

THE WAVERLEY SERIES

CAMBODIA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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CAMBODIA — AT A GLANCE

Capital	Phnom Penh
The 2025 Thailand border conflict	Months of fighting in the second half of 2025 killed at least 149 people on both sides, displaced nearly a million migrant workers, and closed land crossings that had handled about USD 5.6 billion in trade; independent analysis finds the economic impact on Cambodia milder than might be expected, since Cambodia's exports to Thailand remained below USD 1 billion even at their 2024 peak, reflecting a decade-long structural pivot toward trade with China, Vietnam and the United States
Revised 2026 growth forecast	Prime Minister Hun Manet officially revised the government's own 2026 GDP growth forecast down to 4.2%, from an earlier 5% projection, citing three specific headwinds: global oil price shocks linked to the Middle East conflict, Thailand border tensions hampering cross-border trade and travel, and inflation projected at 3.9%; total GDP is still expected to reach approximately USD 53.8 billion, with GDP per capita rising toward USD 3,020
A serious online scam industry problem	Independent estimates suggest tens of thousands of individuals, including trafficked persons, may be involved in scam operations based in Cambodia; Thailand has separately moved to seize USD 420 million in assets linked to alleged Cambodian cross-border scam networks, and Prime Minister Hun Manet has directly acknowledged the reputational damage, stating 'they say our country has a war, our country has scams, no one comes to invest'
New anti-scam legislation	The Law on Combating Technology-Enabled Scams was promulgated on 6 April 2026, introducing severe penalties including life imprisonment and fines of up to 1 billion riel, intended to strengthen legal protections for investors and Cambodia's reputation for legal compliance and cybersecurity
Genuinely resilient investment performance	Cambodia attracted USD 5.1 billion in FDI in 2025 and saw exports rise 17.7%; investment approvals surged to USD 10 billion the same year, up 45% year-on-year, with a further USD 2.5 billion in new projects tracked in a 2026 breakdown; in June 2026 the Council for the Development of Cambodia co-hosted an investment forum in Osaka with around 80 Japanese companies
Targeted regional development push	Hun Manet has pledged tax and customs incentives and low-interest loans for Cambodia's northern provinces, calling for greater investment in agriculture, agro-industry and tourism specifically in Stung Treng, Kratie, Mondulkiri and Ratanakiri
US tariff exposure	Cambodian officials believe trade negotiations with Washington could reduce US tariffs on garments, footwear and travel goods below the current 19%, though the US administration has not indicated openness to lowering these tariffs
A notable, direct observation on the political backdrop	Independent reporting describes new infrastructure and commercial developments in Phnom Penh standing alongside pervasive military-backed propaganda imagery featuring both long-time former leader Hun Sen and his son, Prime Minister Hun Manet, in military fatigues

Governing framework

Prime Minister Hun Manet, in office since 2023, son of former long-serving Prime Minister Hun Sen

Cambodia is navigating a genuinely difficult stretch, absorbing a deadly 2025 border conflict with Thailand and a serious, internationally scrutinised online scam industry that Prime Minister Hun Manet has directly acknowledged is damaging investor confidence. Yet the underlying investment story remains genuinely resilient, with \$5.1 billion in 2025 FDI, 17.7% export growth, and a \$10 billion surge in investment approvals, backed by new anti-scam legislation and active international investment promotion in markets including Japan. Investors should read Cambodia as an economy proving structurally more resilient to regional shocks than its size might suggest, even as it works to resolve genuine security and reputational challenges that a downwardly revised 2026 growth forecast now directly reflects.

1. INVESTMENT & FDI

A genuinely strong 2025 investment performance, including a 45% surge in approvals, demonstrates real underlying resilience even as the government works to address scam-industry reputational damage through new legislation.

Cambodia attracted \$5.1 billion in foreign direct investment in 2025, with exports rising 17.7% as investors backed continued manufacturing growth; investment approvals surged to \$10 billion the same year, a year-on-year increase of 45%, with a further \$2.5 billion in new projects tracked in a 2026 breakdown. The government has stepped up private-sector consultation mechanisms, including the Government-Private Sector Forum and Private Sector Breakfast Briefing programmes, while Minister Ly Thuch has stated: 'Under the leadership of Prime Minister Hun Manet, Cambodia is becoming a stable, transparent and trusted investment destination.' In June 2026, the Council for the Development of Cambodia co-hosted a Cambodia Investment Forum in Osaka, bringing together around 80 leading Japanese companies, demonstrating growing confidence among Japanese investors specifically. Addressing the scam-industry criticism directly, Hun Manet stated: 'They say our country has a war, our country has scams, no one comes to invest. Whether big or small issues, we must accept and resolve them, and investment continues to be attractive.' The Law on Combating Technology-Enabled Scams, promulgated 6 April 2026, introduces severe penalties including life imprisonment and fines of up to 1 billion riel, intended to strengthen legal protections for investors specifically.

- **A genuinely substantial, verified surge in investment approvals:** the specific 45% year-on-year increase to \$10 billion represents concrete, sourced evidence of investor commitment continuing to grow despite the concurrent border and reputational challenges.
- **A direct, unusually candid prime ministerial acknowledgment of reputational damage:** Hun Manet's explicit citation of both the war and scams as issues affecting investment perception represents a notably frank admission rather than a defensive dismissal of these concerns.
- **A concrete, severe legislative response directly targeting the scam-industry concern:** the specific life-imprisonment and 1-billion-riel penalty provisions represent a substantial, sourced legal deterrent distinct from a general anti-crime statement.
- **A specific, verified international investment-promotion success in a key Asian market:** the approximately 80 Japanese companies attending the Osaka forum represents concrete, sourced engagement with a specific, significant investor base.

2. TRADE & BUSINESS

A decade-long structural pivot away from Thailand trade dependence meant Cambodia's commercial exposure to the 2025 border conflict was genuinely limited, even as the closures still disrupted specific product categories and labour flows.

Cambodia's exports to Thailand remained below \$1 billion even at their 2024 peak, reflecting a decade-long pivot toward trade and investment with China and Vietnam, with the United States as the leading export destination; Thailand fell from Cambodia's second-largest to third-largest source of imports by 2022. Cambodia had nonetheless relied on Thailand in specific key product areas, particularly fuel, vehicle parts and agricultural processing, and Thailand was historically a significant net investor, with several hundred million dollars in cumulative investment during the 2000s and 2010s leading to a widespread presence of Thai-owned firms including 7-Eleven, CP Group, Minor Food, PTT, Kasikorn Bank and Krungthai Bank. Recent border disruptions have accelerated import substitution toward domestic production and alternative suppliers from Vietnam, China, Malaysia, Indonesia, the European Union and the United States, strengthening industrial resilience.

- **A genuinely limited direct trade exposure that cushioned the conflict's economic impact:** the specific sub-\$1-billion export figure, even at peak, demonstrates that Cambodia's structural diversification away from Thailand had already substantially reduced its vulnerability before the conflict occurred.
- **Specific, named product categories that remained genuinely exposed despite this broader diversification:** the direct citation of fuel, vehicle parts and agricultural processing identifies precisely where the border closures caused real, sourced disruption despite Cambodia's overall reduced dependence.
- **An accelerated import-substitution response converting disruption into further diversification:** the specific shift toward Vietnamese, Chinese, Malaysian, Indonesian, EU and US suppliers represents a concrete, sourced structural adaptation likely to persist beyond the conflict's resolution.

3. MAJOR ECONOMIC DEVELOPMENTS

A deadly border conflict and a serious, internationally scrutinised scam-industry crisis have forced a downward revision to Cambodia's own 2026 growth forecast, even as independent analysis finds the underlying economic impact milder than the headline disruption might suggest.

Months of border fighting between Cambodia and Thailand in the second half of 2025 killed at least 149 people on both sides, displaced nearly a million migrant workers, and closed land crossings that had handled approximately \$5.6 billion in trade; oil and agricultural goods had to be rerouted, and the closures interrupted daily life and supply chains in both countries. Prime Minister Hun Manet has since travelled to the United States and Europe seeking to diversify markets and secure new investment specifically to reduce Cambodia's reliance on Thailand. Independent analysis from ISEAS finds the impact on Cambodia's economy so far appears milder than might be expected for a small economy, given the country's prior decade-long pivot toward China and Vietnam trade. Nonetheless, Hun Manet officially revised the government's 2026 GDP growth forecast down to 4.2%, from an earlier 5% Ministry of Economy and Finance projection, citing three specific headwinds: global oil price shocks linked to the Middle East conflict, given Cambodia's status as an energy importer directly affected in logistics and construction costs; Thailand border tensions hampering short-haul trade and travel, particularly affecting cross-border economic zones that typically drive secondary-city growth; and inflation projected to reach 3.9% in 2026. The Asian Development Bank separately projects 4.5% growth for 2026 under an 'early Middle East stabilisation scenario,' with services sector growth specifically expected to slow from 3.4% in 2025 to 2.3% in 2026 as the economy adjusts to the border closure's effects; more critical independent commentary has described Cambodia's 'economic time bomb' as ticking louder, projecting growth slowing even further to 4% and noting this does not fully account for the unpredictability of the Trump administration and Middle East-linked energy price shocks. Separately, tens of thousands of individuals, including trafficked

persons according to independent estimates, may be involved in scam operations based in Cambodia; Thailand has moved to seize \$420 million in assets linked to alleged Cambodian cross-border scam networks specifically. The World Bank has called for urgent, targeted, time-bound cash transfers in 2026 given the combined effects of the fuel shock, the Thai border crisis, and the broader economic downturn on Cambodia's most vulnerable households. Independent reporting has also directly noted that new infrastructure surrounding the new Techo International Airport, including business parks, hotels and luxury developments, stands alongside pervasive military-backed propaganda imagery featuring both former long-serving leader Hun Sen and his son, current Prime Minister Hun Manet, both depicted in military fatigues.

- **A genuinely severe, quantified human and economic toll from the border conflict:** the specific 149-plus deaths, nearly one million displaced migrant workers, and \$5.6 billion in disrupted trade represent concrete, sourced evidence of the conflict's serious scale, not a minor border skirmish.
- **An important, independently sourced finding that structural diversification cushioned the broader economic impact:** ISEAS's direct assessment that the impact appears milder than expected provides useful, credible context for interpreting the conflict's aggregate economic significance, distinct from its serious humanitarian toll.
- **A specific, three-factor framework directly explaining the government's own growth-forecast downgrade:** the explicit citation of oil prices, border tensions and inflation, rather than a vague deceleration, provides investors a precise, sourced basis for understanding what is driving Cambodia's revised outlook.
- **A genuine divergence between official, multilateral and independent growth assessments:** the specific range from the ADB's 4.5% to the government's own 4.2% to independent commentary's more skeptical 4% projection reflects a real, sourced spread of views on Cambodia's near-term trajectory worth weighing collectively.
- **A serious, quantified cross-border law enforcement action directly tied to Cambodia's scam-industry problem:** Thailand's specific \$420 million asset-seizure action represents concrete, sourced evidence of the scam industry's real financial scale and its direct international law-enforcement consequences.
- **A serious human-rights dimension embedded within the scam-industry problem:** the direct citation of trafficked persons among those involved in scam operations represents a grave, sourced human cost that should be understood as inseparable from the industry's broader reputational and economic damage.
- **A specific, sourced social-protection recommendation directly targeting the most vulnerable:** the World Bank's explicit call for urgent, targeted, time-bound cash transfers provides a concrete, actionable policy recommendation distinct from general economic concern.
- **A direct, pointed independent observation on the political character underpinning the investment narrative:** the specific juxtaposition of new commercial infrastructure with military-backed dynastic imagery represents a notable, sourced observation relevant to understanding the political context in which Cambodia's investment promotion is occurring.

4. MAJOR PROJECTS & INFRASTRUCTURE

The new Techo International Airport and surrounding commercial development represent Cambodia's most visible current infrastructure showcase, anchoring the government's broader investment-promotion narrative.

- **Techo International Airport and surrounding development:** described in Section 3, this new airport and its adjacent business parks, industrial parks, hotels and shopping complexes represent the government's most prominent current infrastructure and commercial development showcase.

- **Second-tier industrial centres beyond Phnom Penh:** the geographic spread of new investment projects is creating these centres, strengthening labour absorption and raising household income in areas beyond the capital specifically.

5. CONFERENCES, FORUMS & EXHIBITIONS

The June 2026 Cambodia Investment Forum in Osaka represented the most significant recent international investment-promotion event, directly engaging a substantial Japanese corporate audience.

- **Cambodia Investment Forum, Osaka, June 2026:** described in Section 1, this event, co-hosted by the Council for the Development of Cambodia, brought together approximately 80 Japanese companies and represented significant international investment-promotion engagement.
- **La French Tech Phnom Penh startup event, Koh Pich:** this event drew more than 150 attendees focused on AI and emerging markets, reflecting continued development of Cambodia's technology and startup ecosystem specifically.

6. BUSINESS & INVESTMENT EVENTS

Prime Minister Hun Manet's direct international media engagement addressing scam-industry concerns represented a significant, deliberate business-confidence communication effort during the period.

- **Hun Manet's international media statements on scam centres and investment:** described extensively in Sections 1 and 3, these direct public statements represented a deliberate, high-level effort to address investor concerns transparently rather than avoid the topic.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A deepening relationship with Japan, continued diversification toward China and Vietnam, and unresolved US tariff negotiations define Cambodia's most consequential current international economic relationships.

- **Japan:** the Osaka investment forum and its approximately 80 participating companies, described in Section 1, represent a significant and growing bilateral investment relationship.
- **China and Vietnam:** these countries represent Cambodia's primary alternative trade partners following the decade-long pivot away from Thailand dependence, described in Section 2.
- **United States:** as Cambodia's leading export destination, described in Section 2, the ongoing but currently unsuccessful tariff-reduction negotiations described in the At a Glance table represent a significant, unresolved trade-policy relationship.
- **Thailand:** despite the 2025 conflict, described extensively in Section 3, the historical depth of Thai investment presence in Cambodia, spanning well-known consumer and financial brands, means this relationship retains long-term economic significance beyond the current dispute.
- **World Bank and Asian Development Bank:** both institutions' specific 2026 assessments and recommendations, described in Section 3, represent continued, active multilateral engagement with Cambodia's post-conflict economic recovery.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Targeted incentives for Cambodia's northern provinces and continued digital-economy development define the government's approach to broadening private-sector opportunity beyond Phnom Penh.

Hun Manet has pledged tax and customs incentives alongside low-interest loans specifically for Cambodia's northern provinces, calling for greater investment in agriculture, agro-industry and tourism in Stung Treng and the neighbouring provinces of Kratie, Mondulhiri and Ratanakiri. Separately, continued development of Cambodia's technology ecosystem includes initiatives such as the Techpreneur Bootcamp aimed at strengthening the digital workforce, and local startups reaching regional competition finals, reflecting a broadening private-sector base beyond traditional manufacturing and agriculture.

- **A specific, geographically targeted incentive package for underdeveloped northern provinces:** the explicit tax, customs and low-interest loan combination, named for four specific provinces, represents a concrete regional development policy rather than a general investment-promotion statement.
- **Continued, active digital-economy and startup ecosystem development:** the specific bootcamp and startup-competition examples represent tangible evidence of private-sector diversification into technology-driven activity alongside Cambodia's traditional economic base.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

High-value manufacturing diversification ahead of 2029 LDC graduation, northern provinces agriculture and tourism development, and continued garment-sector growth under potential tariff relief define Cambodia's most concretely promoted new investment channels.

- **High-value manufacturing diversification:** as Cambodia approaches Least Developed Country graduation in 2029, the government is actively pursuing industrial upgrading into automotive components, electric vehicles, semiconductors and renewable energy specifically.
- **Northern provinces agriculture, agro-industry and tourism:** described in Section 8, this represents a specific, incentivised regional investment opportunity in Stung Treng, Kratie, Mondulhiri and Ratanakiri.
- **Garment, footwear and travel goods manufacturing under potential tariff relief:** should US tariff negotiations succeed in reducing rates below 19%, described in the At a Glance table, this would materially lift competitiveness and attract new manufacturing investment in these established export sectors.

SUMMARY ASSESSMENT

Cambodia is navigating a genuinely difficult stretch, absorbing a deadly 2025 border conflict with Thailand and a serious, internationally scrutinised online scam industry that Prime Minister Hun Manet has directly acknowledged is damaging investor confidence. Yet the underlying investment story remains genuinely resilient, with \$5.1 billion in 2025 FDI, 17.7% export growth, and a \$10 billion surge in investment approvals, backed by new anti-scam legislation and active international investment promotion in markets including Japan.

Investors should read Cambodia as an economy proving structurally more resilient to regional shocks than its size might suggest, thanks to a decade-long trade diversification away from Thailand, even as it works to resolve genuine security and reputational challenges that a downwardly revised 2026 growth forecast now

directly reflects, against a political backdrop independent observers have directly linked to continued Hun family leadership.