



PHNOM PENH
SPECIAL ECONOMIC ZONE

COMMITTED TO THE FUTURE

How to attract and satisfy Japanese manufacturers from Phnom Penh SEZ experience

Phnom Penh SEZ Co., Ltd.
Hiroshi UEMATSU
CEO

25 October 2015

8th Policy Dialogue Mission

Addis Ababa, Federal Democratic Republic of Ethiopia



Cambodia was once totally devastated by Khmer Rouge (extreme communist) from 1975 to 1979.

After UN Transitional Authority period, Cambodia adopted open economy policy.

- . No discrimination to FDI except land ownership
- . 100% owned FDI is allowed in almost all sectors
- . Dollarized economy
- . No restriction to remit abroad

Cambodia had to heavily rely on FDI to reconstruct country because most of intellectuals were killed.

Political stability was attained in 2000s.

SEZ policy introduced in 2005 is one of the tools to boost economic development.

Phnom Penh SEZ is run by a private company, owned by 78% Cambodian individual and 22% Japanese company, established in 2006.

Our mission is to attract new industries to Cambodia for the country's industrialization.

To achieve this mission, we target Japanese manufacturers.

Stage 1 (2006 - 2008)

Prepare good infrastructure

- . Electricity
- . Water
- . Telecommunication
- . Logistics
- . Security

We must prove good infrastructure by data

- . Electricity – Capacity, frequency of power cut and fluctuation
- . Water – Quality and quantity
- . Logistics - Price and speed
- . Telecommunication - Price and speed

Stage 2 (2007 - 2010)

Improve company's operation to international standard

- . Proper tax declaration
- . Audited Financial Statement
- . Obtain ISO 9000 (quality) and 14000 (environment)
- . Train Cambodian staff abroad by Japanese government funded program
- . Enhance customer first mind

Stage 3 (2008 - 2013)

Attract Japanese manufacturers by getting support from JICA, JETRO

Step 1 *Tiger Wing*, a SME shoe maker

Prepare a rental factory to accommodate a pioneer

Step 2 *Ajinomoto*, a food giant

Accommodate a well-known company to get attraction from other companies.

Step 3 *Minebea*, a precision parts maker and *Denso*, an automobile parts maker

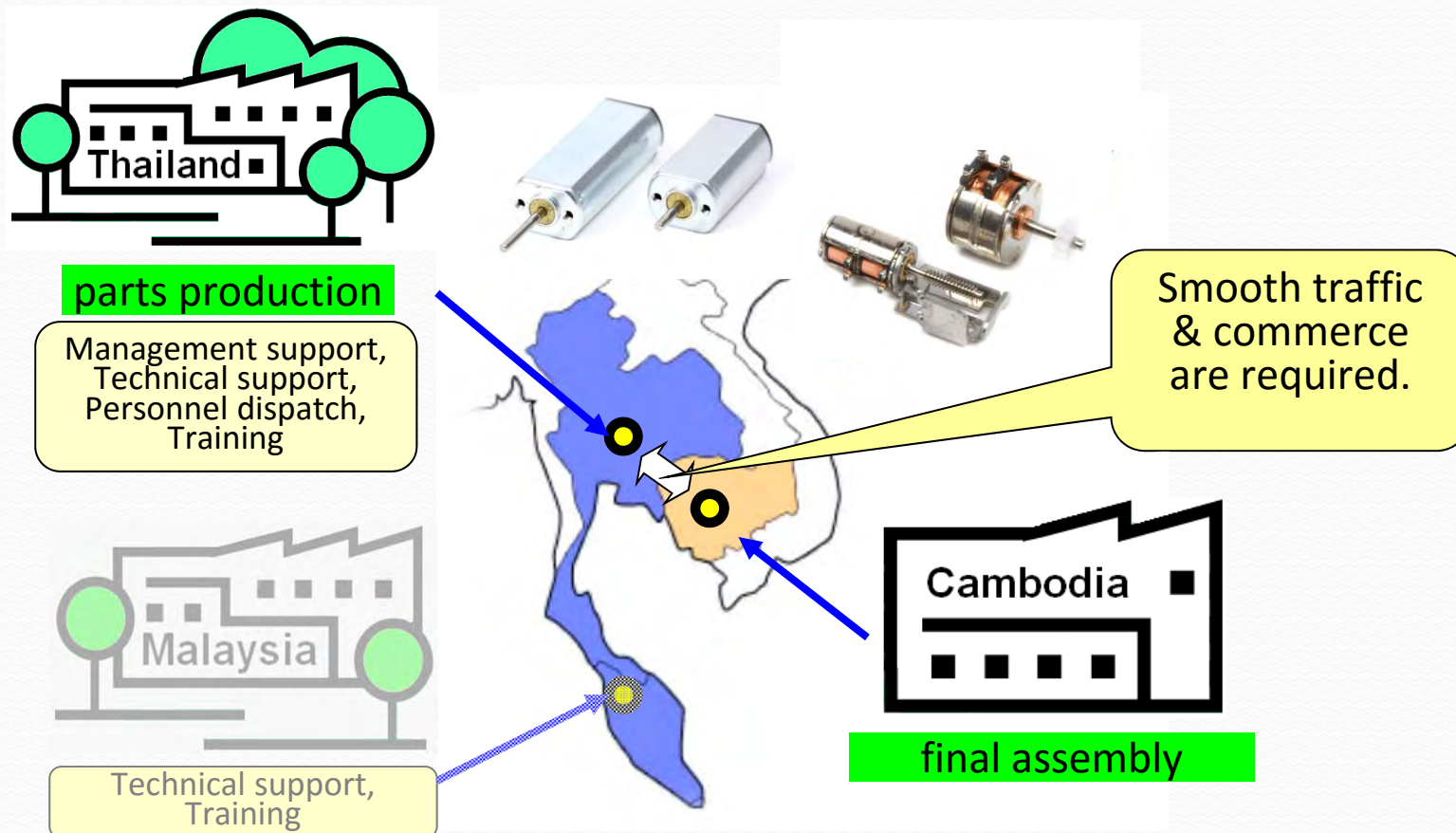
Give a more confidence to other companies

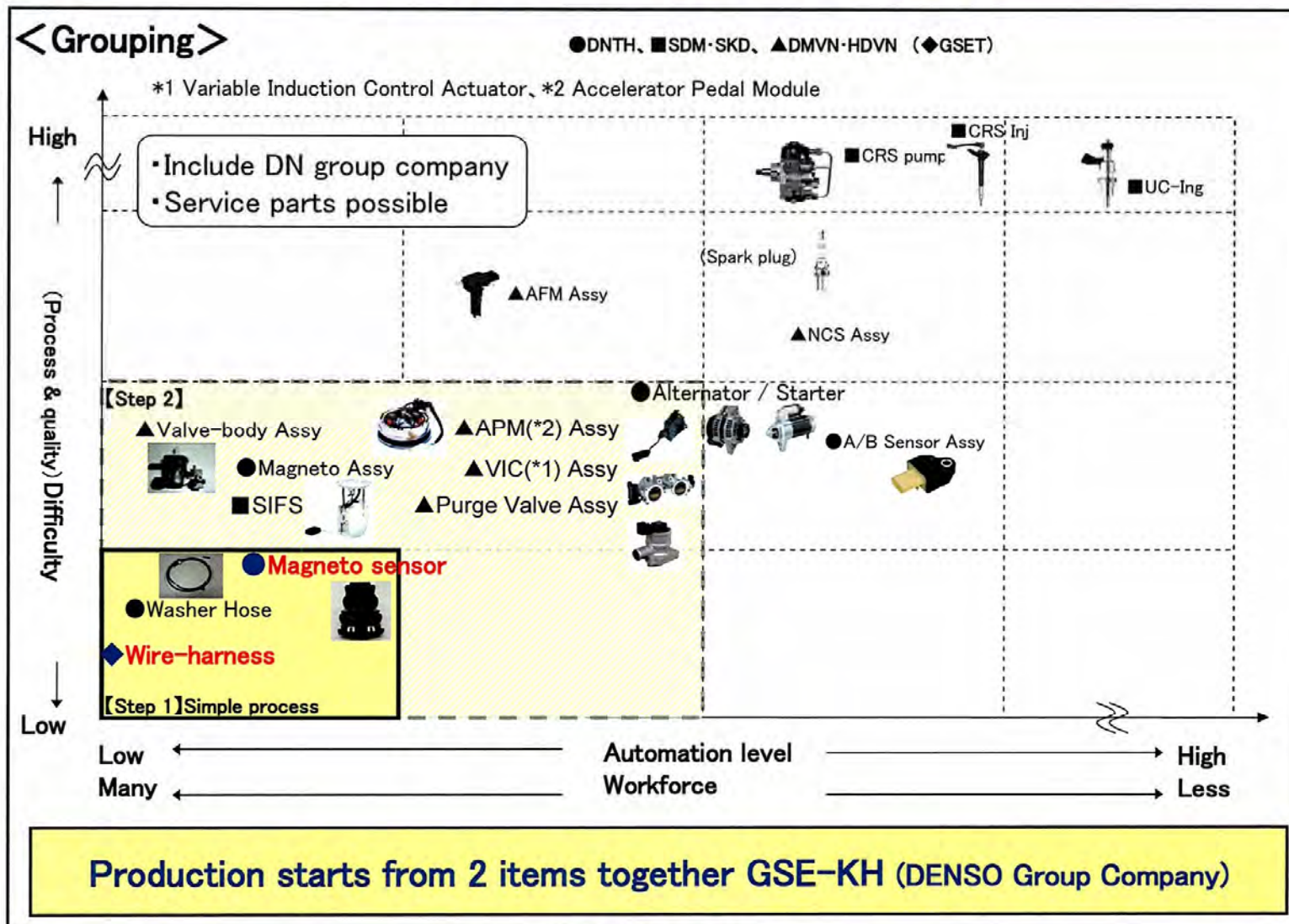
Business model of our Cambodian plant

We plan to build a new business model, in which our Cambodian and Thai operations are integrated together.

Motor parts are manufactured in Thailand and exported to Cambodia. The finished products are assembled in Cambodia and re-exported back to Thailand.

We are confident that other foreign investors should follow this business model if we demonstrate that our operation is viable.





品質と安全のデンソー

Comparison between Ethiopia and Cambodia on Investment Environment

	Ethiopia	Cambodia
Economic openness to FDI		✓
Tax incentive policy	✓	
Transparency of public service	✓	
Labor cost competitiveness	✓	
Geographic location		✓
Living condition for expats		✓

Now, how can we set target to attract Japanese manufacturers to Ethiopia?

Export light industry

Producers for Japan market by air freight

Producers for EU and USA market

Domestic industry

Producers of basic commodities

What is the restriction for domestic market?



Thank you very much for your attention

For inquiry, please contact
uematsu@ppsez.com

Visit our website: www.ppsez.com
Facebook: Phnom Penh SEZ