in 2020, down slightly from USD 3.7 billion in 2019, and then USD 3.5 billion in 2021 due to the economic crisis triggered by the Covid-19 pandemic, and despite government mitigation measures. The decline was due to investors postponing investments in both services (especially hospitality) and the export-oriented garment industry, as the pandemic affected the economy and foreign markets to which businesses operating in Cambodia are linked. Inflows were concentrated in construction, clothing, electrical and electronic components and agriculture. Most major construction projects by Chinese companies have continued despite the crisis. For example, the 190km Phnom Penh-Sihanoukville highway, a USD 1.9 billion project, became almost 40% complete in 2020. The total stock of FDI stood at USD 36.9 billion in 2020 and increased to USD 41.02 billion in 2021 (UNCTAD, 2023). In general, the main investing countries are China, followed by South Korea, Vietnam, Japan and Singapore (National Bank of Cambodia). The construction industry attracts the largest share of foreign investors, followed by infrastructure, industry (especially textiles), agriculture and tourism.

According to the Council for the Development of Cambodia (CDC) in March 2022, the Kingdom managed to capture \$4.35 billion of this investment in 2021, up 22 percent from the previous year, with China, the US and Singapore being the largest contributors in that order. This share of regional investment, which was restricted in large part by the pandemic despite the country's re-opening last November, reflects the potential headroom of Cambodia's economic future. The government's adoption of a more liberal foreign investment regime, which is already garnering a lot of attention both regionally and globally, aims to raise the bar further and create an even more conducive environment for investors (Khmer Times, 2022). In 2022, Cambodia received foreign investment inflows worth USD 4.6 billion, an increase of 7.5% compared to 2021, according to the latest report of the Council for the Development of Cambodia.

Foreign direct investment (FDI) in the Special Economic Zones (SEZ) accounted for 27%, while investments outside the SEZ accounted for 73%. Meanwhile, in 2022, local investors had a total investment of US\$2.7 billion (75.7%) while Chinese investment shared USD 1.4 billion (30%), Hong Kong USD 116 million (2.47%) and Japan USD 62 million (1.32%).

Cambodia has a generally open and liberal foreign investment regime. Incentives to investors include: 100% foreign ownership of companies, corporate tax holidays of up to eight years, a 20% corporate tax rate after the incentive period ends, duty-free import of capital goods, and no restrictions on capital repatriation. To facilitate foreign investment, Cambodia has created special economic zones, which provide companies with ready access to land, infrastructure and other services to facilitate the set-up and operation of businesses. Currently, there are 23 SEZs, and according to the US Department of State, in recent years the Phnom Penh Special Economic Zone alone has attracted American companies such as Coca-Cola (which alone invested USD 100 million), American Licorice and Tiffany & Co. Nevertheless, the country's legal system lacks of transparency and energy supply and transportation problems remain significant obstacles to international investment. Corruption, a scarcity of skilled labour, inadequate infrastructure and high energy costs also contribute to hinder investments. During 2020, the Cambodian government has announced that it is in the process of drafting new investment laws and other regulations related to investment that are aimed at increasing the country's attractiveness in terms of FDI. In particular, in 2020, the Cambodian government launched an online system for investment applications, with approvals provided within eight working days for new businesses.

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	3,625	3,483	3,579
FDI Stock <i>(million USD)</i>	36,903	41,025	44,537
Number of Greenfield Investments*	13	9	11
Value of Greenfield Investments (million USD)	1,630	125	661

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Cambodia	East Asia & Pacific	United States	Germany
Index of Transaction Transparency*	6.0	5.9	7.0	5.0
Index of Manager's Responsibility**	10.0	5.2	9.0	5.0
Index of Shareholders' Power***	4.0	6.7	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

INVESTMENT OPPORTUNITIES

Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders Worldwide

[DgMarket](#), Tenders Worldwide

Finding Assistance For Further Information

Investment Aid Agency

[Cambodia Investment Agency](#)

[The Council for the Development of Cambodia \(CDC\)](#)

