



# ARE WE READY? CAMBODIA'S SMEs IN THE CONTEXT OF AEC 2015

National Conference on Integration of ASEAN Economic Community 2015  
Challenges and Opportunities for SME sector in Cambodia

Phnom Penh Water Supply Authority, Cambodia  
16-17 December 2014

by: Mr. ROTH Vathana  
Research Associate, CDRI  
Email: [vathana@cdri.org.kh](mailto:vathana@cdri.org.kh)  
Facebook: [www.facebook.com/roth.vathana](http://www.facebook.com/roth.vathana)

The answer to the posted question is...

---

- ▶ Given my assessment of the sector, the answer I might have is “No”.
- ▶ **But** (this is a significant but), there is no turning back.
- ▶ “Learning by doing” seems to be the second best option.

Categorized by # of employees, 99.9% of total enterprises in 2011 were MSMEs (97.7% micro and 2.2% Small & Medium).

	Total/ average	Micro (1-10)	Small (11-50)	Medium (51-100)	Large (over 100)
# of enterprises	505,134	493,544	10,009	800	781
% share of total	100.0	97.7	2.0	0.2	0.1
# of persons engaged	1,673,390	975,980	191,792	53,879	451,739
% share of total	100.0	58.3	11.5	3.2	27.0
Total sales ( million USD/month)	293	147	53.2	10	82.8
% share of total	100.0	50.2	18.2	3.4	28.3

Note: total monthly sales include sales of all enterprises (single units and head offices), but do not keep Balance Sheet and Income Statements.

Majority of manufacturing enterprises were in food products, beverages, textiles and wearing apparel.

	Micro	SME	Large	Total
Manufacture of food products	39.3	17.4	2.7	38.7
Manufacture of beverages	6.3	5.4	1.2	6.2
Manufacture of textiles	12.6	8.6	5.1	12.5
Manufacture of wearing apparel	22.2	15.8	69.8	22.3
Manufacture of leather and related product	0.3	1.2	8.3	0.4
Manufacture of wood	2.7	3.0	1.7	2.7
Manufacture of other non-metallic miner	3.5	28.0	1.5	4.0
Manufacture of fabricated metal product	6.7	6.6	0.2	6.6
Manufacture of furniture	1.7	1.8	0.0	1.7
Repair and installation of machinery	1.3	0.9	0.2	1.3

Majority of services enterprises were in whole and retail trades and food and beverage services activities.

	Micro	SME	Large	Total
Electricity, gas, steam and air condition	1.1	1.3	2.2	1.1
Wholesale and retail trade and repair of motor vehicles and motorcycles	5.2	3.1	0.0	5.2
Retail trade, except of motor vehicles	61.4	6.8	2.4	60.2
Food and beverage service activities	15.4	17.1	3.0	15.4
Financial service activities, except insurance and pension funding	0.7	5.9	7.3	0.8
Rental and leasing activities	1.0	1.1	0.3	1.0
Education	1.5	36.4	27.3	2.3
Human health activities	1.0	3.9	9.2	1.1
Repair of computers and personal and household goods	1.9	0.1	0.5	1.9

# SMEs face existing and new challenges.

---

- ▶ The current SME survey by JICA reveals that issues that SMEs faced 10 years ago largely remain today (of course, with some improvements).
  - ▶ Two additional new challenges:
    - ▶ low awareness of AEC among SMEs
- and
- ▶ how to integrate policies and action plans agreed by ASEAN leaders in SMEs' operational plans

## But, there are opportunities to grasp.

---

- ▶ Going international (“learning by doing”)
- ▶ Expansion of Capital and Goods Markets  
→ economies of scale
- ▶ A platform for thoughtful and systematic reforms
- ▶ Linkages to regional value and production chains.

# Should the government intervene and lead?

---

- ▶ My answer is “Yes”—at least in the short and medium terms and with clearly-defined exit strategies.
- ▶ More and systematic supports and guidance are clearly needed.



## Some suggestions

---

- ▶ Continue formalising MSMEs (from unregistered to registered ones with proper account-book)
- ▶ Improve technology adoption among SMEs by exploring the opportunities for public-private or public-private-academia partnerships
- ▶ SMEs-specialised Banks or guarantee schemes with commercial banks
- ▶ Comprehensive and systematic data of MSMEs is a priority.
- ▶ Integrated M&E framework in support programmes given to SMEs.