



Traditional Aspara dancers, honor the new offices by with a dance to bring luck and prosperity

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Panalpina opens new base in Cambodia

Cambodia is currently benefiting from two decades of relative economic stability. With a stable annual GDP growth of approximately 7%, the country has become an interesting market for investors. International freight forwarding and logistics company Panalpina has expanded its global presence by opening a new office in the emerging market.

Cambodia's political, economic and cultural center, the capital city of Phnom Penh, is now home to Panalpina's latest venture in Asia. The new office became operational in August, providing global and local customers with air freight and ocean freight services, customer brokerage, in-land transportation, cross-border trucking (with Vietnam and Thailand), Container Freight Station consolidation, and warehousing and storage services.

"Our new office in Cambodia demonstrates Panalpina's interest in the emerging economies we believe will provide strong opportunities for business growth," says Benny Ong, country manager for Panalpina Cambodia. "Having a physical presence in the country means that our customers can feel confident conducting business here, knowing that Panalpina is on site to provide the services they need to support their logistics and freight forwarding requirements."

With a population of 15 million, Cambodia offers Panalpina opportunities for growth in the textile, agriculture and construction industry. Cambodia's two biggest industries are textiles and tourism. The garment industry represents the largest portion of Cambodia's manufacturing sector, accounting for 80% of the country's exports, which directly impacts the volume of air freight shipments to and from the country. In 2015, air freight volume increased 14 percent, year-on-year, at Phnom Penh International Airport, with the increase attributed to a strong demand for Cambodian garments in overseas markets, such as the US and Europe. Cambodia's total garment and footwear exports earned \$6.3bn in 2015, with a growth rate of 6.7% compared to 2014. Exports have been growing continuously for the last 20 years, and are expected to continue growing in 2016.

Revenue growth has also been enjoyed by two of Cambodia's international shipping ports, Phnom Penh river port and Sihanoukville. Phnom Penh has enjoyed strong growth in recent years thanks to continually growing container traffic. The port handled 144,813 TEUs in 2015, up 8.3 per cent year-on-year as the result of surging exports, particularly rice and construction materials. Cambodia's sole deep-sea port Sihanoukville handled 392,000 TEU's actual container throughput in 2015, with average growth of 10% to 15% per annum during the last five years.

Agricultural activities remain the main source of income for many Cambodians living in rural areas, and the industry has benefitted in recent years from government policies implementing a quota for rice (Cambodia's principle agricultural commodity) on exports to China, Europe and the US, and tax free imports of agriculture equipment.

"As manufacturers increasingly look towards Cambodia as a key market for goods, the need for transport logistics increases," says Ong. "Cross-border trucking between Cambodia, Vietnam and Thailand is fueling demand for more value added services."

As of yet, Cambodia has no proven reserves of oil or natural gas. However, in the last few years, the Cambodian government has granted a number of licenses for petroleum exploration. “Considering the current downturn in the global oil and gas business, the possibility of a burgeoning oil and gas market in Cambodia is an exciting opportunity for Panalpina, and one that we will be paying close attention to in the future,” says Ong.

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