

Cambodia: Overview of Economic Development, Social and Political Progress

With a steady GDP growth of around 7%, Cambodia is the fastest-growing economy in Southeast Asia. The population is young and western-facing, and the vast majority are eager consumers of American products and media content. For example, American fast food chains—including KFC, Carl's Jr. and Starbucks— can be found throughout the country, and owning a Ford (the top-selling new car in Cambodia) is considered a status symbol.

Key Indicators

Since the end of Cambodia's civil war, human health and economic indicators have improved remarkably:

- In 1981, Cambodian life expectancy was 33 years old. Today it is 71 years old.
- In 1998, 53% of Cambodians lived in poverty. Today that number is down to just 13%.
- Gross National Income (GNI) has more than tripled since 1995.
- Enrollment in K-12 schools has risen from 2.3 million students in 1998 to over 3.1 million in 2018, and university enrollment has risen from 14,778 to 207,434 students over the same period.

Foreign Investment

Cambodia is also an attractive destination for international businesses. The [World Bank](#) considers Cambodia “one of East Asia's most open economies,” and [Moody's Investors Service](#) has ranked Cambodia's foreign direct investment regime as the most liberal in the Association of Southeast Asian Nations (ASEAN). Cambodia has no restrictions on capital repatriation or trade, allows 100% foreign ownership of companies and property and offers corporate tax holidays of up to eight years.

Cambodia has introduced a number of important reforms in the labor industry as well, including statutory maternity leave (90 days) and pay (120% of monthly salary plus benefits). These reforms were facilitated by the World Bank and International Labor Organization (ILO), which established the Better Factories Cambodia program in 2001 to work with the Cambodian government on improving worker conditions and the competitiveness of the garment industry. Workers are represented by more than 3,000 unions and the minimum wage has more than quadrupled since 1998.

Collaboration with the United States

Cambodia sees itself as a close and constructive partner to the United States in Southeast Asia, and several recent positive developments in the Kingdom demonstrate this:

- After the U.S. Trade Representative (USTR) raised concerns about emissions regulations that favored European cars over U.S. ones, the Cambodian Senate passed a new law to adopt both European Union and U.S. standards to allow American autos market access.
- USTR also alerted the Cambodian government to a land dispute involving a U.S. citizen and business owner, and the government acted quickly to resolve it.
- Cambodia responded to the Defense Department's (DoD) concerns about illicit North Korean businesses in the country, expelling North Korean citizens and shutting down their operations. Cambodia is also working to restart prisoner of war (POW) and missing in action (MIA) activities with DoD.
- Prime Minister Hun Sen sped up Ambassador Patrick Murphy's presentation before the King so that he could be officially instated and participate in economic summits in Bangkok in late 2019.
- The prime minister released 70 opposition activists from prison in November 2019 and released opposition leader Kem Sokha from house arrest. A judge ordered a halt to the investigation against him, and it is widely believed Sokha will receive a pardon from the king.

- President Trump and Prime Minister Hun Sen exchanged optimistic letters about the U.S.-Cambodia relationship last fall, and the prime minister accepted an invitation to attend a special U.S.-ASEAN summit in Vegas in March (cancelled due to COVID-19).

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