THE ASEAN BUSINESS OUTLOOK SURVEY 2011

CAMBODIA REPORT

Compiled by:

The American Chamber of Commerce (AmCham) in Singapore

1 Scotts Road #23-03/04/05 Shaw Centre Singapore 228208

Copyright Standards

TABLE OF CONTENTS

INTRODUCTION

Research Background & Objectives

The American Chamber of Commerce in Singapore (AmCham Singapore), in cooperation with other AmChams in the ASEAN region, conducted a study among U.S. companies based in seven Southeast Asian countries: Cambodia, Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam.

This study is now in its 10th year. The purpose of the study is to understand members' outlook on business growth in Southeast Asia and their perceptions about a series of local factors. The members surveyed were senior executives, working with a company held by or with an American majority interest. AmCham Singapore developed a survey design using a web-based instrument.

This report presents the feedback received from executives of U.S. companies in **Cambodia**.

Survey Methodology

Table 1.1

Survey Scope:	Senior Executives of U.S. Companies based in Cambodia
Sample Size:	A list of **62** AmCham members with e-mail contacts was provided by the American Cambodian Business Council. Response rate was about 29% (18) at the end of the data collection period.
Data Collection Method:	Web-based, self-administered survey. No enforcement on participation.
Data Collection Period:	May 18 to June 8, 2011

Note: Percentages on graphs may not add up to 100 due to respondents selecting "I don't know" or "Not applicable."

Sample Profile

(See Appendix D)

- Most of the Cambodia respondents (78%) have responsibility for only Cambodia.
- Most respondents (55%) are in the services sector. The manufacturing sector grew this past year; in 2010, only 6% were in the manufacturing sector, but this year 30% are in the manufacturing sector. 12% reported that their company did not fall under either category.
- Most respondents (77%) are responsible for fewer than 500 employees in the region.
- 83% of companies had a 2010 turnover in Cambodia of less than $50 million. This represented less than 25% of global turnover for 45% of companies, 100% of global turnover for 50% of companies, between 5% and 25% of ASEAN turnover for 34% of companies, and 100% of ASEAN turnover for 39% of companies.
- Companies most often cited Thailand and Singapore (27% each) as the countries for which they had the next highest turnover in ASEAN, compared with Indonesia (25%) and Vietnam (25%) in 2010.

BRIEF SUMMARY

BUSINESS OUTLOOK

World Economic Outlook:
• 44% predict a better or much better performing economy in 2011 than in 2010.

Current Business Climate:
- 23% face significant financing constraints in 2011.
- 38% face higher costs of borrowing in 2011.

Importance of ASEAN Markets in Global Business:
- 67% of respondents state that ASEAN markets have increased in importance to their companies in the past two years.
- 78% of respondents expect ASEAN importance to increase in the next two years.

Effectiveness of ASEAN:
- 74% of respondents find ASEAN integration important to helping their companies do business in the region.
- 71% of respondents use the ASEAN FTA.
- 48% of respondents use the ASEAN-China agreement.

Business Direction and Movement in ASEAN:
- 77% of respondents' companies expanded in ASEAN in the past two years. 77% plan to expand in ASEAN in the next two years.
- The largest rate of respondents (31%) plan to expand in Thailand.

Profit Outlook:
- 81% expect a profit increase in 2011.
- 94% expect a profit increase in 2012.

Workforce Expansion:
- 72% of respondents expect a workforce increase in the coming year.
- 31% of respondents expect an increase of 10% to 15%, and 31% expect an increase of more than 50%.

FACTORS IMPACTING BUSINESS IN CAMBODIA

Economic Conditions:
- 72% expect overall Cambodian economic growth to expand.
- 71% expect an increase in cost of living.
- 44% expect an increase in housing cost.
- 44% expect an increase in the interest rate.
- 17% expect the Cambodian Riel to appreciate against the U.S. Dollar.

Figure 1: World Economic Outlook in 2011 in Comparison With 2010 Economy

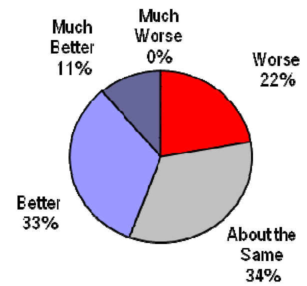


Figure 2: Growth of ASEAN Importance over Next Two Years

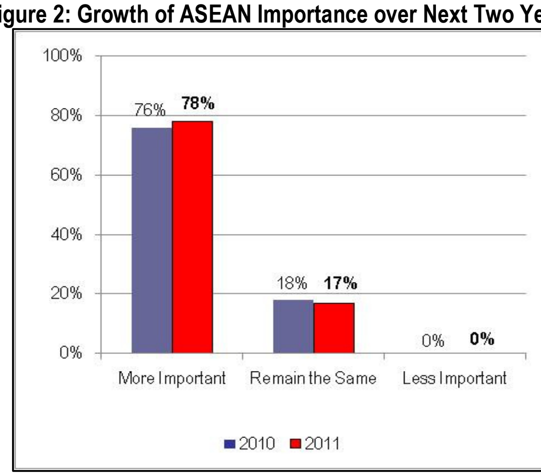


Figure 3: Profit Outlook 2011

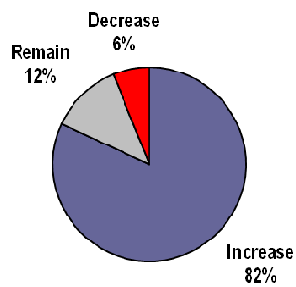
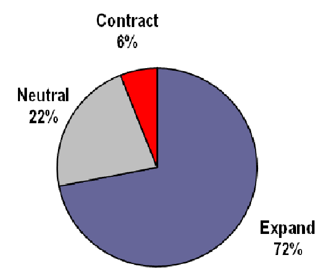


Figure 4: Expectations of Expansion of Cambodian Economic Growth



Major Strengths (% Satisfied)	Major Concerns (% Dissatisfied)
Availability of low cost labor (84%)	Corruption (88%)
Stable government and political system (72%)	
Personal security (65%)	Availability of trained personnel (61%)
Sentiment towards the U.S. (61%)	
Housing costs (56%)	Laws and regulations (61%)

2. BUSINESS OUTLOOK

2.1 World Economic Outlook

2.1.1: Expectations for performance of world economy compared with 2010

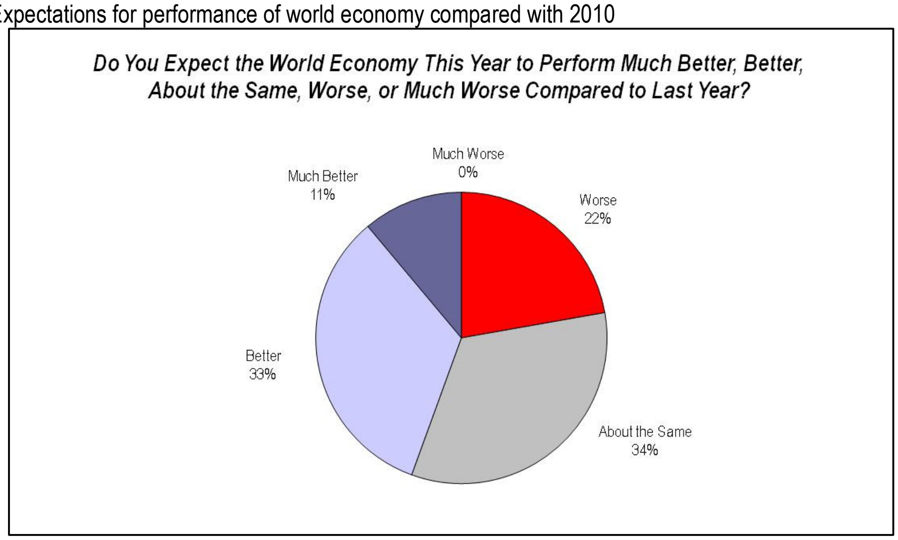
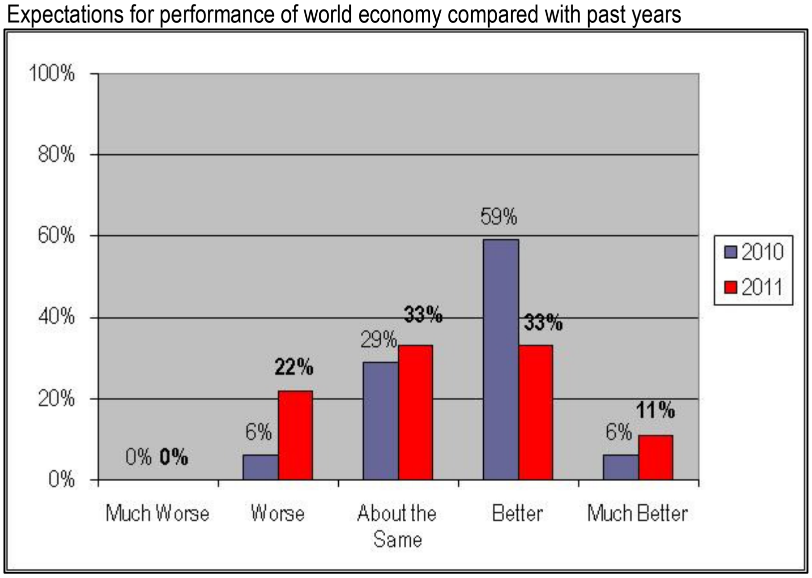


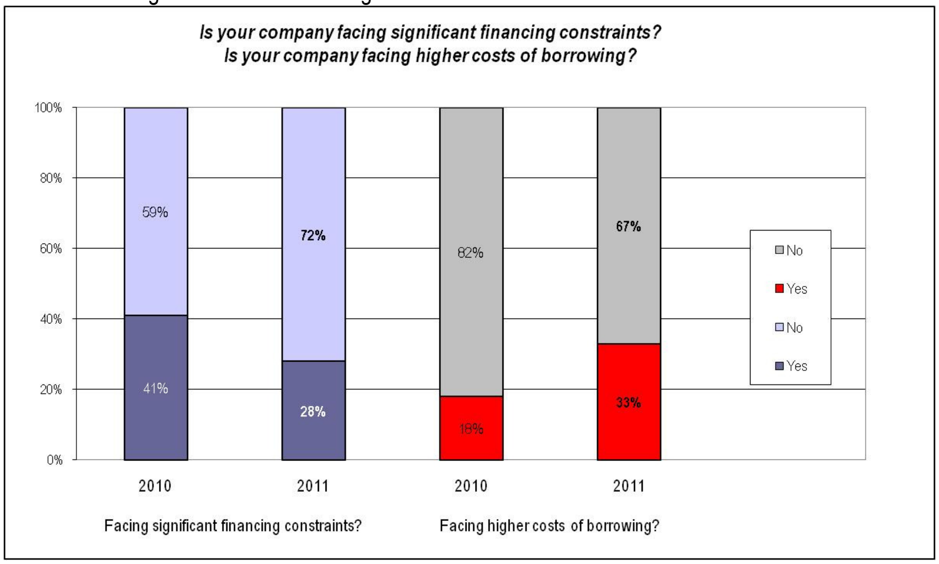
Figure 2.1.2: Expectations for performance of world economy compared with past years



- Economic outlook is positive in 2011, with 44% of respondents expecting a better or much better performance of the world economy this year than last year, and none expecting a much worse performance of the world economy.
- 22% of respondents predict a worse economy in 2011 compared to 2010, showing leveling of predictions. Only 6% expected a worse economy in 2010.

2.2 Business Climate

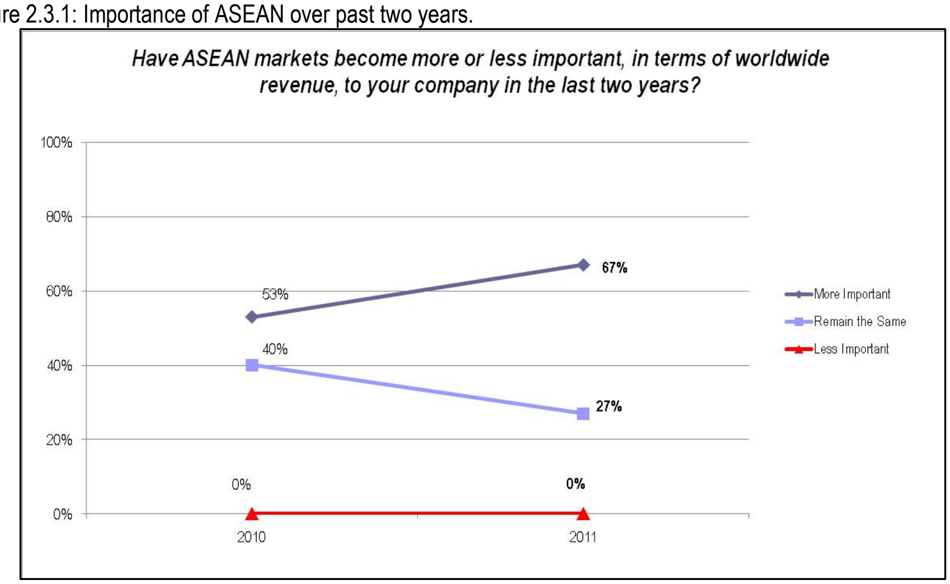
Figure 2.2.1: Financing and costs of borrowing



- A small portion of respondents (28%) reported facing significant financing constraints, a decrease from 41% in 2010.
- More respondents in 2011 face higher costs of borrowing than in 2010. In 2011, 33% of respondents face higher costs of borrowing compared with 18% in 2010.

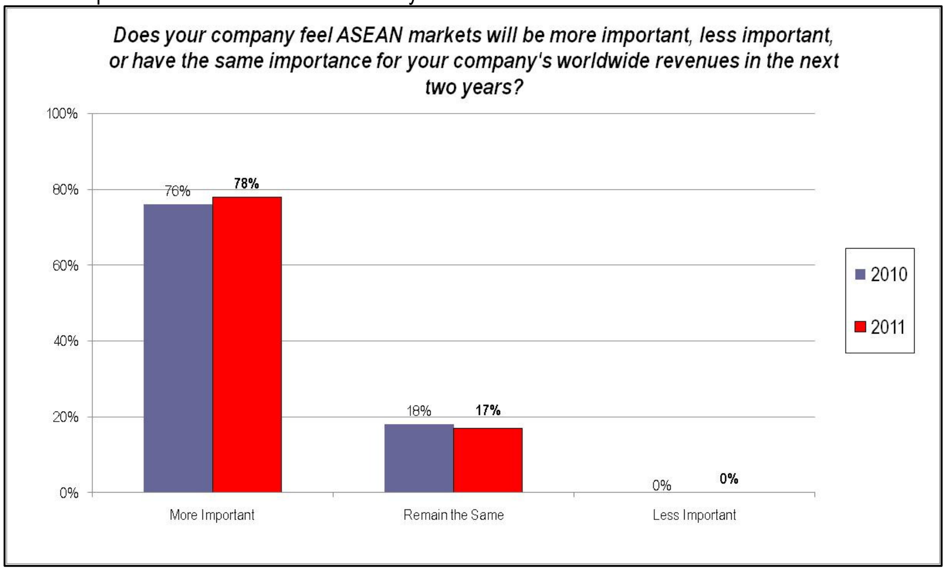
2.3 Importance of ASEAN Markets in Global Business

Figure 2.3.1: Importance of ASEAN over past two years.



- Most respondents (67%) stated that ASEAN markets have become more important to their company in the last two years in terms of worldwide revenue, an increase from last year's 53%.
- No respondents believe that ASEAN markets have become less important in the last two years, as was the case in 2010.

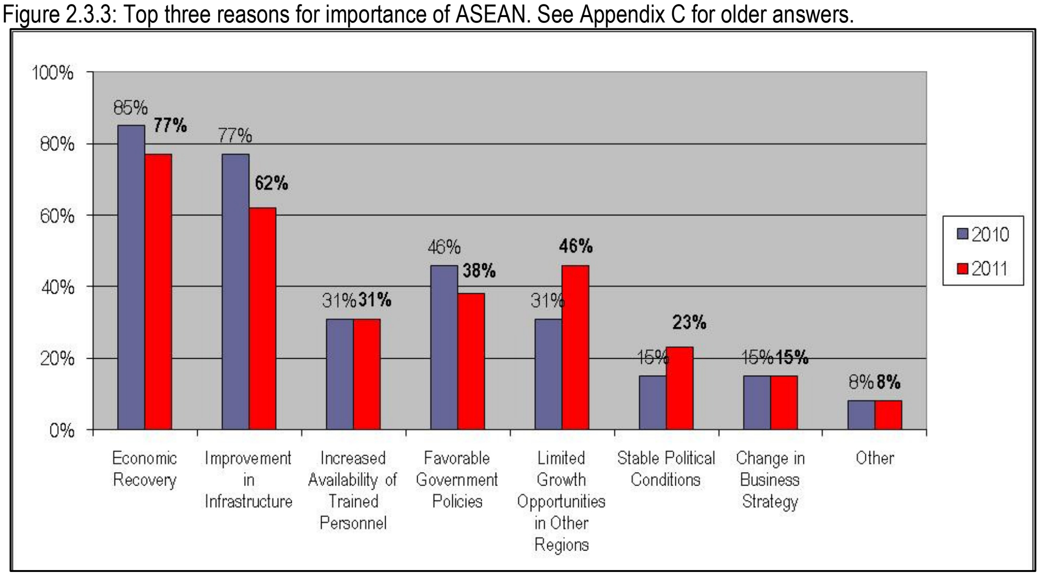
Figure 2.3.2: Importance of ASEAN over next two years



- Outlook towards ASEAN in the next two years in 2011 remains consistent with last year
- Most respondents (78%) predict that ASEAN markets will be more important for their company's worldwide revenues in the next two years, consistent with the 76% who felt so in 2010.
- No respondents believe that ASEAN markets will be less important in the next two years, as was the case in 2010.

Top Three Reasons for Importance of ASEAN

Figure 2.3.3: Top three reasons for importance of ASEAN. See Appendix C for older answers.



- "Economic recovery" continues to be the top reason for believing that ASEAN markets will be more important in the next two years, with 77% of respondents citing it as one of their top reasons.
- "Improvement in infrastructure" is a top reason, though it decreased in popularity from 77% in 2010 to 62% in 2011.
- "Limited growth opportunities in other regions" grew from 31% in 2010 to 46% in 2011.

What Does Your Company View as the Most Significant Barrier to Conducting Business within ASEAN?

This was an open-ended response; selected comments are listed.

"Corruption"

"High cost of banking, high cost of transportation, a lot of hidden costs with the governments"

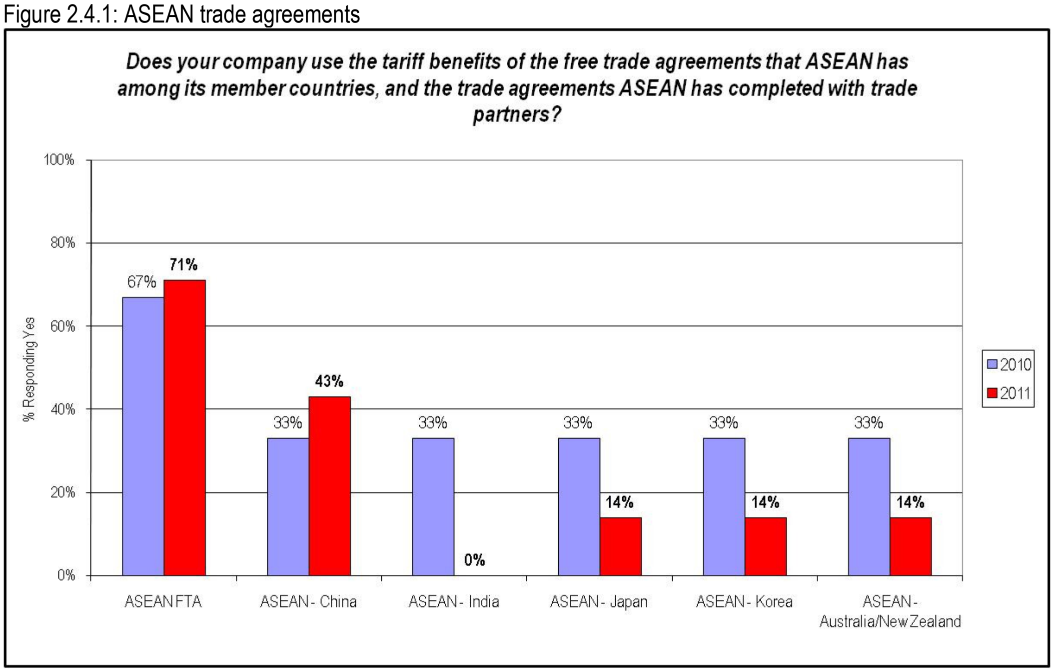
"The continuing conflict between Thailand and Cambodia"

"Out-dated regulations"

"Infrastructure cost"

2.4 Effectiveness of ASEAN

Figure 2.4.1: ASEAN trade agreements



- The percentage of respondents who use the ASEAN Free Trade Agreement increased to 71% in 2011, from 67% in 2010.
- Those who use the ASEAN-China FTA also increased in 2011, to 43% from 33% last year.
- No respondents reported using the ASEAN – India FTA, a decrease from the 33% who did in 2010.
- Popularity of the three remaining free trade agreements also declined, from 33% in 2010 to 14% this year.

What hinders your business in using these trade agreements?

This was an open-ended response; selected comments are listed.

"Corruption"

"We are services, not trade-related"

"No need"

"Existing habits of the customs department"

Importance of ASEAN Integration

Figure 2.4.2: Importance of ASEAN integration

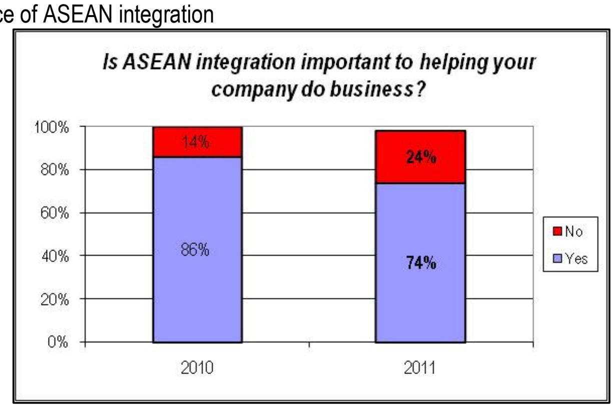
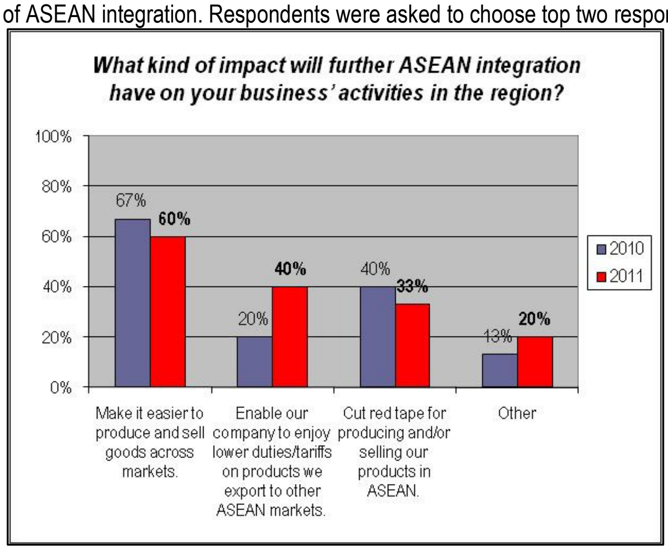


Figure 2.4.3: Impact of ASEAN integration. Respondents were asked to choose top two responses.



- ASEAN integration continues to benefit businesses in 2011, with 74% of respondents believing it important to helping their companies do business. This figure was a decrease from 86% of respondents believing integration to be important in 2010.
- The majority of respondents believes that further ASEAN integration will "make it easier to produce and sell goods across markets" (60%), a slight decrease from 2010. The percentage believing that further integration will "enable [their] company to enjoy lower duties/tariffs on products [they] export to other ASEAN markets" doubled in 2011, from 20% to 40%.

2.5 Business Direction and Movement in ASEAN

Figure 2.5.1: Past ASEAN expansion

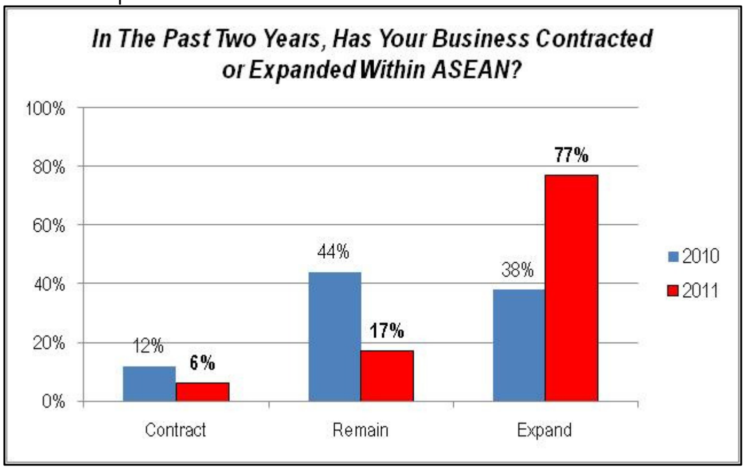
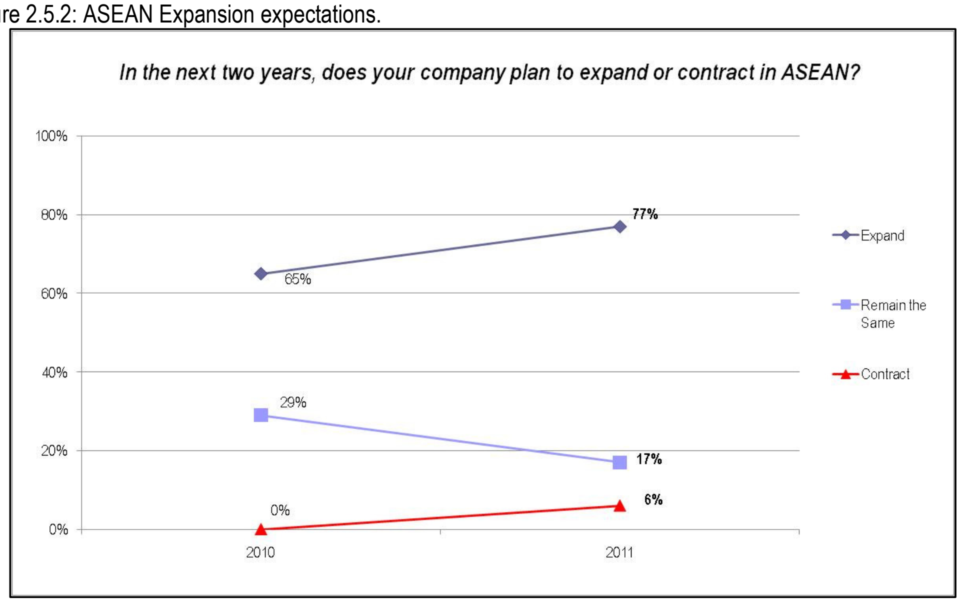


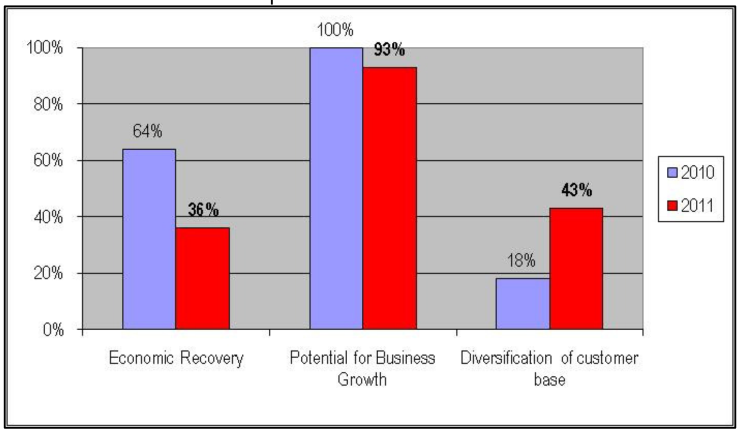
Figure 2.5.2: ASEAN Expansion expectations.



- During the past two years, 77% of respondents increased or significantly increased their business in ASEAN. This is a significant increase from 2010, in which only 38% expanded their business in ASEAN.
- Most respondents (77%) plan to expand in ASEAN over the next two years, an increase from the 2010 figure of 65%.
- 6% of respondents plan to contract their companies in ASEAN over the next two years, compared to none that planned to do so in 2010.

Top Three Reasons for ASEAN Expansion

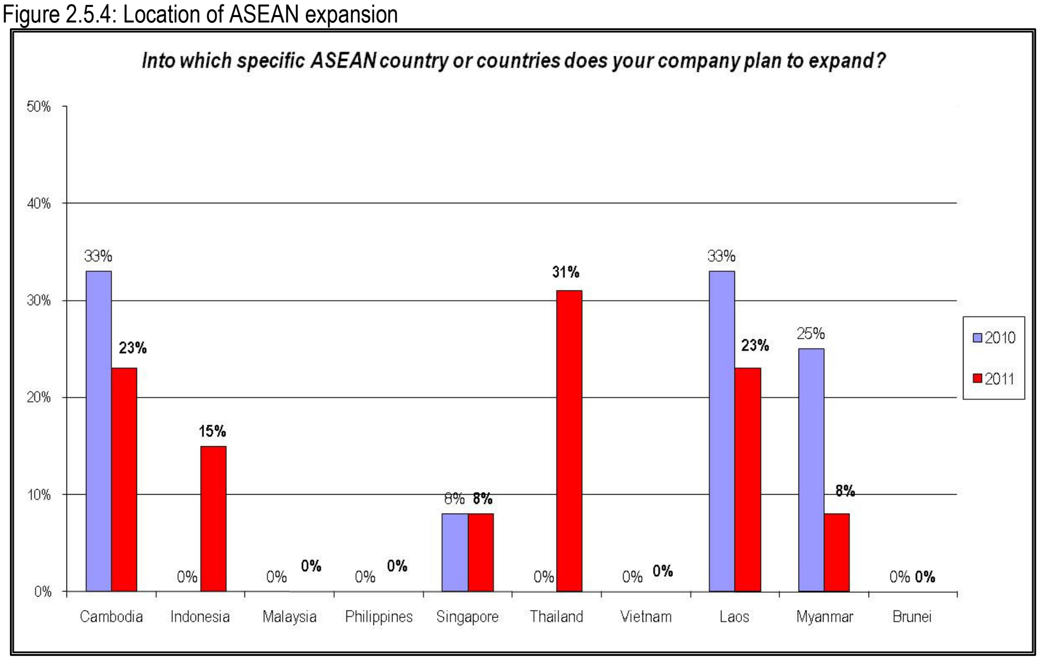
Figure 2.5.3: Top three reasons for ASEAN expansion



- "Economic recovery" decreased as a reason for ASEAN expansion, from 64% of respondents in 2010 citing it as a top reason to 36% in 2011.
- "Potential for business growth" maintains its position as the top reason for ASEAN expansion at 93% in 2011, though it decreased from 100% in 2010.
- "Diversification of customer base" grew significantly as a top reason for ASEAN expansion, from 18% in 2010 to 43% in 2011. See Appendix B for more reasons.

Location of ASEAN Expansion

Figure 2.5.4: Location of ASEAN expansion

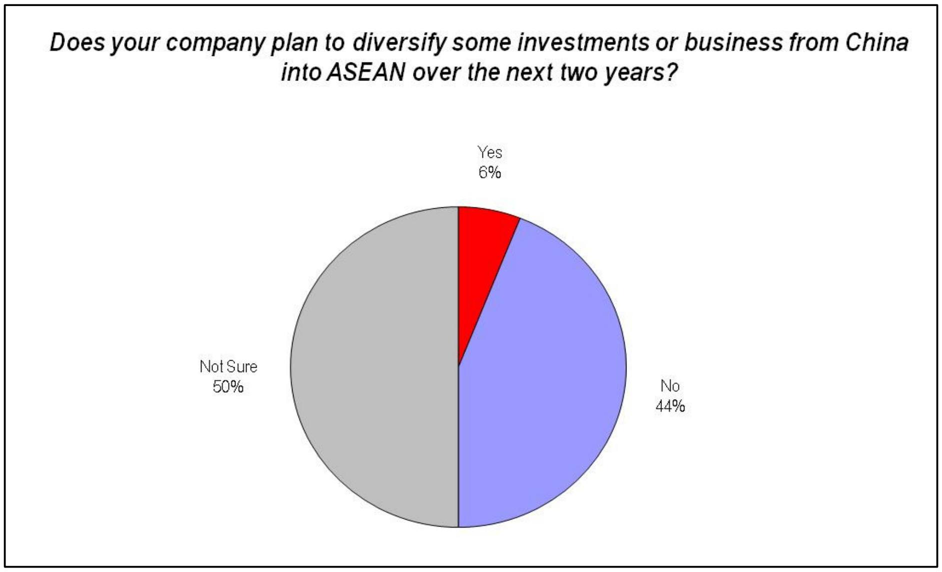


See Appendix E for reasons behind choice.

- Thailand is the most popular country for expansion in 2011, growing from 0% of respondents citing it as a country for expansion in 2010 to 31% this year.

♦ Laos and Cambodia are tied as the second most commonly cited countries for ASEAN expansion at 23%. This represents a decrease for both of the countries from 33% last year.
♦ Indonesia grew as a choice for expansion to 15% in 2011, from 0% in 2010.
♦ Myanmar decreased this year to 8% from 25% the previous year.

Figure 2.5.5: Diversification from China into ASEAN



♦ Only 6% of respondents stated that their companies plan to diversify some investments or business from China into ASEAN over the next two years.

2.6 Profit Outlook

Compared to the past year, do you expect your profits in ASEAN in the current and coming years to increase, decrease, or remain the same?

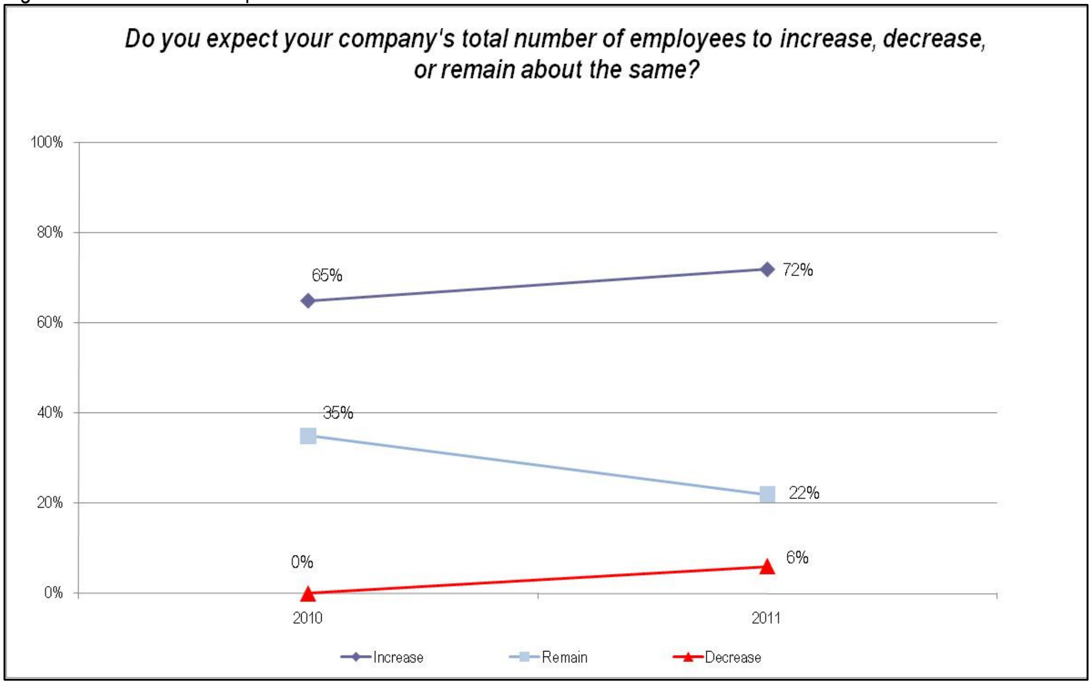
Figure 2.6: ASEAN profit outlook

Year of Survey			2010	2011
Profit Expectation	Current Year	Increase	67%	81%
		Remain	27%	12%
		Decrease	7%	6%
	Coming Year	Increase	100 %	94%
		Remain	0%	0%
		Decrease	0%	6%

♦ Profit outlook remains positive, with the vast majority of respondents (81%) expecting profits to increase for the current year, and 94% expecting profits to increase in the coming year.
♦ Expectations for the current year were slightly lower in the 2010 survey, in which 67% of respondents believed profits would increase. However, in the 2010 survey, 100% of respondents believed that profits would increase the coming year, compared to 94% of respondents who believe this in the 2011 survey.

2.7 Workforce Expansion

Figure 2.7.1: Workforce expansion



By what percentage will the number of employees increase?

Table 2.7.1: Percentage of employee increase

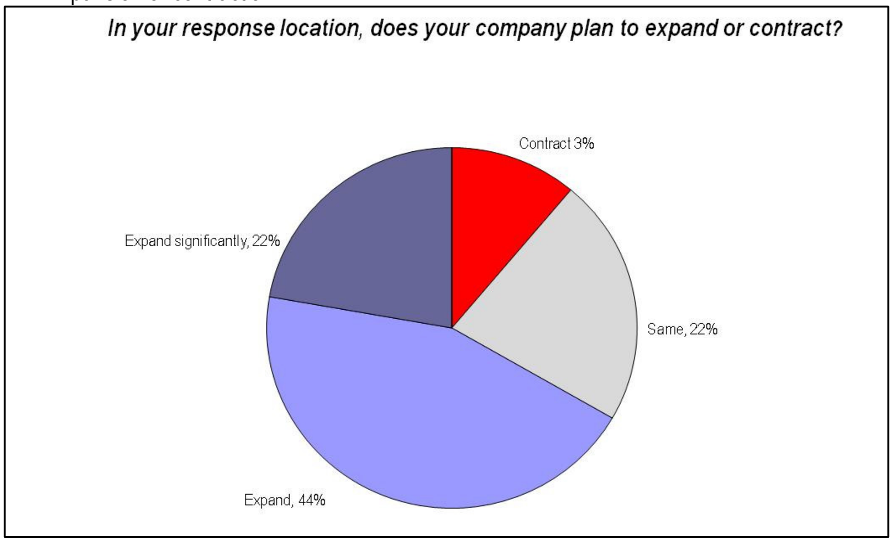
Year of Survey		2010	2011
Workplace Expansion	0 to less than 5%	45%	8%
	5 to less than 10%		8%
	10 to less than 15%	45%	31%
	15 to less than 20%		8%
	20 to less than 50%	0%	15%
	>50%	0%	31%

For the first time in 2011, 0-10% was further split into 0-5% and 5-10%, and 10-20% was split into 10-15% and 15-20%.

- Most respondents (72%) expect the number of employees to increase. Out of these respondents, 31% expect an increase of 10% to 15%, and 31% expect an increase of more than 50%.
- The one respondent who expects the number of employees to decrease expects a decrease of 10% to 15%.

Future Expansion

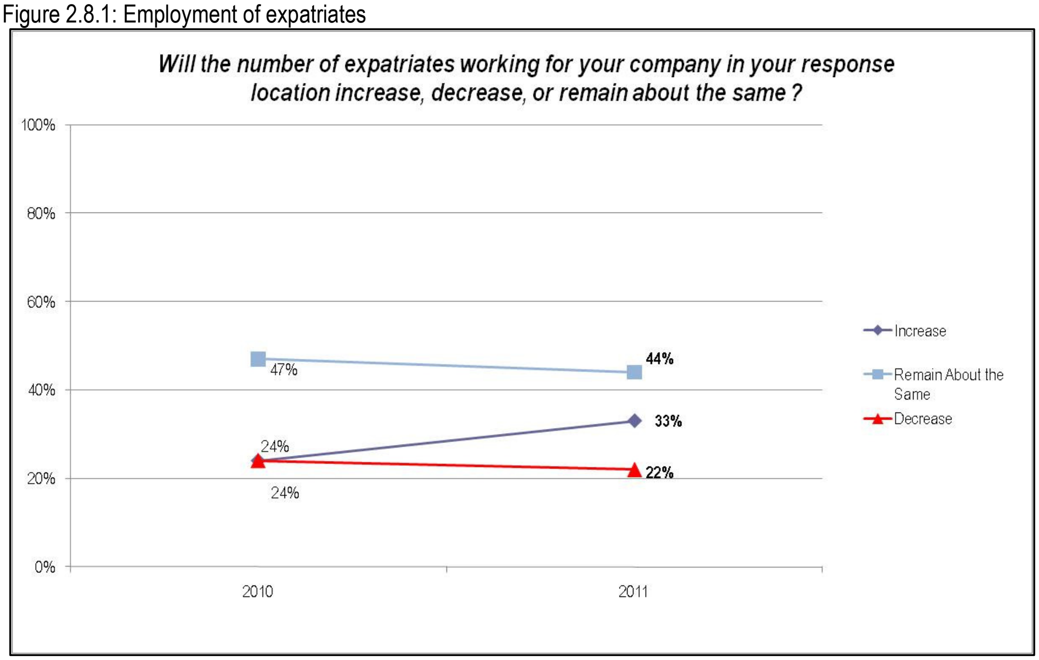
Figure 2.7.2: Expansion or contraction



- Most (66%) companies plan to expand or expand significantly in Cambodia.
- Only 3% plan to contract, and none expect to contract significantly.
- When asked for their top three reasons for expansion, respondents most often chose "potential for business growth" (92%), "economic recovery" (50%), and "increasing market share" (42%).

2.8 Employment of Expatriates

Figure 2.8.1: Employment of expatriates



What are the TOP THREE reasons the number of expatriates working for your company will INCREASE?

Table 2.8.1: Reasons for increased employment of expatriates

Year of Survey	2010	2011
Policy decision by Head Office	**100%**	17%
Lack of skilled manpower in the local market	75%	83%
Business expansion	**100%**	83%
Improved security conditions for expatriates	25%	0%
Other	0%	17%

- The largest portion of respondents (44%) predicts that the employment of expatriates will increase in 2011, while 33% expect the number to remain about the same, and 22% expect it to decrease.
- The top reasons why respondents expect an increase in the number of expatriates are "lack of skilled manpower in the local market" (83%) and "business expansion" (83%).
- "Policy decision by head office" decreased as a reason for the increase of expatriate employees, from 100% of respondents selecting it as an answer in 2010 to 17% in 2011.
- The most popular responses for the decrease in the number of expatriate employees are "reduce costs" (75%), "local manpower better adapted to local culture and environment" (75%), and "localization of expatriates" (75%). Respondents were asked for their top three reasons.

Table 2.8.2: Expatriate satisfaction

Year of Survey	2010	2011
Does your company regularly receive requests from employees based in other locations to work in your response location?		
Yes	24%	35%
No	76%	65%
Are your expatriate employees generally satisfied with their assignments in your response location?		
Yes	85%	88%
No	15%	12%
Do your expatriate employees attempt to extend their time in your response location?		
Yes	87%	59%
No	13%	41%

- Overall expatriate employee satisfaction remains high at 88%, consistent with the 86% satisfaction in 2010.
- About a third of respondents stated that their company regularly receives requests from employees in other locations to work in Cambodia (35%).
- 59% of respondents stated that expatriate employees attempt to extend their time in Cambodia in 2011, a decrease from 87% in 2010.

3. FACTORS IMPACTING BUSINESS IN CAMBODIA

Respondents were asked to rate their satisfaction with a series of local factors that could affect their business. The percentage of respondents who are satisfied or extremely satisfied with a given factor can be used to identify factors of strength. Conversely, the percentage of respondents dissatisfied or extremely dissatisfied with a particular factor can be used to identify areas held as concerns.

3.1 Local Business Environment Factors

Major Strengths

(Responded "Satisfied" or "Extremely Satisfied" at a considerable rate in the 2011 survey)

Table 3.1: Time Comparison of satisfaction with major strengths

Factors	2010	2011
Stable government and political system		72%
Sentiment towards the U.S.	**76%**	61%
Housing costs		56%
Personal security		65%
Availability of low cost labor	68%	**84%**

*(See Appendix, Table A -1 for responses on all listed factors). *Empty boxes indicate areas that were neither strengths nor concerns for the year indicated. Responses bolded represent that year's response with the highest rate of satisfaction.*

- Cambodia gained satisfaction in more categories in 2011, including in "stable government and political system" at 72% and "personal security" at 65%.
- "Availability of low cost labor" increased in satisfaction ratings from 68% in 2010 to 84% in 2011.
- Sentiment towards the U.S. decreased in satisfaction from 76% in 2010 to 61% in 2011.

Major Concerns

(Responded "Dissatisfied" or "Extremely Dissatisfied" at a considerable rate)

Table 3.1.2: Time Comparison of satisfaction with major concerns

Factors	2010	2011
Corruption	**64%**	**88%**
Availability of trained personnel	53%	61%
Laws and regulations		61%
Infrastructure	41%	50%

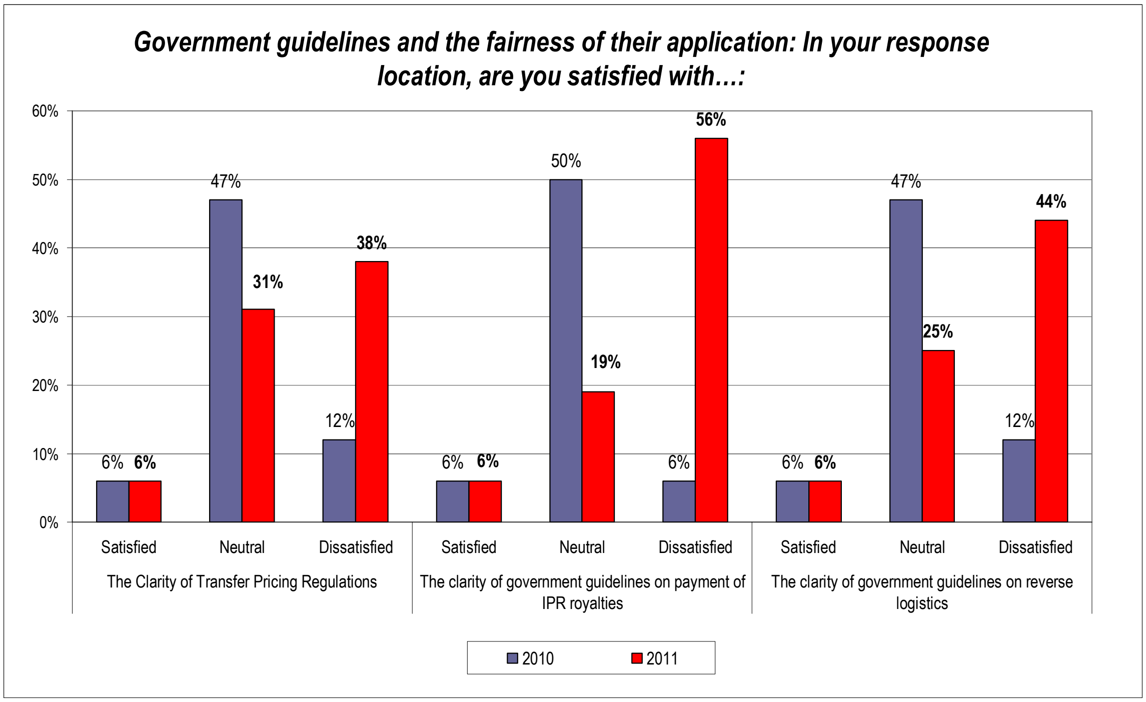
*(See Appendix, Table A-1 for responses on all listed factors). *Empty boxes indicate areas that are neither strengths nor concerns. Responses bolded represent that year's response with the highest rate of dissatisfaction.*

- "Laws and regulations" became a major concern for respondents for the first time in 2011, with a 61% rate of dissatisfaction.
- Both "corruption" and the "availability of trained personnel" increased in dissatisfaction ratings in 2011, with "corruption" being a major concern for 88% of respondents, compared to 64% in 2010, and "availability of trained personnel" a problem for 61%, compared to 53% of respondents in 2010.

<u>3.2 Other Local Business Factors</u>

Government Guidelines and the Fairness of their Application

Figure 3.2.1: Government guidelines



- The percentage of respondents who are satisfied with the government guidelines and the fairness of their application decreased this year.
- The percentage of respondents dissatisfied with "the clarity of transfer pricing regulations" more than tripled, from 12% in 2010 to 38% in 2011.
- Likewise, the percentage of respondents dissatisfied with "the clarity of government guidelines on the payment of IPR royalties increased by nearly a factor of 10, from 6% in 2010 to 56% in 2011.
- Dissatisfaction also increased with "the clarity of government guidelines on reverse logistics," from 12% last year to 44% the present year.

Local Government Institutions

- Regarding local government institutions, respondents are most satisfied with "immigration" (47%) as well as the "ministry of finance" (47%).
- "Customs" received the highest dissatisfaction rating (63%).
- See appendix Table A-2 for more details.

3.3 Economic Conditions

Over this year, 2011, what do you think will happen in your response location regarding…?

Table 3.3: Expectations about local factors.

	Total Appreciate /Increase	Appreciate/ increase Significantly	Appreciate/ increase	**Neutral**	Depreciate/ decrease	Depreciate /decrease Significantly	**Total Depreciate /Decrease**
Local currency vs. US dollar	**17%**	0%	17%	72%	6%	0%	**6%**
Housing Cost	**44%**	0%	44%	50%	6%	0%	**6%**
Living Cost	**71%**	24%	47%	29%	0%	0%	**0%**
Interest Rate	**44%**	0%	44%	39%	11%	0%	**11%**
Overall economic growth	**72%**	0%	72%	22%	6%	0%	**6%**

- Outlook among respondents is positive overall, with most (72%) believing that there will be an expansion in economic growth, and only 6% expecting a contraction in economic growth.
- Most respondents expect an increase in the living cost (71%).
- 72% of respondents predict that the local currency will neither appreciate nor depreciate against the US dollar.
- 44% of respondents expect the interest rate to increase over this year.
- Half of the respondents believe that the housing cost will remain neutral, and most others expect an increase.

*The U.S. Taxation, International Schools, and Corporate Social Responsibility sections were optional questions on the 2010 and 2011 surveys, and thus have a significantly smaller sample size. Of the 18 respondents that took the 2011 survey, 9 answered the optional questions. Results may have been affected by this change.

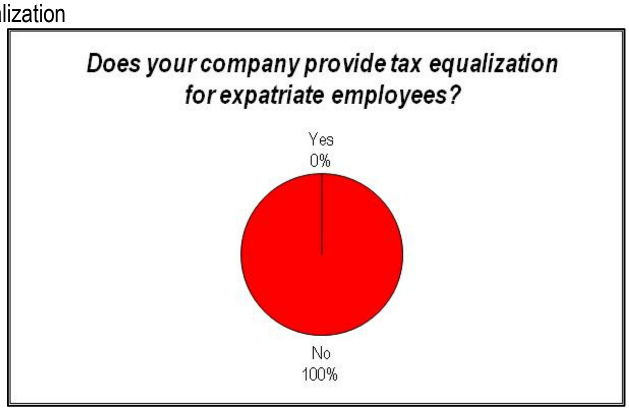
3.4 Taxation

Table 3.4: U.S taxation

Year of Survey	2010	2011
Have you experienced a significant increase in the amount you must pay toward U.S. income tax on your foreign earned income since the recent legislative changes in 2006?		
Yes	**50%**	11%
No	**50%**	**89%**

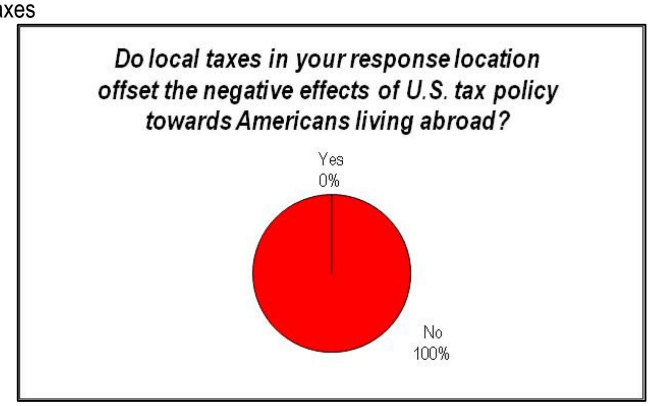
- A large majority of respondents (89%) cited that they have not experienced a significant increase in the amount they must pay toward U.S. income tax on their foreign earned income. This figure increased from the 2010 response of 50%.

Figure 3.4.1: Tax equalization



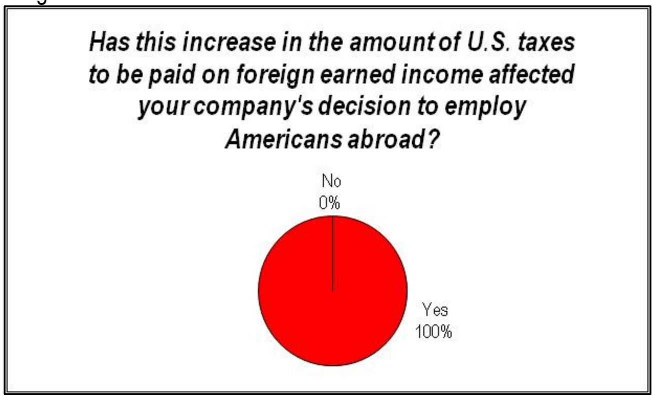
- All of the respondents (1) stated that their company does not provide tax equalization for their expatriate employees.

Figure 3.4.2: Local taxes



- All of the respondents (1) cited that local taxes in Cambodia do not offset the negative effects of U.S. tax policy towards Americans living abroad.

Figure 3.4.3: Tax on foreign earned income.



- All respondents (1) believe that this increase in the amount of U.S. taxes on foreign earned income affected their companies' decision to employ Americans abroad.

3.5 International Schools

Table 3.5: International schools

Year of survey	2010	2011
Will the ability to find adequate space at international educational institutions in your response location be a significant problem in the next 1-3 years?		
Yes	17%	33%
No	**83%**	**67%**
Do you feel that the government of your response location is actively pursuing solutions to correct the space constraint at international educational institutions?		
Yes	0%	0%
No	**100%**	**100%**
Will the lack of adequate space at international educational institutions at your response location affect your company's decision to hire more local employees over foreign employees?		
Yes	**100%**	33%
No	0%	**67%**

- The majority of respondents (67%) do not believe that the ability to find adequate space at international educational institutions in Cambodia will be a significant problem in the next 1-3 years. However, there is a higher percentage of respondents this year (33%) than last year (17%) who do believe it to be a significant problem.
- All respondents do not feel that the government in Cambodia is actively pursuing solutions to correct the space constraint at international educational institutions, consistent with last year's response.
- Most respondents (67%) do not believe that the lack of adequate space at international educational institutions in the Cambodia will affect their company's decision to hire more local employees over foreign employees, a difference from 100% of respondents who believed that it would affect hiring decisions in 2010.

3.6 Corporate Social Responsibility

Table 3.6: Corporate Social Responsibility

Year of Survey	2010	2011
Is your company involved in CSR efforts?		
Yes	**83%**	**78%**
No	17%	22%
Do you expect your company's CSR efforts to increase or decrease in 2011 compared with 2010?		
Increase	**40%**	**71%**
Remain the Same	**40%**	29%
Decrease	20%	0%
How frequent are your company's CSR efforts?		
Ongoing	40%	**84%**
Monthly	0%	14%
Multiple times per year	**60%**	14%
Yearly	0%	0%
What form does your company's CSR efforts take? (check all that apply)		
Fundraising	40%	80%
Employee volunteering	**80%**	**100%**
Cash donations	**80%**	40%

- Most respondents stated that their companies are involved in CSR efforts (78%), a slight decrease from 83% who did in 2010. Most (71%) expect CSR efforts to increase in 2011 compared with 2010. None expect CSR efforts to decrease in 2011.
- Most respondents stated that their company's CSR efforts are ongoing (84%), a significant increase compared with last year's 40% who said so. The next most popular responses were "multiple times per year" and "monthly" with 14% of respondents selecting those two responses.
- "Employee volunteering" is the most popular form of CSR effort, with all respondents stating that their company engages in it. "Fundraising" is the second most popular form of CSR effort at 80%.

4. CONCLUSION

Outlook

Respondents from Cambodia were divided on their expectations for the 2011 global economy, with 44% predicting a better or much better performance, about one third predicting the economy to be about the same, and nearly a fourth expecting a worse economy. They were more positive about the Cambodian economy, and most expect overall expansion in economic growth in 2011. Most expect their companies to expand in Cambodia over this year, and 72% of respondents expect a workforce expansion within their own companies. One third of respondents predict that the number of expatriate employees will also increase.

ASEAN

ASEAN markets continue to increase in importance for respondents and their companies. 78% believe that in the next two years, ASEAN markets will become more important for the company's worldwide revenues because of the economic recovery as well as improvements in infrastructure. Nearly three quarters of respondents report that ASEAN integration is important to helping their company do business, and most use the tariff benefits of the ASEAN free trade agreement. There exist some barriers to conducting business within ASEAN. Respondents cite problems such as corruption, hidden costs, and out-dated regulations. However, 77% of businesses will continue to expand in ASEAN in the next two years because of the potential for business growth. Most of this expansion will take place in Thailand, Cambodia, and Laos.

Location Specific

Cambodia is the most recent country to be added to the ASEAN outlook surveys. It has a small but growing business community. Respondents cite that its major strengths include a stable government and political system, as well as positive sentiments towards the U.S., and a high level of personal security. Corruption is a leading concern, with 88% of respondents expressing dissatisfaction towards the factor. A considerable percentage of respondents are also dissatisfied with government guidelines and the fairness of their application. Relative to other countries in the survey, more respondents predict that the housing costs are to remain neutral, and most do not believe that the ability to find space in international education institutions will be a significant problem in the coming years.

APPENDICES

(A) Local Factors Impacting Business

How Satisfied Are You With These Local Factors?

Table A: Satisfaction with factors

	Total Satisfied	*Extremely Satisfied*	*Satisfied*	Neutral	*Dissatisfied*	*Extremely Dissatisfied*	Total Dissatisfied
Infrastructure	**28%**	0%	28%	22%	44%	6%	**50%**
Availability of raw materials	**6%**	0%	6%	44%	22%	6%	**28%**
Availability of low cost labor	**84%**	17%	67%	6%	6%	6%	**12%**
Availability of trained personnel	**17%**	0%	17%	22%	50%	11%	**61%**
Office lease costs	**50%**	6%	44%	33%	11%	6%	**17%**
Housing costs	**56%**	6%	50%	17%	17%	6%	**23%**
Laws & regulations	**23%**	6%	17%	17%	33%	28%	**61%**
Corruption	**17%**	0%	17%	0%	33%	50%	**83%**
Local protectionism	**28%**	6%	22%	44%	6%	17%	**23%**
Tax structure	**39%**	11%	28%	33%	17%	11%	**28%**
Personal security	**65%**	18%	47%	18%	6%	12%	**18%**
Stable government and political system	**72%**	11%	61%	22%	6%	0%	**6%**
New business incentives by government	**41%**	12%	29%	35%	24%	0%	**24%**
Sentiment towards the U.S.	**61%**	17%	44%	28%	0%	0%	**0%**
Free movement of goods within the region	**28%**	6%	22%	61%	0%	6%	**6%**
Ease of moving products through customs	**18%**	0%	18%	29%	12%	29%	**41%**

How Satisfied are You with Local Government Institutions?

Table A-2: Satisfaction with local government institutions

	Total Satisfied	*Extremely Satisfied*	*Satisfied*	Neutral	*Dissatisfied*	*Extremely Dissatisfied*	Total Dissatisfied
Agency to promote/develop investment	**38%**	0%	38%	25%	25%	0%	**25%**
Customs	**19%**	0%	19%	19%	19%	44%	**63%**
Immigration	**47%**	12%	35%	24%	12%	12%	**24%**
Taxation/Revenue	**24%**	0%	24%	35%	18%	24%	**42%**
Central Bank	**31%**	6%	25%	50%	6%	6%	**12%**
Ministry of Finance	**47%**	6%	41%	24%	12%	12%	**24%**

(B) Reasons for Business Expansion in ASEAN over the Next Two Years

Table B: Top 3 Reasons for ASEAN Expansion

Year of Survey	2010	2011
Reasons for Expansion		
Economic recovery	64%	50%
Potential for business growth	100%	92%
Increasing market share	45%	42%
Reasonable production cost	9%	8%
Diversity of customer base	18%	25%
Lack of growth in current market/countries	9%	8%
Availability of trained personnel/efficient manpower	9%	25%
Availability of raw materials	0%	8%
High level of personal security	0%	0%
Low level of corruption	0%	0%
Adequate laws and regulations to protect business	9%	0%
Adequate laws and regulations to encourage foreign investment	18%	0%
Stable government and political system	55%	8%
Low level of local protectionism	18%	8%
Weak competition in market/countries	0%	17%
Other	0%	0%

Empty boxes indicate that no comparative data is available for those years.

(C) Importance of ASEAN Markets over the Next Two Years

Table C: Top Reasons for ASEAN Importance over Next Two Years

Year of Survey	2010	2011
Reason		
Economic recovery	85%	77%
Limited growth opportunities in other regions	31%	46%
Improvement in infrastructure	77%	62%
Increased availability of trained personnel	31%	31%
Favorable government policies	46%	38%
Stable political conditions	15%	23%
Change in business strategy	15%	15%
Other	8%	8%

. Empty boxes indicate that no comparative data is available for those years.

(D) Sample Profile

Table D: Workforce and Turnover

Year of Survey		2010	2011
Scope of Responsibility	One country	**82%**	**78%**
	Multiple countries	18%	22%
Size of Current Workforce in Region	Below 50 employees	**62%**	33%
	50 to <500 employees	25%	**44%**
	500 to <1000 employees	6%	17%
	1000 to <1500 employees	0%	0%
	1500 to <2000 employees	0%	6%
	2000 employees or above	0%	0%
Company's Past Year Turnover in Cambodia (USD)	Below $1 million	31%	22%
	$1 to <$50 million	**62%**	**61%**
	$50 to <$100 million	0%	11%
	$100 to <$500 million	6%	6%
	$500 to <$1 billion	0%	0%
	$1 billion or above	0%	0%
Past Year's Turnover As Percentage of Company's Global Turnover	Below 5%	**29%**	39%
	5 to <25% (Before 2006: 5 to <20%)	**29%**	6%
	25 to <50% (Before 2006: 20 to <50%)	14%	6%
	50 to <75% (Before 2006: 50% or above)	0%	0%
	75 to <100%	0%	0%
	100%	**29%**	**50%**

		2010	2011
Past Year's Turnover as Percentage of Company's Total ASEAN Turnover	Below 5%	**29%**	28%
	5 to less than 25%	**29%**	6%
	25 to less than 50%	14%	6%
	50 to less than 75%	0%	11%
	75 to less than 100%	0%	11%
	100%	**29%**	**39%**
ASEAN Country That Holds the Next Largest Turnover for Company	Vietnam	**25%**	20%
	Cambodia	17%	13%
	Indonesia	**25%**	0%
	Laos	8%	13%
	Malaysia	0%	0%
	Thailand	8%	**27%**
	Philippines	0%	0%
	Singapore	17%	**27%**

Table D-2: Primary Responsibility

Primary Activity		2010	2011
Services	Accounting	0%	0%
	Architecture and Engineering Services	0%	0%
	Banking	6%	6%
	Consulting	12%	19%
	Education	0%	0%
	Healthcare	12%	6%
	HR Services	6%	6%
	Insurance Brokers	6%	0%
	Legal	12%	0%
	Marketing & Communications Services	6%	0%
	Other Financial Services	6%	6%
	Software, IT, Telecommunications Services	6%	0%
	Transportation & Logistics	12%	0%
	Wholesale & Retail	0%	6%
	Business Process Outsourcing/ Shares Services	0%	6%
	Other	0%	0%
	Total Services	**84%**	**55%**
Manufacturing	Consumer Goods	6%	0%
	Electronics	0%	0%
	Food & Food Products	0%	12%
	Oil & Petrochemical	0%	6%
	Pharmaceuticals/Medical	0%	0%
	Machinery & Equipment	0%	6%
	Other	0%	6%
	Total Manufacturing	**6%**	**30%**
Other		12%	12%

E) Reasons behind the choice of ASEAN country for business expansion

Table E: ASEAN Expansion

Year of Survey	2010	2011
Reasonable production costs	8%	18%
Availability of raw materials	0%	18%
Availability of trained personnel/efficient manpower	8%	18%
Increasing market share	33%	36%
Diversification of customer base	8%	36%
High level of personal security	8%	0%
Low level of corruption	8%	0%
Adequate laws and regulations to protect business	8%	0%
Adequate laws and regulations to encourage foreign investment	0%	9%
Stable government and political system	8%	18%
Low level of local protectionism	8%	0%
Weak competition in the market/country	17%	18%
Other	42%	27%