

# Cambodia



## Trade and investment relationship with Australia

<b>Two-way trade</b> <b>A\$1.1b</b> (2022)	<b>Two-way investment:</b> <b>np</b> (2022)	<b>Students</b> <b>2,868</b> (2022)	<b>Visitors</b> <b>8,710</b> (2022)
<b>Two-way trade in goods</b> <b>A\$0.8b</b> (2022)	<b>AUS investment in Cambodia:</b> <b>A\$29m</b> (2022)		
<b>Two-way trade in services:</b> <b>A\$0.3b</b> (2022)	<b>Cambodian investment in AUS:</b> np (2022)	<b>Diaspora</b> <b>39,390</b> (2021)	<b>Outbound visitors:</b> <b>18,000</b> (2022)
<b>Australian ODA: A\$83.6m</b> (2023-24)			

np = not available for publication

Multilateral/Regional	Bilateral
<b>WTO - member; RCEP - party; AANZFTA - party</b>	<b>Not applicable</b>

### Diplomatic and economic relations

Australia and Cambodia work together on a range of common interests in regional and global forums and celebrated 70 years of diplomatic relations in 2022. Two-way trade is modest and facilitated by regional FTAs. Business links have grown, particularly in mining, food and beverages, and services. Australia's development cooperation program prioritises health security, stability and economic recovery.

### Outlook to 2040

Out to 2040, real GDP growth is projected to stay above 5 per cent annually. Cambodia has targeted reaching upper-middle-income status by 2030 and high-income status by 2050. Cambodia's economic growth is supported by foreign investment and access to export markets, particularly in the United States and Europe. Garments, construction, tourism and agriculture have driven its growth. Structural reform, adopting new technologies and upskilling its workforce will be key for sustainable economic growth. The Cambodian Government is targeting facilitating SMEs and entrepreneurship to enhance competitiveness, to diversify away from agriculture and generate employment. Investment to improve infrastructure will support long-term growth goals. A priority will be to modernise and prepare Cambodia's grid towards an energy mix with at least 60 per cent renewable energy by 2040.

### Sectors to watch

#### Agriculture and food

Agriculture employs a fifth of the Cambodian workforce and accounts for a fifth of national GDP.

But agriculture processing makes up only 1.5 per cent of GDP, compared to an ASEAN average of 4.5 per cent. This relative underdevelopment reflects a gap and an opportunity. Rural development promotion makes agriculture a key priority for the Cambodian Government and an opportunity for Australian businesses to assist with providing quality inputs and mechanisation.

#### Green energy transition

To meet Cambodia's net zero by 2050 target, significant private investment into green energy will be necessary, including in grid modernisation and battery storage. Cambodia could address growing energy demand and reduce costs by investing in solar and wind generation, and ancillary services.

#### Infrastructure

Investment in infrastructure will be crucial for Cambodia to maintain current levels of growth. At present, insufficient infrastructure increases costs of production and makes Cambodia's economy less competitive. Subject to the right governance and regulatory environment, more investment opportunities for Australian business, including in sectors like logistics, are likely.

#### Education and skills

Australia is the most popular English-language destination for Cambodian tertiary students, making Australian tertiary and vocational education providers well placed to contribute to upskilling the Cambodian workforce as it seeks to reach its ambitious income targets by 2040. Key sectors that will drive growth include tourism, agriculture, SME entrepreneurship and health services.



### Raise awareness

- Undertake targeted sectoral business missions
- Leverage the Australian-supported Handbook on Investment in Cambodia to promote opportunities
- Leverage the Australian alumni community to connect government and private sector
- Promote Australian capabilities in mining, energy and METS
- Attract more tertiary, English-language and school students from Cambodia
- Expand Australian tourism marketing efforts



### Remove blockages

- Identify opportunities through the Cambodia–Australia Partnership for Resilient Economic Development (CAP-RED) to support a sound regulatory environment for investment, including through government and private sector collaboration
- Expand collaboration on standards harmonisation
- Facilitate Cambodian investment in Australia
- Implement and upgrade existing trade instruments to remove trade, investment and other market access barriers
- Promote Australian suppliers to fill renewable energy sector needs



### Build capability

- Work with Cambodia on modern approaches to food regulation, including digital initiatives
- Deepen institutional-level partnerships and expand technical assistance on decarbonisation pathways through CAP-RED
- Promote education links between Cambodia and key Australian universities and certification bodies, including through twinning arrangements
- Expand the TGA regulatory strengthening program to build the capacity of Cambodian regulators
- Promote sustainable development of Cambodia's resources sector through short courses and other opportunities
- Extend Partnerships for Infrastructure funding, including for early-stage project preparation support



### Deepen investment

- Continue working with AusCham Cambodia to strengthen the Australian business network in Cambodia
- Use CAP-RED program to develop an online FTA portal to support Cambodia's implementation of FTAs
- Continue to support the Agrifood Investment Desk to promote investment in agrifood businesses in Cambodia
- Support energy planning, forecasting and integration of variable renewable energy through CAP-RED