



# Cambodia

## Geography

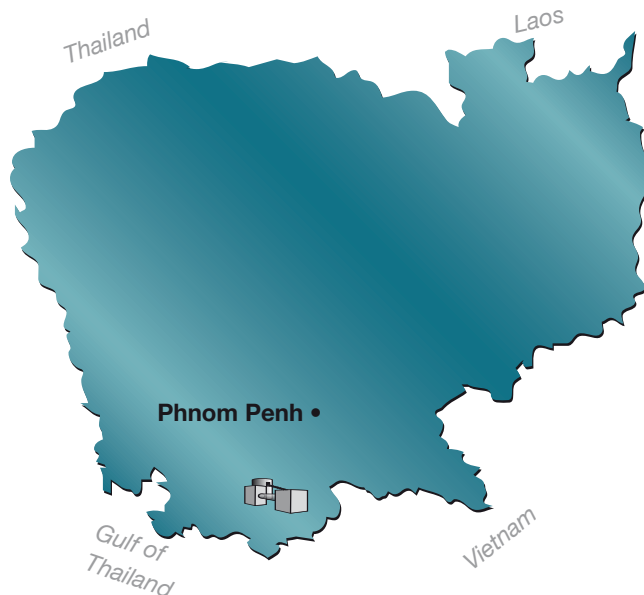
Area	181,040km <sup>2</sup>
Capital	Phnom Penh

## Demography

Population	14.1m
Density	78 inhab./km <sup>2</sup>
Urbanisation	15%
Official language	Khmer

## Economy

GNI per capita	US\$380
Currency	riel (KHR)
Per capita cement consumption	85kg



***With aid agencies and neighbouring countries investing in hotels and infrastructure, Cambodia's economy and particularly its tourist sector has started to flourish. However, beset by political difficulties, many have yet to see tangible improvements in living conditions.***

Thanks to an expanding garment industry, an emerging rice exports and burgeoning tourist and service sectors, the Cambodian economy is likely to post a GDP growth of 7.2 per cent for 2006, according to official sources, and higher than the IMF forecast of five per cent. GDP growth in 2005 reached 13.8 per cent, up from six per cent in 2004, making it one of the fastest growing economies in the region. To serve its economy, the country is rapidly expanding its infrastructure base. Samart Corp, Thailand, has recently clinched a deal to build a 16MW power plant, which will supply electricity to a new cement plant in Kampot and the local electricity network.

## Consumption

As a developing country with a need for infrastructure, Cambodia reportedly consumed 1.5Mta of cement in 2006, continuing the recent rising trend.

## Production

There has been a small antiquated plant operating in Kampot province, but no

recent reports regarding its output have been received and the plant is assumed closed. However, as a replacement, Siam Cement's new joint venture with Khaou Chuly MKK Co, a Cambodian construction and engineering company, will commence production at Cambodia's largest cement plant in Kampot province in 2008 following the official launch of construction in mid-2006. The US\$82m factory is expected to produce about 1Mta of cement. Lilama 18, a subsidiary of the Vietnam Machinery Installation Corporation has signed a contract with Thailand's Siam Cement to build this works.

## Trade

With no reliable production base, all of Cambodia's cement is currently imported and distributed via a chain of agents and retailers. The origin of such cement is essentially from neighbouring Thailand, although some product has also begun to enter the country from a new plant in Laos and also from Vietnam. According to industry sources, the country spent around US\$105m

on cement imports in 2004, rising to US\$140m in 2005. Nevertheless, it is expected that the country's dependency on imports will decline when the new Kampot cement plant comes on-stream.

## Outlook

The Cambodian government announced its 2006-2010 National Strategic Development Plan in August 2006, focussing on policies to increase national economic growth and poverty reduction. Annual GDP growth is estimated to be in the region of six to seven per cent during 2007-2011. According to local specialists, cement demand in Cambodia should grow at around 10 per cent annually to 2010 and beyond, mainly due to government infrastructural projects and a growing tourist market. ■

## Cement statistics

m tonnes	2004	2005	2006E	2007F	2008F
Consumption	1.00	1.20	1.50	1.70	1.90
Change (%)	+6.6	+25.0	+13.0	+18.0	+10.0
Production	0.02	0	0	0.20	0.80
Exports	0	0	0	0	0
Imports	1.0	1.2	1.5	1.5	1.1

Source : ICR Research