



Regional Economic Development Program (RED IV)

International Workshop “Quality Infrastructure in the Food Industry and the Role of Standardization in Export Markets”

# Situation of Food Processing in Cambodia

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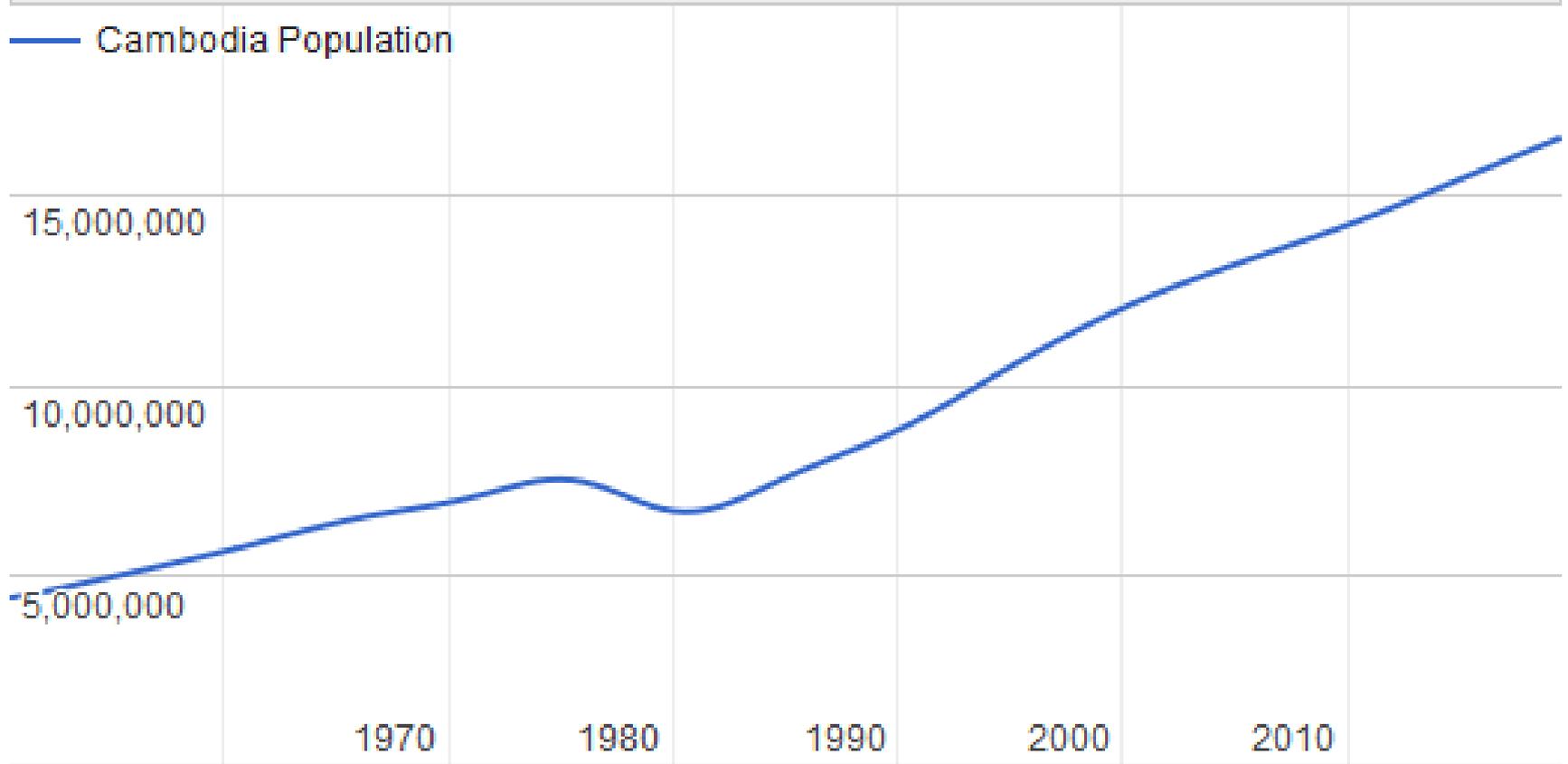
Total territory: 181,035 km<sup>2</sup>  
Land area: 176,515 km<sup>2</sup>  
Capital: Phnom Penh  
(25 cities & provinces)



Despite the strong performance of the garment, tourism, and construction/real estate sectors, Cambodia remains an agrarian country.

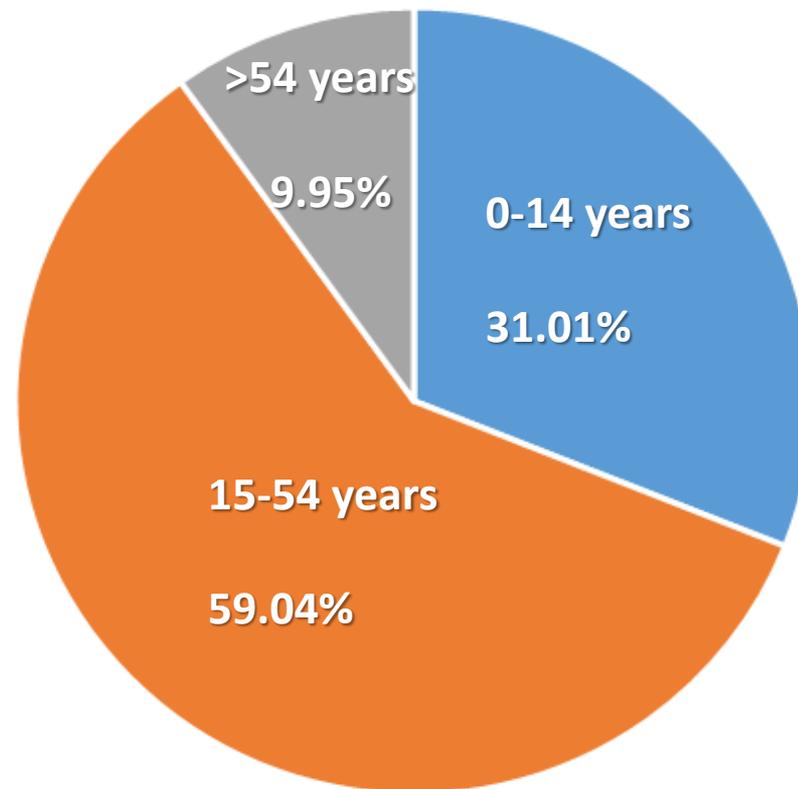
# Cambodian Demographics

Cambodia Population (1950 - 2019)

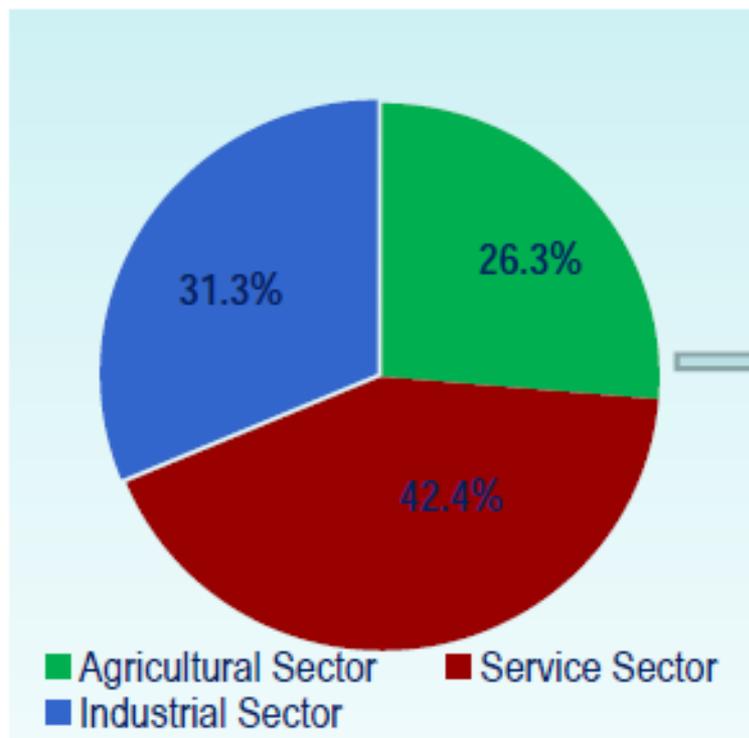


# Cambodian Demographics...

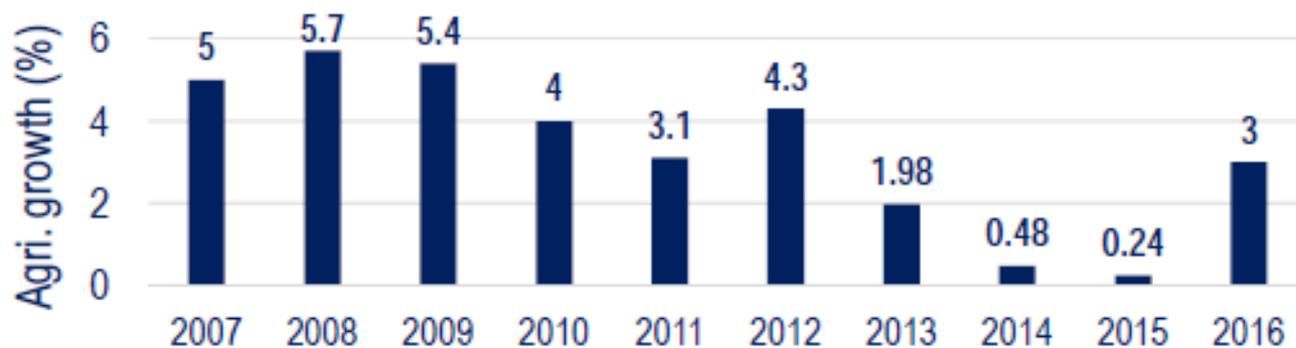
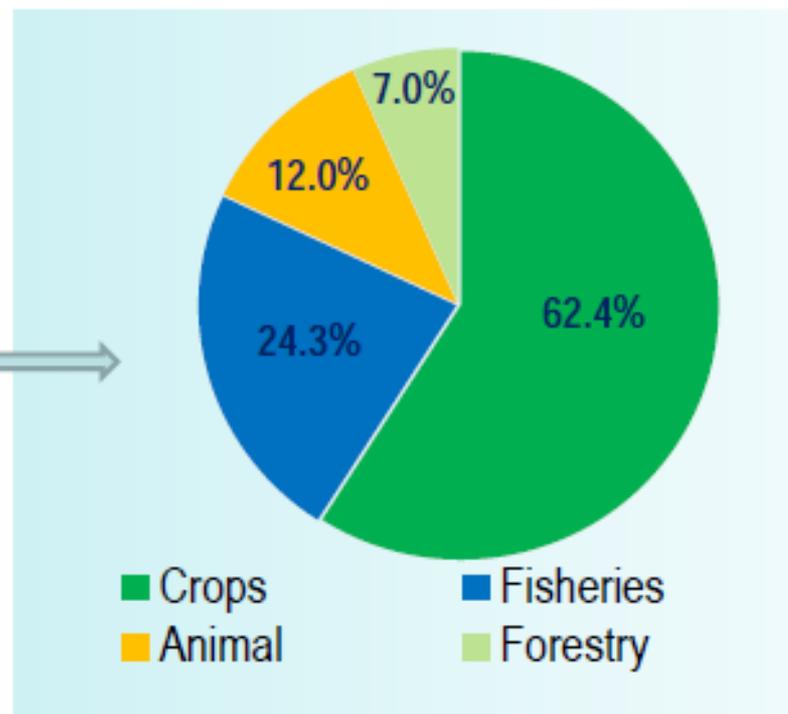
## Population classification by age group



## Sectorial Contribution on GDP in 2015



## Contribution of Agricultural Sector Components on GDP

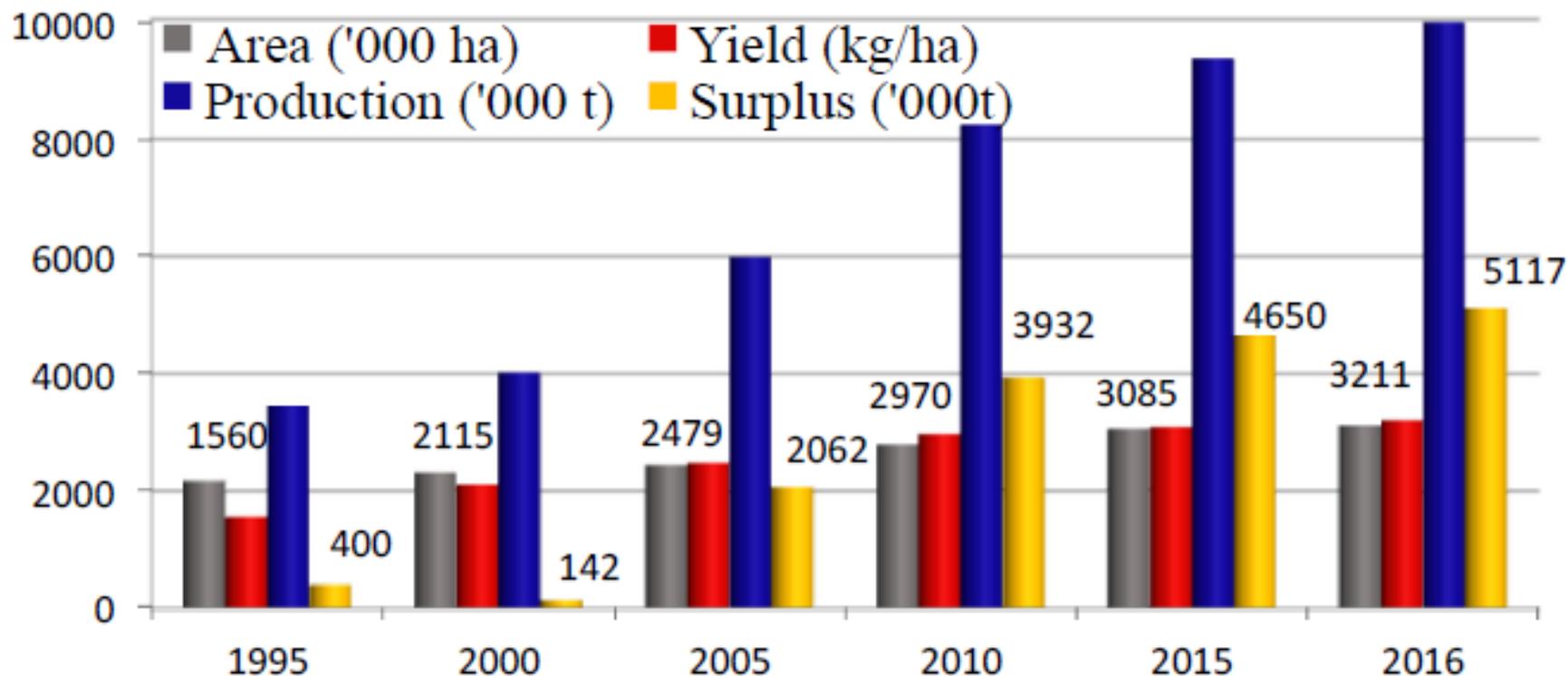


# Agricultural Crops Production Areas in 2016 (MAFF, 2017)

Crop	Area (ha)	(%)
Rice	3,118,160	75.1
Cassava	684,070	16.5
Maize	144,523	3.5
Soybean	42,658	1.0
Mungbean	50,417	1.2
Vegetable	48,748	1.2
Sesame	16,196	0.4
Peanut	14,241	0.3
Sugar cane	22,237	0.5
Sweet potato	5,615	0.1
Tobacco	5,663	0.1
Jute	60	0.0
Total	4,152,588	100.0



# Rice Production Status



To support the agriculture industry, materials and equipment used in agricultural production are exempt from import duties.

The government hoped these policies would increase milled rice exports to one million tones by 2015, but that goal was not met.

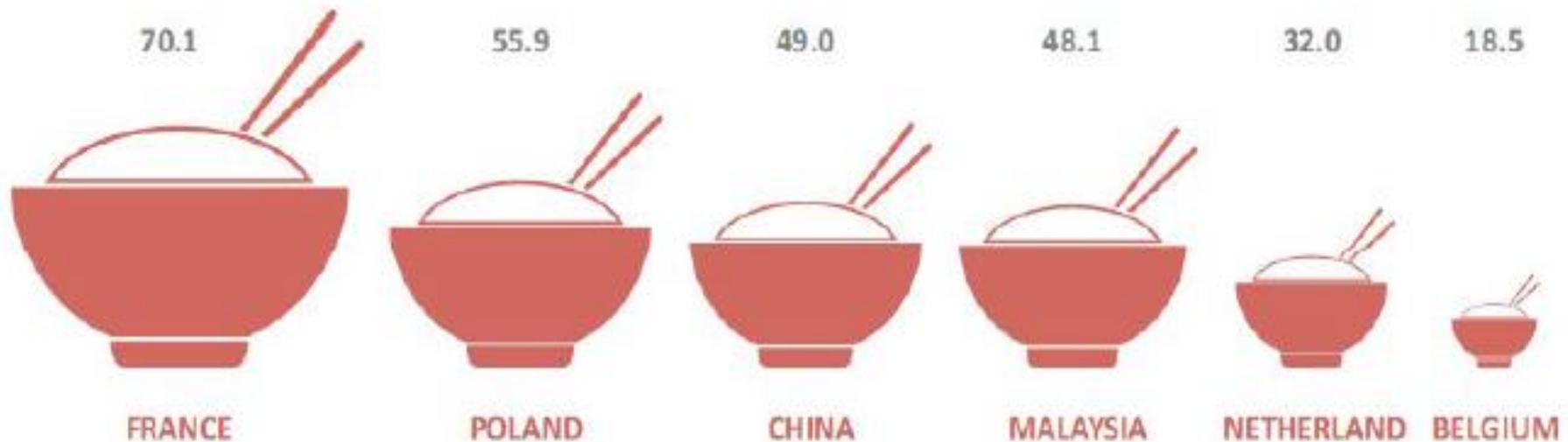
→ **Rice milling is an emerging industry.**

## Economic Indicators (EuroCham Info Pack, 2016)

Indicator	Metric
GDP (current USD)	18.05bn
GDP per capita (current USD)	1,158.7
GDP growth	7.0%
GDP composition by sector	Agriculture 28.2%, Industry 29.4%, Services 42.3%
Labour force by sector	Agriculture 45.3%, Industry 24.3%, Services 30.4% (Cambodia Socio-Economic Survey 2014)
Trade balance (current USD)	-3.21bn
Total imports (current USD)	11.73bn
Major import commodities (all origins)	Petroleum products, construction materials, industrial machinery, motor vehicles, food, beverages and pharmaceutical products
Total exports (current USD)	8.52bn
Major export commodities (all destinations)	Clothing, footwear, rice, timber, light manufactured goods
Garment and footwear exports	6.28bn USD (Ministry of Commerce)
Rice exports	538,396 tons (Cambodia Rice Federation)
Tourist arrivals	4.77 million (Ministry of Tourism)
Foreign Direct Investment Inflow (current USD)	1.802bn

## Economic Indicators (EuroCham Info Pack, 2016)

### CAMBODIA - TOP RICE EXPORT DESTINATIONS 2014 ('000 TONS)



Source: <http://mekongoryza.com/>

75% of cultivated land is dedicated to rice.

# Cambodia is now a lower-middle income economy

- Robust economic growth averaging 7.6 % per year in the past two decades has transformed Cambodia from one of the world's poorest countries to a lower-middle income country today<sup>1</sup>
- Upper-middle income will be in year 2030
- High-income will be in 2050
- The role of industry and small and medium enterprises as a key driver of future growth<sup>2</sup>



Threshold	GNI in July 2016
Low-income	
Lower-middle income	\$1,026 - \$4,035
Upper-middle income	\$4,036 - \$12,475
High-income	> \$12,476

# Food Habits in Cambodia

- Rice
- Fish
- Fermented fish
- Fresh vegetables
- Fermented vegetables
- Meat
- Soup
- Frying
- Grilling
- Roasting



# Fast-Changing in Consumer Preferences

- Borders are opening up, trade is increasing, and there are many more products to buy.
- It is a transformative and opportune time for brands & consumer products in Cambodia.
- Products – & brands – represent a connection to the wider world, the promise of a successful and prosperous future.
- Young population is driving new product preferences – change in palate and preference for newer varieties of food due to western influence
- Growing middle class population are driving people to spend more on food
- Increased demand for processed & packaged products with high shelf-life

# Markets and Product Preferences in Cambodia



French Bordeaux wines are a status symbol



# Markets and Product Preferences in Cambodia...



PHNOM PENH



Several dozens of branded coffee are very popular...

# Markets and Product Preferences in Cambodia...



# Markets and Product Preferences in Cambodia...



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# The Rise of Supermarkets and Minimarts



# Food Processing industry in Cambodia

- Fruits & Vegetables (F&V)
- Meat, Poultry, Fish, Marine
- Grains and Seeds
- Packaged Foods (including Beverages)



# Processing raw material for Various Products

Raw materials	Products
Fruit	Fresh cut, dried fruit, pickles, sugar(export)
Vegetable	Fermentation, sauces, tea
Poultry	Frozen and chilled, fried, grill
Meat	Jerky, ready-to-eat meals
Fish	Dried, smoked, fermentation
Marine fish	Frozen(export), dried, ready-to-eat
Grain	Rice (export) ,biscuits, noodles, flakes, cakes, snack food(export)
Seeds	Spices(export), nuts, sauces, oil
Root and tuber crops	Starch, chips, alcohol(export)
Beverages	Tea bags, flavored coffee, soft drinks, alcoholic beverages

# Food Processing training in Cambodia

There are national and international sectors provide food processing training courses to improve her knowledge and skills such as small business enterprise, food processing, and market dialogue

Example:

- RUA- Royal University of Agriculture
- ITC- Institute of Technology of Cambodia
- RUPP - Royal University of Phnom Penh
- PNCA- Prek Leap National College of Agriculture
- CJCC-Cambodian-Japan Cooperation Center
- CHAIN- Cambodia Horticulture Advancing Income and Nutrition
- CARITAS Cambodia
- ADB – Asian Development Bank
- CRDT- Cambodia Rural Development Team
- Etc.

# Food Processing training in Cambodia



# Opportunity of food processing investment in Cambodia

- Potential crop production base of raw material
- Potential business opportunities in agribusiness and food processing: fast food and beverage franchises,
- Cambodia is a great place to invest right now: a high growth economy, a young & energetic population, and increasing competence in English skills within the workforce.
- Cambodia has some distinct advantages over the rest of ASEAN: foreigners can own a company without a joint venture local partner, and the government is welcoming of foreign investment.
- Central location in Southeast Asia - Cambodia is easy to connect to its neighbours: Thailand, Laos & Vietnam, and land access beyond these to Myanmar, Malaysia, Singapore & China.

# Opportunity of food processing investment in Cambodia...

Cambodia offers:

- Investor-focused policies - Council for Development of Cambodia facilitates the investment, includes a “Qualified Investment Project” tax exemption for up to 9 years, & some exemptions from import duty.
- Competitive tax rates - profit tax rate for companies is 20%, among the lowest in the region.
- Special Economic Zones - Government created special manufacturing areas
- Easy foreign currency remittances - no restrictions on foreign exchange through official banks.
- Future Free Trade Agreements - Cambodia is an active and ongoing partner in development of regional free trade agreements beyond ASEAN, to include China, Australia, Japan, South Korea, India, and others.

## ASEAN COUNTRIES - INDICATIVE CORPORATE TAX RATES [AS OF DEC 2014]



Sources: <http://www.asiabriefing.com/news/2014/12/analysis-asias-tax-rates-partone-corporate-income-tax/>



# Some challenges of processing foods in Cambodia

- Weak law enforcement
- Infrastructure is still under development
- High energy costs
- Skills gap - vocational readiness of employees
- Inefficient supply chain
- Low packaging aesthetics
- Lack of adequate quality control, testing protocols and standards

# Starting export processed foods

- Cambodia has growing food and agro-processing industries. The country is now starting to export processed food and agricultural products in greater volume after producing them mostly for local consumption in the past.
- Assistance from countries such as China and South Korea is helping raise the standards in the sector.



Local products on display at a food expo in Phnom Penh. KT/Chor Sokunthea

**THANK YOU FOR ATTENTION**

# References

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2. Ministry of Planning. “National Strategic Development Plan 2014-2018.” Accessed 23 September 2015. <http://countryoffice.unfpa.org/cambodia/drive/NSDP2014-2018.pdf/>