

FABRIC

OF OPPORTUNITY

An Investor's Guide to Textile Waste Management
and Recycling Investment in Cambodia



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Executive Summary

Cambodia's garment, footwear and travel goods (GFT) sector is a major economic engine, but its textile waste recycling ecosystem has not yet kept pace with the sector's scale. This creates a clear opening for investors in sorting, recycling, traceability and waste-to-value services.

The sector employs more than 925,000 workers, around 75% of whom are women, and indirectly supports a further 2.5 to 3 million people. In 2025, it generated approximately USD 15.5 billion in exports, accounting for over 70% of industrial exports, around 52-53% of Cambodia's total export value, and roughly 10-11% of GDP. The sector is also expanding rapidly. Continued foreign investment, rising exports, and growing interest in Cambodia as a diversification base for regional production are encouraging the establishment of new factories. Cambodia now has around 1,555 GFT factories, making it one of the fastest-growing production hubs in the region.

This growth also creates a major waste challenge. Cambodia's GFT sector is estimated to have generated around 206,473 tonnes of post-industrial textile waste in 2025, up from 142,354 tonnes in 2021. Much of this waste still moves through fragmented formal and informal channels, including landfill, resale, export, energy recovery, downcycling and limited domestic recycling. At the same time, recent pilots show that this waste can become a source of value: a GIZ-supported textile waste pilot involving 21 factories and 12 brands helped improve waste segregation and reported more than 3,000 tonnes of textile waste channelled into recycling, with around 65% sorting and segregation quality.

For investors, the message is clear: textile waste is an emerging industrial opportunity linked to one of Cambodia's largest export sectors. Better sorting, collection, recycling, traceability and waste-to-value systems can turn textile waste into usable feedstock, new products and new revenue streams. These opportunities are supported by Cambodia's investment framework, including digitalised business registration, Qualified Investment Project (QIP) incentives such as tax holidays and customs duty exemptions, and Special Economic Zones that can support manufacturing and recycling businesses. The Royal Government is actively seeking investment in this area.

This guide identifies five priority business opportunities, informed by consultations with international industry experts and guided by the EU waste hierarchy and cascading approach to textile waste. These are: sorting, grading and redistribution facilities; chemical recycling; mechanical recycling; integrated thermo-mechanical recycling and industrial material applications; and waste data and traceability services.

These areas offer clear commercial potential while also supporting more sustainable waste management, stronger circular economy practices and greater economic resilience in Cambodia's textile sector. They also align with the Cambodian Government's policy priorities on economic growth, green investment and circular economy development, both within the GFT sector and at the national level. Beyond these examples, Cambodia's textile waste market remains underdeveloped and open for further exploration.

Overall, this guide provides a practical overview of the sector and the investment landscape. Chapter 1 provides the macro-overview; Chapter 2 introduces the textile waste sector; Chapter 3 gives insight into Cambodia's textile waste landscape; Chapter 4 outlines key investment opportunities; and Chapter 5 provides practical guidance on investing and operating in the country, including the legal and regulatory requirements investors should prepare for before entering the market. Finally, Chapter 6 highlights other practical information, including utilities, water usage and trade agreements.

This report finds that “the time is now” for textile waste recycling and circular economy investment. By investing in the sector now, stakeholders may help shape a more sustainable and competitive future for the country's textile industry, while generating a return in the process.

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ABBREVIATIONS

ADB	➤	Asian Development Bank
AIFTA	➤	ASEAN-India Free Trade Area
ASEAN	➤	Association of Southeast Asian Nations
ATIGA	➤	ASEAN Trade in Goods Agreement
BMZ	➤	Federal Ministry for Economic Cooperation and Development
CBC	➤	Credit Bureau Cambodia
CDC	➤	Council for the Development of Cambodia
CMT	➤	Cut, Make, Trim
CSR	➤	Corporate Social Responsibility
DLVT	➤	Department of Labour and Vocational Training
EDC	➤	Electricité du Cambodge
EIA	➤	Environmental Impact Assessment
EMP	➤	Environmental Management Plan
EQIP	➤	Expanded Qualified Investment Projects
EU	➤	European Union
EuroCham	➤	European Chamber of Commerce in Cambodia
FDI	➤	Foreign Direct Investment
FOB	➤	Free on Board
GDCE	➤	General Department of Customs and Excise
GDP	➤	Gross Domestic Product
GDT	➤	General Department of Taxation
GFT	➤	Garment, Footwear, and Travel Goods
GHG	➤	Greenhouse Gas
GIP	➤	Guaranteed Investment Projects
GIZ	➤	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
HREDD	➤	Human Rights and Environmental Due Diligence
IFC	➤	International Finance Corporation
JICA	➤	Japan International Cooperation Agency
KHR	➤	Khmer Riel
kW	➤	Kilowatt
kWh	➤	Kilowatt-hour
MEF	➤	Ministry of Economy and Finance
MISTI	➤	Ministry of Industry, Science, Technology and Innovation
MLVT	➤	Ministry of Labour and Vocational Training
MoME	➤	Ministry of Mines and Energy
MoC	➤	Ministry of Commerce
MoE	➤	Ministry of Environment
MoI	➤	Ministry of Interior
NBC	➤	National Bank of Cambodia
NESAP	➤	National Environment Strategy and Action Plan
NGO	➤	Non-governmental organizations

NSSF	➤	National Social Security Fund
PITW	➤	Post-Industrial Textile Waste
PMIS	➤	Provincial-Municipal Investment Sub-Committee
PP	➤	Phnom Penh
PPP	➤	Public-Private Partnership
QIP	➤	Qualified Investment Projects
RCEP	➤	Regional Comprehensive Economic Partnership
RGC	➤	Royal Government of Cambodia
SEZ	➤	Special Economic Zone
SME	➤	Small and Medium Enterprise
SRP	➤	Sustainability Recommendation Paper
TAFTAC	➤	Textile, Apparel, Footwear & Travel Goods Association in Cambodia
UNCTAD	➤	United Nations Conference on Trade and Development
UNDP	➤	United Nations Development Programme
UNEP	➤	United Nations Environment Programme
USD	➤	United States Dollar
VAT	➤	Value Added Tax
WIP4C	➤	Textile Waste Improvement Programme for Circularity
3R	➤	Reduce, Reuse, Recycle
4R	➤	Reduce, Reuse, Recycle, Recover

1 | INTRODUCTION

The Garment, Footwear, and Travel Goods (GFT) sector is a cornerstone of Cambodia's economy, accounting for approximately 50 percent of the country's total exports (and 70% of its industrial exports). It provides employment to over 925,000 workers - the majority of whom are women (75%) and indirectly supports another 2.5 to 3 million people (Hurry, Roy, & Jolicoeur, 2025). This sector not only drives economic growth but also plays a critical role in poverty alleviation and social development. It has been instrumental in attracting foreign direct investment (FDI), strengthening Cambodia's integration into the global economy, and contributing significantly to the country's GDP.

Despite its economic importance, the global textile and apparel sector is associated with significant environmental impacts. It is estimated to account for approximately 2-8% of global greenhouse gas (GHG) emissions (UNEP, 2023). Some of the industry's most devastating environmental impacts are linked to marine and freshwater eutrophication and increasing water scarcity. The sector consumes a remarkable 215 trillion litres of freshwater annually and is also responsible for 9 per cent of microplastic pollution in the oceans, exacerbating marine and environmental health issues (CE, 2024) (UNEP, 2023). In response to growing sustainability demands, buyers, mostly international brands, have intensified their social as well as ecological responsibility commitments. This has led to the emergence of standards and certifications to monitor and validate their progress.

The growing prominence of Human Rights and Environmental Due Diligence (HREDD) is pushing companies to identify, prevent, mitigate and address human rights and environmental risks across their value chains. National frameworks, such as Germany's Supply Chain Act, have already introduced due diligence obligations, while the EU Corporate Sustainability Due Diligence Directive (CSDDD), adopted in 2024 and in force since 25 July 2024, creates a harmonised EU-wide framework. Although the EU Omnibus process has delayed implementation, with Member State transposition now expected by 26 July 2028 and obligations applying to in-scope companies from 26 July 2029, the direction of travel remains clear. Together with the European Green Deal's commitment to climate neutrality by 2050, emissions reduction, green technologies and circular economy development, these measures are increasing pressure on brands and suppliers to improve transparency, reduce environmental impacts and strengthen responsible sourcing.

Aside from global regulations and directives, Cambodia is actively pursuing a more sustainable and circular economy, particularly within the GFT sector. The Cambodian Government has formulated policy and regulatory frameworks, as well as strategies such as the Cambodia Industrial Development Policy, Sub-decree No. 36 on Solid Waste Management, the newly adopted Code on Environment and Natural Resources, the Law on Investment (2021) and its implementing Sub-Decree No. 139 (2023), the Circular Economy Strategy and Action Plan, and the Cambodia GFT Sector Development Strategy (2022-2027). These frameworks emphasise resource efficiency, waste management, the 3R (Reduce, Reuse and Recycle) / 4R (Refuse, Reduce, Reuse and Recycle), as well as improving sustainability, particularly in the sector. Most recently, Cambodia's updated Nationally Determined Contribution (NDC 3.0) introduced targeted climate actions for the garment industry, particularly mitigation measure 48 on improving textile waste management capacities. Those include establishing centralised textile waste collection and sorting centre and promoting textile waste segregation and the use of sustainable packaging.

As Cambodia's GFT sector continues to grow, the volume of industrial textile waste

is also increasing. This creates a significant waste management challenge, but also a clear opportunity for investors able to provide sorting, collection, recycling, traceability and other circular economy solutions. With the country's commitment to environmental sustainability and the rising awareness of circular economy principles globally and nationally, investing in textile waste management not only aligns with global trends but also could offer promising returns.

The objective of this guidebook is to provide practical insight into Cambodia's textile waste sector, including its market potential, key opportunities, challenges and investment requirements. It also helps investors understand the local regulatory framework, market trends, business incentives and practical steps needed to enter the Cambodian market.

About Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

The bilateral project "Sustainable Textile Industry in Cambodia II" (FABRIC Cambodia) is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. It is commissioned from November 2024 until October 2027. The project contributes to a more sustainable and responsible textile industry in Cambodia through its comprehensive approach and collaboration with key stakeholders. The primary objective of the project is to enhance the preparedness of the garment, footwear and textile (GFT) sector for the sustainability requirements of international markets. The GIZ FABRIC Cambodia team, together with several partners, has prepared a series of five Sustainability Recommendation Papers (SRPs) for Cambodia's GFT sector¹. One paper, on promoting textile waste management and recycling, was developed in collaboration with TAFTAC, EuroCham/RBH, Global Fashion Agenda and partners including the H&M Foundation. The recommendations highlight the importance of sorting, collection and recycling infrastructure, as well as stronger local expertise and stakeholder capacity, to support Cambodia's recycling ecosystem.

¹ A series of five Sustainability Recommendation Papers (SRP) for the Cambodia Garment, Footwear, and Travel Goods (GFT) Sector, GIZ, 2024. To learn more, please visit: <https://www.commonobjective.co/article/sustainability--paper-recommendations-cambodia-garment-footwear-sector>

2 | GENERAL INFORMATION ABOUT TEXTILE SECTOR

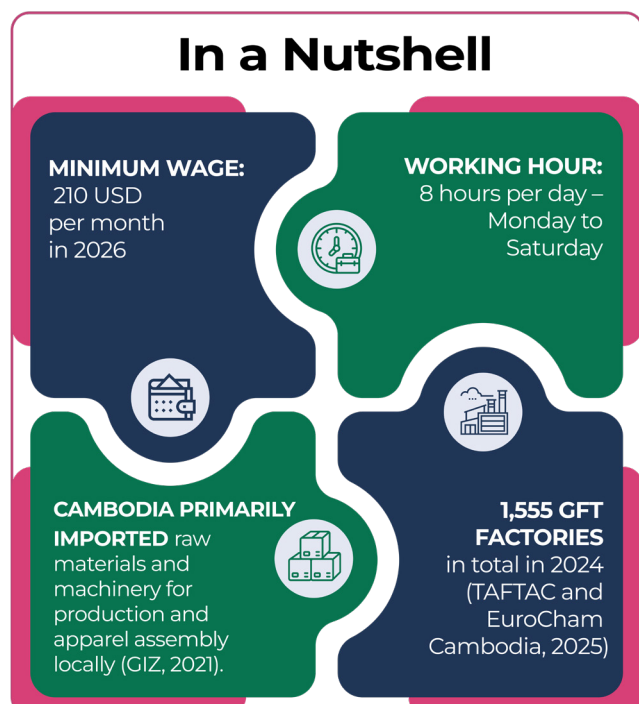


2.1 TEXTILE INDUSTRY TREND

According to the Royal Government of Cambodia, Cambodia's textile and apparel manufacturing sector remains largely focused on finished product assembly, particularly apparel (RGC a, 2023). Most apparel factories in Cambodia, approximately 70%, operate under a Cut-Make-Trim (CMT) model, where garments are assembled locally while raw materials, machinery and production specifications are largely imported (Ky, Hesketh, Kaing, Monti, & Tropeano, 2023). The remaining 30 per cent operate under a Free on Board (FOB) model, which includes pre-production activities such as order processing and merchandising. Unlike CMT factories, FOB factories require additional skills such as financing, procurement, sample development, and communication with global brands. Most factories (over 99%) are foreign-owned, with investors from China, Chinese Taipei, Hong Kong, South Korea, Japan, Malaysia, Thailand and Singapore among the main ownership groups (RGC a, 2023).

According to the latest Cambodia GFT Sector Brief, Cambodia had 1,555 GFT factories in 2024, an increase of 32.46% from 2022 (Hurry, Roy, & Jolicoeur, 2025). [The Textile, Apparel, Footwear & Travel Goods Association of Cambodia \(TAFTAC\)](#) is one of the most active and prominent trade associations in the country, representing, promoting and safeguarding the rights and interests of its garment manufacturing members. It provides a forum for consultation between members and stakeholders, and advocates for policies that support the industry's growth and development. According to their official announcement, 992 manufacturers were registered as members in 2026 (TAFTAC, 2026).

During the post-pandemic recovery, the GFT industry remained a cornerstone of Cambodia's economy. In 2024, it accounted for over 70% of industrial exports and generated approximately USD 13.6 billion in exports, reaching a historic high (Hurry, Roy, & Jolicoeur, 2025) as it hit another high in 2025, with \$15,5 billion. Within the sector, garments remain the dominant sub-sector that contributes the largest share of export value. Overall, the GFT industry contributes around 10-11% of Cambodia's GDP and represented approximately 52-53% of the country's total export value in 2024, reflecting the gradual diversification of Cambodia's export base. **Figure 1** illustrates the overall sector's export share, workforce gender, and sector size.



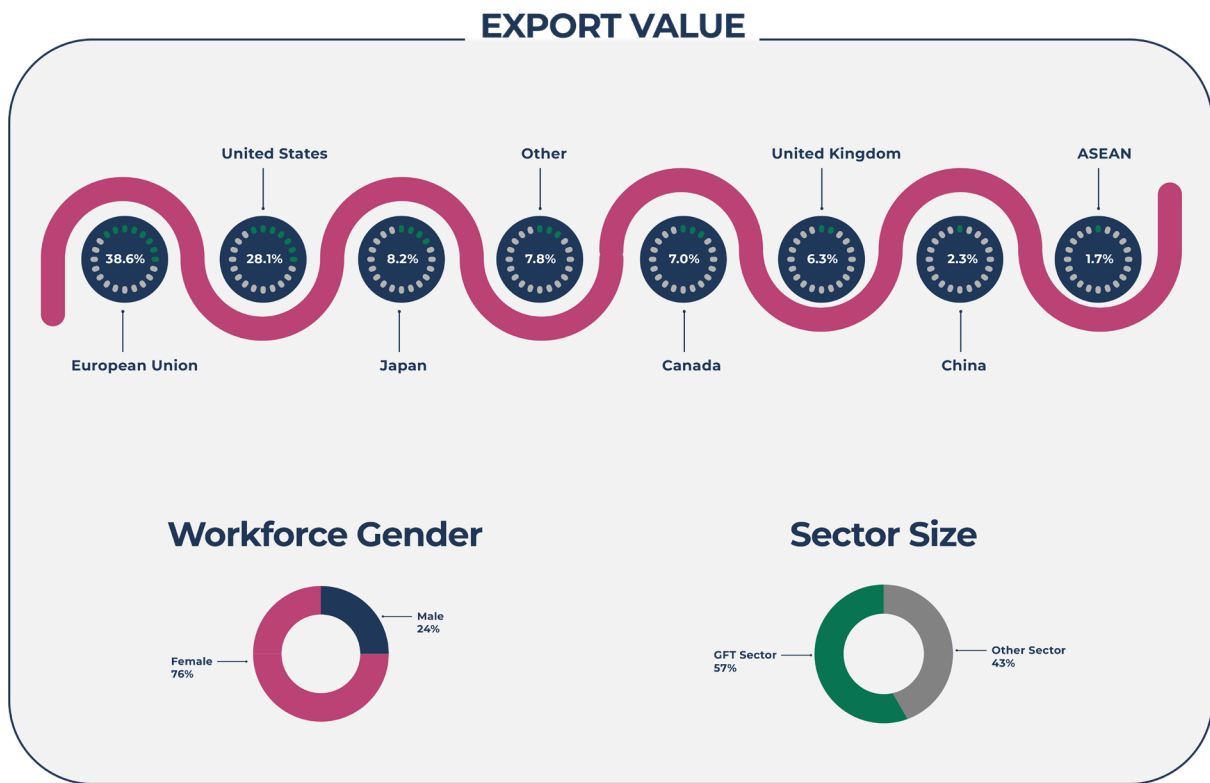


Figure 1 Export shares, workforce gender, and the GFT sector size in 2024 (Hurry, Roy, & Jolicoeur, 2025).



2.2 CURRENT CIRCULARITY TREND

Traditionally, the textile and apparel value chain follows a linear model, beginning with fibre production and ending with the disposal of finished products. This resource-intensive approach generates significant post-industrial textile waste (PITW) in production countries such as Cambodia. Much of this waste can end up in landfills, contributing to environmental degradation. Similarly, other types of pre-consumer textile waste, such as deadstock, defective finished goods, and unsold garments resulting from overproduction, are gaining increasing attention. This is being driven in part by the EU Ecodesign for Sustainable Products Regulation (ESPR), which entered into force on 18 July 2024 and is expected to introduce product-specific requirements for priority sectors, including textiles, through future implementing measures (delegated acts) in the coming years. ESPR is set to reshape how textiles (and many other products) are designed, used, and managed at the end-of-life cycle, by fundamentally shifting greater responsibility upstream to international brands and buyers.

A report by the Circle Economy Foundation highlights that PITW is often exported from high-income to low-income countries, partly due to lower labour and operating costs. However, this can shift environmental burdens to receiving countries with limited waste management systems (Walsh, Bakowska, & van Duijin, 2023). The weak traceability also makes it difficult to verify where textile waste goes, how it is processed, and whether it is reused, recycled, exported or disposed of responsibly.

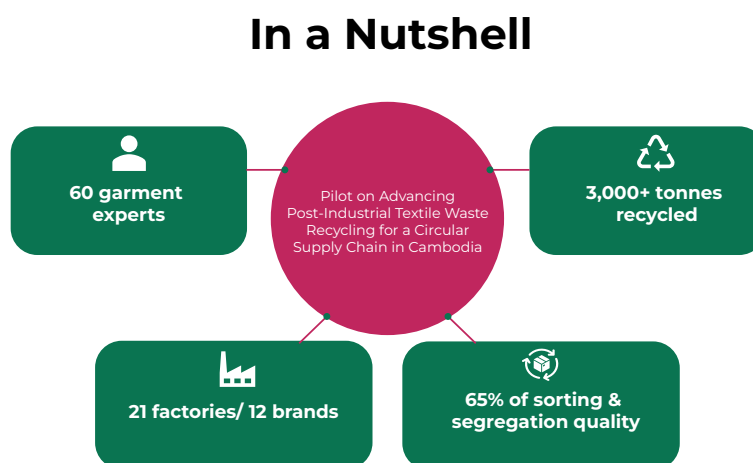
For detailed insights, Chapter 3 specifically provides an overview of Cambodia's Textile Waste Sector.

In contrast to the linear model, a circular approach aims to keep materials in use for longer and recover value from waste. In the GFT sector, this shift is being driven by buyer requirements, sustainability commitments and emerging regulations on waste reduction, traceability and resource efficiency. Recycling, better sorting and more sustainable sourcing are therefore becoming practical requirements, not just environmental ambitions – and essential to minimising the industry's ecological footprint.

In Cambodia, the GFT sector is responding to these global imperatives by implementing innovative strategies that align with circular economy principles. The industry generated an estimation of 206,473 tonnes² of **post-industrial textile waste** (PITW) in 2025. This scale highlights the urgent need for effective waste management, sorting and recycling solutions. To address this challenge, various stakeholders, including the government, brands/international buyers, garment manufacturers, and international organizations, are collaborating to develop a robust circular ecosystem.

Figure 2 illustrates the material flow of Cambodia's textile industry and the estimated proportion of wastage in the manufacturing process, based on 2025 Harmonized System (HS) Code data from the General Department of Customs and Excise of Cambodia (GDCE). In 2025 A total of 1,376,486 tonnes of various types of fabrics have been imported for domestic productions, of which an estimated 1,170,013 tonnes are classified as textile products. The remaining quantity, approximately 15%-of the total, is considered wastage from the production³. Details of each label are illustrated in **Table S- 1**.

One notable initiative is GIZ FABRIC Cambodia, funded by the German Federal Ministry for Economic Cooperation and Development (BMZ). FABRIC has supported case studies and multi-stakeholder initiatives on social and environmental issues in Cambodia's garment and textile sector, while also connecting partners across the wider region, including Viet Nam, Bangladesh, Pakistan and China.



For example, the pilot “Advancing Post-Industrial Textile Waste Recycling for a Circular Supply Chain in Cambodia”, implemented as part of the ReNew FABRIC Initiative,⁴ aimed to strengthen domestic recycling and improve textile waste segregation, management and recycling practices.

The lessons learnt from this pilot contributed to a Sustainability Recommendation Paper (SRP) with recommendations to build an effective ecosystem for PITW recycling and its waste management in Cambodia (GIZ b, 2024)

The Cambodian Government has also introduced policy frameworks to support a more sustainable and resilient GFT sector. These include the Cambodia GFT Sector Development Strategy, Cambodia's Roadmap for Sustainable Consumption and Production 2022-2035, and the Circular Economy Strategy and Action Plan. These policies not only provide a roadmap for sustainable practices within the GFT sector but also align with global sustainability goals and enhance the overall resilience of Cambodia's GFT sector. The Government has also established an Advisory Working Group on the GFT Sector to support implementation of the Cambodia GFT Sector Development Strategy 2022-2027. The group brings together ministries, development agencies, sector associations, brands, international buyers and international organisations.

² The calculation of 15% wastage from the 2025 fabric import data obtained from the General Department of Customs and Excise (GDCE), in which approximately 1,376,486 tonnes of fabric imported to the country.

³ Garment and footwear's wastage allowance is considered between 7-15% of total quantity of main production inputs imported. Some fabric wastage allowance reaches up to 20%. Source: calculations on production inputs and outputs provided by the CDC and CIB Investment Project Monitoring Department.

⁴ ReNew FABRIC – Circularity in Cambodia, an innovative, multi-stakeholder initiative led by GIZ (under FABRIC Cambodia) and its partners to promote circularity within the Cambodia's GFT sector. The project aims to foster collective action for the recycling of post-industrial textile waste (PITW) in the GFT supply chain towards **closed-loop recycling**.

To learn more, visit <https://www.commonobjective.co/article/circularity-in-cambodia-renew-fabric>

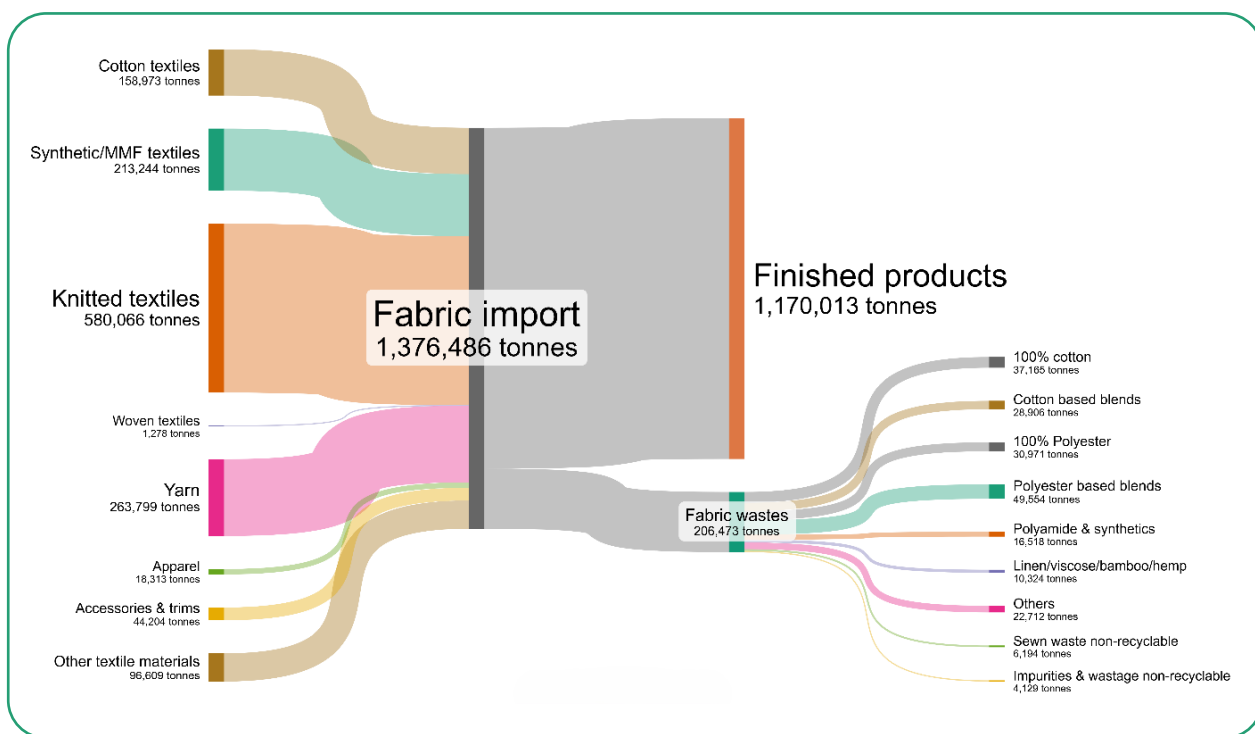
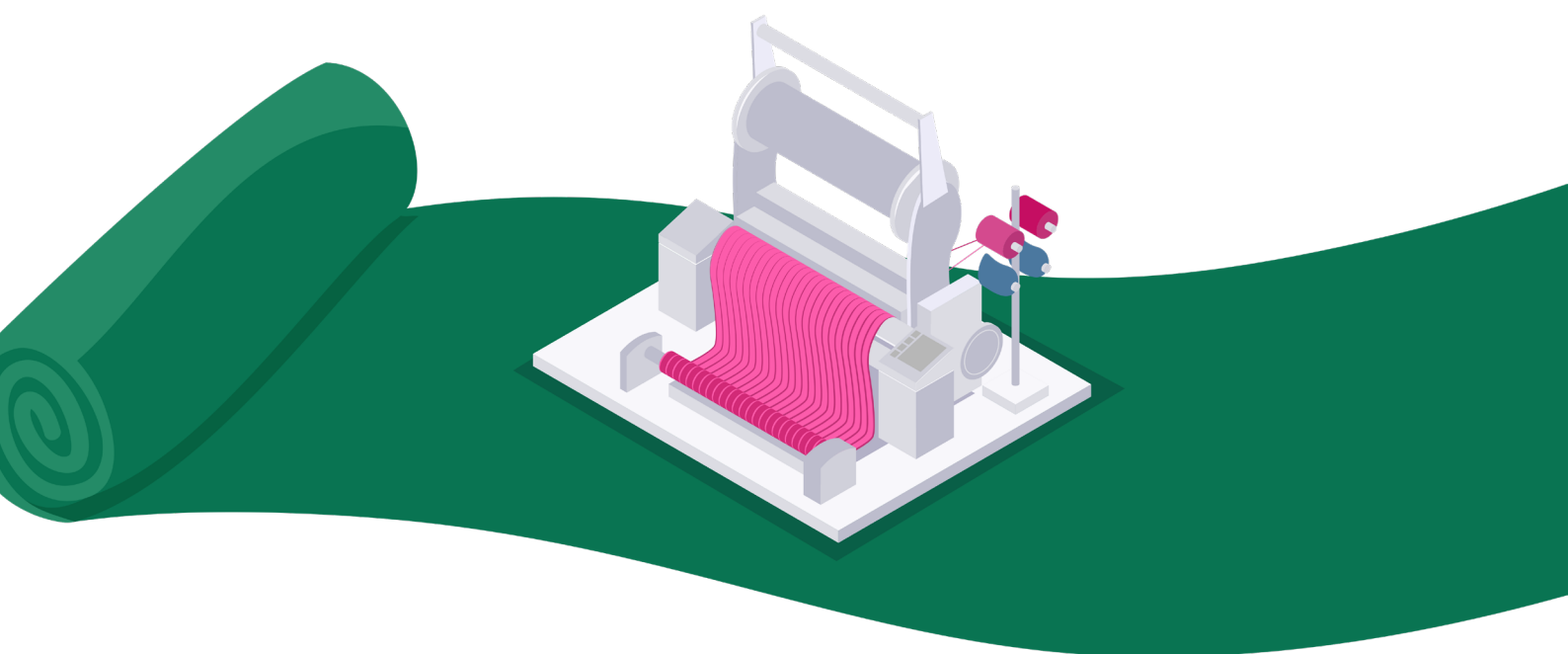


Figure 2 Material flow model of the Cambodia's textile industry in 2025, showing the distribution of imported textile materials into estimated finished products and fabric waste streams. Data obtained from the General Department of Customs & Excise, GDCE, 2024-2025.



3

INSIGHTS INTO CAMBODIA'S TEXTILE WASTE SECTOR

As production volumes grow, so does Cambodia's textile waste challenge. Better waste management is essential to reduce environmental impacts, recover value from discarded materials, and support the long-term sustainability of the sector. This section covers several aspects of textile waste management.



3.1 TEXTILE WASTE STREAM AND COMPOSITION

In this context, the textile waste stream refers to the flow of discarded textiles from garment factories, from production through to disposal or recovery. Understanding these waste streams, including their types, composition and material characteristics, is particularly important for post-industrial textile waste (PITW). For production countries such as Cambodia, this knowledge is essential for improving waste management, reducing environmental impacts and promoting circular processes (UNEP, 2023).

TEXTILE WASTE STREAM

In Cambodia, the post-industrial textile waste (PITW) generated by garment manufacturers is managed through a combination of formal disposal, informal commercial markets, energy recovery and repurposing (GIZ, 2021). A 2021 GIZ study examined the complexity of PITW generated by Tier 1 garment manufacturers and highlighted the importance of understanding waste types, composition and downstream pathways. Cambodia's PITW consists of a mix of natural and synthetic fibres and can be categorised into three main types:

- **Cutting scraps:** Small fabric pieces left over from the garment cutting process.
- **End-of-roll remnants:** Larger pieces of fabric remaining at the end of production runs.
- **Rejected garments:** Finished products that do not meet quality standards.

Figure 3 illustrates the downstream of PITW in Cambodia. Textile waste is handled through both formal and informal channels, creating a complex system of collection, sorting, reuse, recycling, energy recovery and disposal.

Garment manufacturers must manage a range of industrial solid waste, including fabric rolls, large cut pieces, cutting scraps, cardboard, plastics and sludge. Several downstream pathways for PITW have been identified, including:

Contracted waste management and collection companies, such as Sarom Trading, Chip Mong EcoCycle and K Cement co-processing. These companies collect and manage industrial waste for a service fee (paid by the manufacturer), usually through landfill disposal, co-processing or other approved treatment routes.

Informal markets and resale to textile waste handlers. These mostly informal actors purchase, sort and resell higher-quality or recyclable textile waste to recyclers, aggregators or traders. This supply chain is complex and opaque, with a significant share of PITW reportedly exported abroad.

Domestic repurposing and micro-manufacturing. Some garment manufacturers have cotton-rich PITW, such as 100% cotton and cotton blends, collected by domestic mechanical recyclers. Some 100% polyester waste is also processed through thermo-mechanical recycling, although these operations may face occupational safety, health and operational compliance challenges. Other domestic pathways include cottage industries, small family-run handicraft businesses and upcycling enterprises.

Energy recovery (incineration) and informal fuel use. Burning PITW is used by some actors to reduce disposal costs or replace other fuels. This includes burning cutting scraps in factory boilers to generate steam, using textile waste as a low-cost fuel in brick kilns, and supplying waste to palm sugar producers for stove fuel. However, these practices raise environmental, health and compliance concerns, particularly where pollution controls are limited.

Through a pilot supported by GIZ and its partners, at least 21 garment facilities started segregating textile waste and having it collected by recycling companies. Traceability is a core principle of this work, helping to improve transparency and provide greater assurance that waste is being channelled into recycling. GIZ and its partners are also expanding capacity development on textile waste management and recycling to at least 50 additional garment factories as part of the Circular Fashion Partnership, with the aim of promoting textile-to-textile recycling in Cambodia and the wider region.

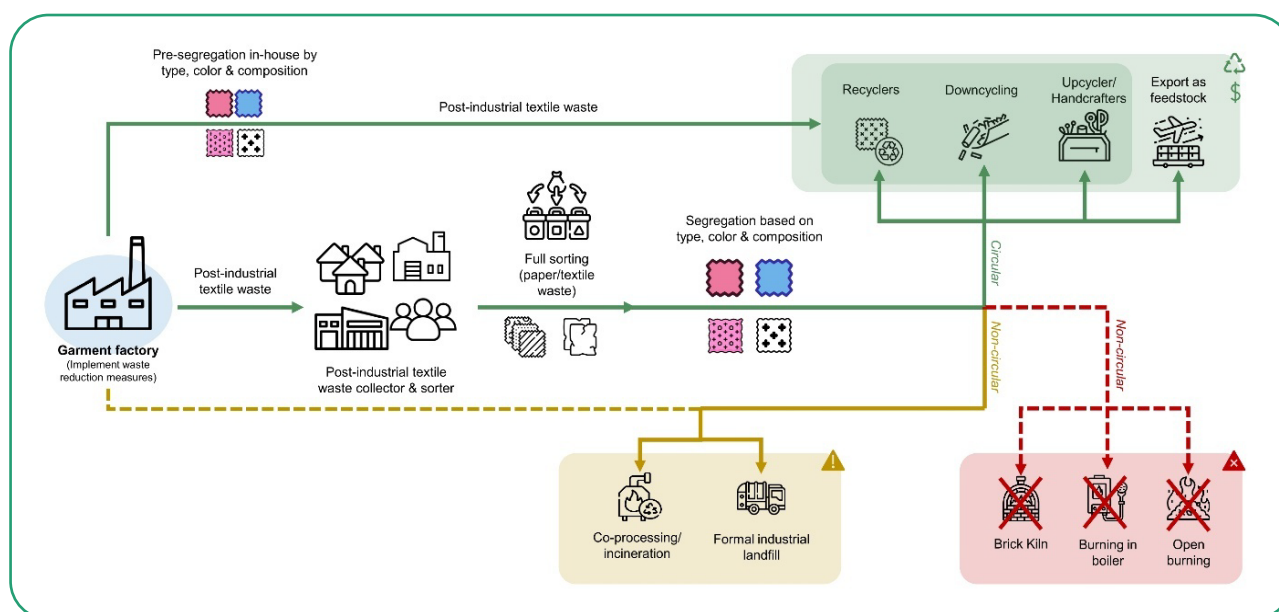


Figure 3 Downstream textile waste flow in Cambodia (GIZ, 2025).

According to the waste stream mapping study, industrial solid waste from garment manufacturing made up most landfill waste, accounting for approximately 60% of the total. Landfilling remains a common method of industrial waste disposal in Cambodia. Sarom Trading Co., Ltd., a major industrial waste management and landfill company, was granted a licence by the Ministry of Environment in 2002 and primarily operates in Phnom Penh, Kandal and Kampong Speu provinces (GIZ, 2023). In countries such as Cambodia, where downstream waste management options remain limited, landfilling is still widely used by major industrial actors. However, much of this waste has the potential to be repurposed, recycled or recovered for higher value uses. Under the EU waste hierarchy, landfill disposal is the

least preferred option because it creates environmental impacts and results in the loss of embedded material value.

Figure 4 demonstrates the estimated fabric wastage based on fabric import data from the General Department of Customs and Excise (GDCE) for 2021-2025. Estimated wastage stood at 142,354 tonnes in 2021, declined slightly to 136,151 tonnes in 2022, and then increased marginally to 137,413 tonnes in 2023. The increase became more pronounced in 2024, when estimated wastage reached 179,956 tonnes, before rising further to 206,473 tonnes in 2025. This reflects higher garment production volumes and stronger buyer orders (a trend continuing into 2026 – with Q1 exports exceeding USD 5 billion)⁵. Overall, the data shows a relatively stable level of estimated wastage from 2021 to 2023, followed by a sharp increase in 2024 and 2025 - reinforcing the need for stronger waste segregation, recycling and circular economy solutions in Cambodia's textile industry.

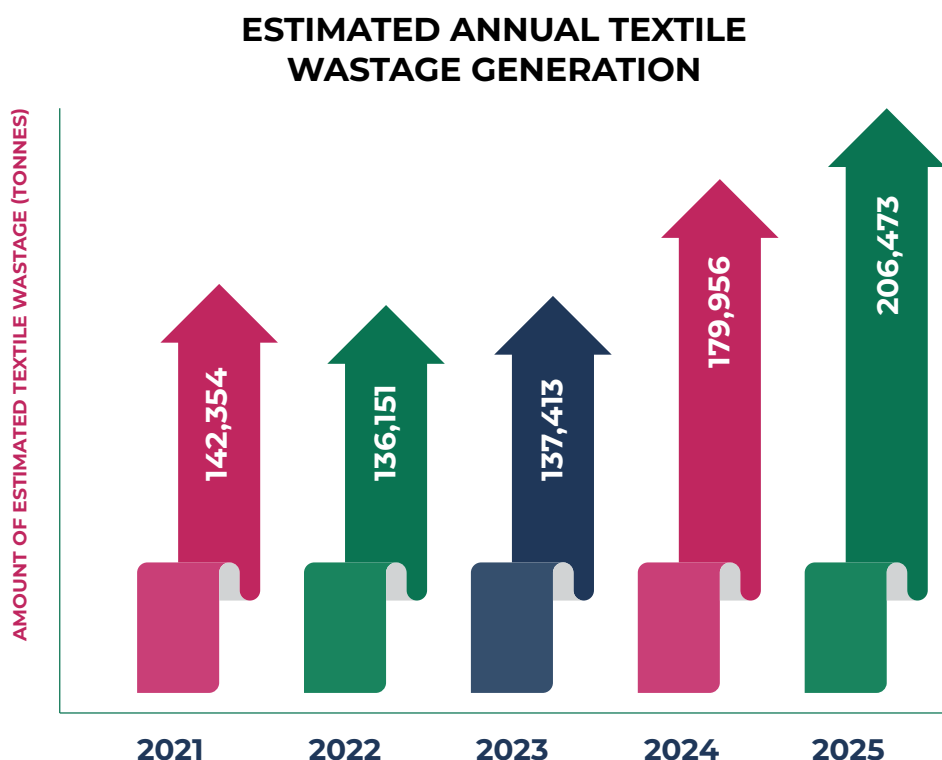


Figure 4 Estimated fabric waste generation (according to fabric import data calculation obtained from the General Department of Customs & Excise, GDCE).

TEXTILE WASTE COMPOSITION

GIZ conducted a survey in 2023 to understand textile waste compositions from 25 garment factories in Cambodia as illustrated in **Figure 5**. The findings reveal that cotton-based materials, presented in green, account for 37% of the total waste, including both **100%-cotton** and **cotton-based blends**. Meanwhile, polyester-based materials, depicted in red, represents 35% of the waste, comprising **100%-polyester** and **polyester-based blends**.

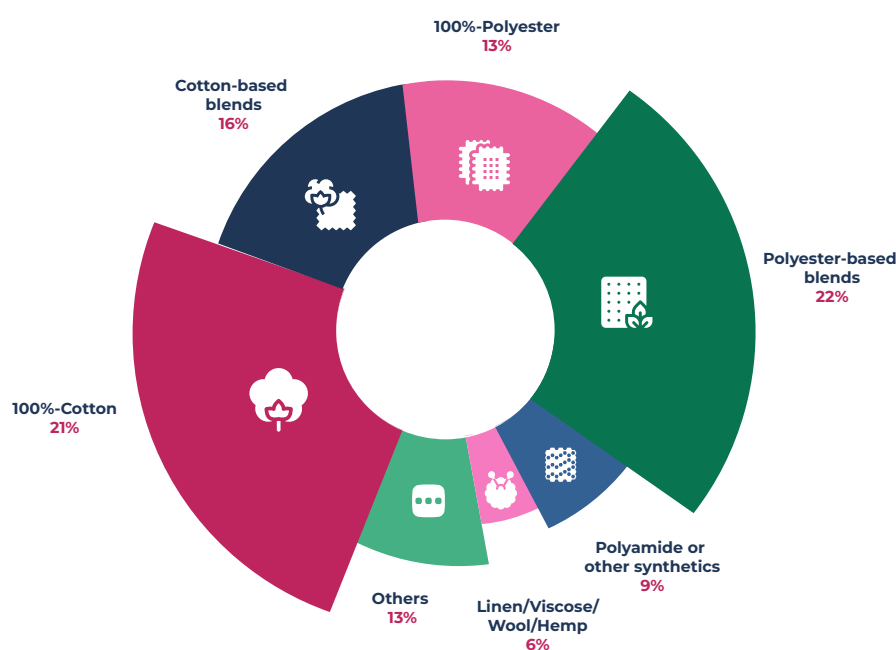
In 2024, another factory assessment was conducted as part of the textile waste pilot, led by GIZ. This assessment involved 21 nominated cotton-rich garment factories. The assessment found that approximately 29% of textile waste consisted of polyester-cotton blends with more than 50% polyester and no elastane. A further 26.1% was 100% cotton, 12.8% was cotton-polyester blends with more than 50% cotton and no elastane, and 8.6% was 100% polyester. These findings highlight the importance of polyester-cotton

⁵ <https://www.khmertimeskh.com/501896736/cambodias-gft-exports-cross-5b-in-four-months/>

blends within assessed factory waste streams, even among factories nominated for cotton-rich waste. The variation in textile waste composition can be attributed to factors such as buyer decisions, seasonal and fashion trends, material and design choices, and production practices.

Understanding the composition of textile waste is of course crucial for developing effective recycling strategies and identifying business opportunities. By understanding textile waste compositions, the industry can transition toward a more sustainable model, reducing reliance on virgin resource. Furthermore, advancements in recycling technologies, such as **textile-to-textile recycling**, enable the transformation of **post-industrial textile waste** back into new fabrics. This shift not only promotes sustainability but also opens new paths for innovation and growth within the sector.

A



B

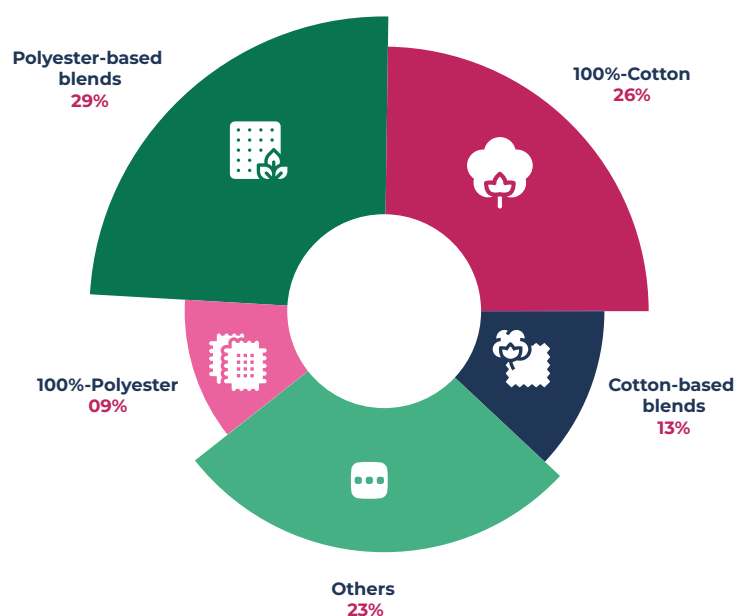


Figure 5 a) Overview of textile waste composition based on GIZ textile waste assessment from 25 garment factories in 2023, and b) overview of textile waste composition assessment from the textile waste pilot in 2024.



3.2 TEXTILE WASTE COLLECTION AND TRANSPORT

The responsibility for collecting, transporting, and disposing non-hazardous industrial waste, including textile waste is formally operated by licensed waste management companies, as outlined in the Royal Kram No. 0623/007, Article 173 on the Environment and Natural Resources Code of the Kingdom of Cambodia.

Since 2002, **Sarom Trading Company** has held an exclusive license for collecting, transporting, and disposing industrial waste within Phnom Penh municipality and Kandal province. This exclusivity is governed by the Declaration No. 148, which outlines the procedures for handling industrial solid waste in these regions (Prakas on Collecting and Transporting Industrial Solid Waste in Phnom Penh, 2002).

Chip Mong EcoCycle (CME) has played a role in industrial waste collection and processing in Cambodia since early 2021, as demand has grown for alternatives to landfill disposal. The company provides treatment solutions for hazardous and non-hazardous industrial waste, including energy recovery through cement kiln co-processing. This process uses high temperatures to destroy waste materials, recover energy and reduce landfill disposal, with air filtration systems used to control emissions. However, co-processing can be expensive for small and medium-sized garment factories due to service fees. **K Cement** has also entered this space, offering similar waste collection and co-processing services through cement kiln operations.

In addition, many industrial and special economic zones in and around Phnom Penh (such as PPSEZ) provide waste disposal services for companies operating within their premises. This can make waste management more accessible for businesses located inside these zones. By contrast, companies operating outside industrial zones, particularly outside Phnom Penh and Kandal province, usually need to identify and contract their own waste management service providers. This gives them more flexibility, but can also make it harder to access reliable, formal and compliant waste management services (EuroCham-Cambodia a, 2019).

At the same time, a thriving informal sector has emerged around the sale and repurposing of textile waste. Informal waste collectors, sorters, aggregators and traders collect, sort and trade textile waste domestically, while some materials are exported to neighbouring countries for further processing. However, transparency and traceability remain major challenges. It is often difficult to verify whether textile waste has been handled properly or whether social and environmental standards have been met. Reports of textile waste being burned in brick kilns, including concerns linked to child labour, highlight the risks associated with informal and poorly regulated waste channels. This informal sector includes unregistered waste collectors, small-scale recyclers, waste traders and brick kiln operators. As **Figure 3** shows, end-of-roll remnants and cutting scraps move through multiple channels, including sale, export, repurposing and disposal (see **Figure 3**).

Despite its economic contributions, the informal sector remains largely unregulated. This can contribute to environmental pollution, unfair competition, and occupational safety and health risks for workers involved in waste handling. Studies by the International Labour Organisation (OECD, 2019) (ILO, 2025) and the World Bank (Kaza, Yao, Bhada-Tata, Van Woerden, & Levine, 2018) show that informal waste workers often face unsafe conditions, exposure to hazardous materials, and limited social protection. This highlights the need to gradually formalise informal waste activities and integrate them into Cambodia's waste management system, while preserving the livelihoods and economic value they provide.



3.3 TEXTILE WASTE DOWNSTREAM OPTIONS

In Cambodia, downstream options for textile waste include landfill disposal, waste-to-energy, informal resale and handling, domestic repurposing, and limited recycling. These pathways help manage waste generated by the garment industry, but they also vary significantly in terms of environmental performance, transparency and value recovery. A GIZ waste stream study highlighted the diversity of these options, while also identifying major challenges related to sustainability, efficiency and traceability.

Landfilling remains a primary disposal route for PITW in Cambodia, partly because the country has limited recycling and circular processing infrastructure. Sarom Trading is an industrial waste collection and landfill company located on the outskirts of Phnom Penh. One report found that textile waste accounts for approximately 55% of the industrial waste collected by the company, highlighting the scale of textile waste within Cambodia's industrial waste stream (**Figure 6**) (IGES & COMPOSTED, 2022). However, landfill capacity is becoming a growing concern as Cambodia's garment industry expands, placing further pressure on existing disposal sites and increasing the need for higher-value waste management and recycling solutions.

Textile waste recycling is gaining momentum in Cambodia, driven by buyer sustainability requirements, circular economy policies, traceability expectations and growing attention to Human Rights and Environmental Due Diligence (HREDD). This shift is reinforced by mandatory due diligence frameworks, including Germany's Supply Chain Act and the EU Corporate Sustainability Due Diligence Directive (CSDDD), which entered into force on 25 July 2024 and creates a harmonised EU-wide framework for larger companies. The industry is also being shaped by circular economy measures, including Extended Producer Responsibility (EPR) schemes and the EU Ecodesign for Sustainable Products Regulation (ESPR), which entered into force in July 2024 and will support future product-specific requirements on durability, recyclability and transparency⁶.

Cambodia's GFT sector is estimated to have generated approximately 206,473 tonnes of textile waste in 2025. However, reliable data on how much of this waste is recycled remains limited. This is because formal recycling remains relatively new, and transparency and traceability across waste flows are still weak. There are also only a few registered mechanical recycling companies in Cambodia, alongside several low value-added downcycling operators, including mostly informal producers of polyester-based plastic pellets. According to GIZ FABRIC advisory work, only a limited number of recycling operators currently demonstrate stronger social and environmental compliance practices, and further improvement is still needed across the sector. As awareness, buyer requirements and regulatory pressure increase, Cambodia has a clear opportunity to expand formal textile waste recycling and strengthen traceability across the sector.

Another common downstream option is **waste-to-energy**, where waste is used as a fuel source for industrial processes or local operations. A GIZ study found that textile waste is sometimes burned in garment factory boilers to generate steam for production or used as fuel in brick kilns (GIZ, 2021). While this can provide a quick disposal route, it can create serious environmental and health risks if proper pollution controls and regular monitoring are not in place. Some factory boilers are designed for specific fuels, such as wood biomass, while other factories use electric boilers. The Environmental Code restricts the burning or incineration of waste in

⁶ You can find more information on the 12 Key Sustainability Legislations in the EU, US, and UK in this link: <https://rbh-eurochamcambodia.com/an-apparel-suppliers-guide-key-sustainability-legislations-in-the-eu-us-and-uk/>

facilities unless it is carried out in compliance with applicable standards and permits. In January 2025, Ministry of Environment Notification No. 333 prohibited the disposal of textile waste and other industrial waste in boilers and brick kilns without appropriate control measures, monitoring and compliance with relevant standards. This notification is in line with Sub-Decree No. 42 on the Air Pollution Control and Noise Disturbance. A nationwide survey by independent researchers found that 23 out of 465 active brick kiln operators in Cambodia used solid garment waste as fuel for brick production (Parsons & Ly Vouch, 2020) . However, the actual figure may be higher.

Chip Mong EcoCycle (CME) is a notable actor in Cambodia's waste management sector. The company uses municipal and industrial solid waste, including textile waste, as an alternative fuel source through cement kiln co-processing. According to a report from Business Scout for Development, CME's co-processing capacity can handle up to 150,000 metric tonnes of waste from more than 100 factories nationwide (GIZ, 2023). This technology helps divert waste from landfills while using it as an energy source in cement production. Nevertheless, co-processing remains lower in the waste hierarchy than reuse or recycling, because it recovers energy but does not preserve the material value of the textile waste. The company also signed a Memorandum of Understanding (MoU) with the Ministry of Environment (MoE) in March 2021 to support more sustainable solutions for hazardous industrial waste disposal in Cambodia.

Informal and semi-formal operators remain important downstream actors, particularly in the collection, resale, export and low-value processing of end-of-roll remnants and cutting waste. As noted above, these channels create economic value but also raise traceability, compliance, environmental and OSH risks, reinforcing the need for gradual formalisation and better integration into Cambodia's waste management system.

For more information on sector recommendations, please refer to the Sustainability Recommendation Paper on Promoting Textile Waste Management and Recycling in the Garment, Footwear and Travel Goods (GFT) Sector. This document outlines the roles of government, the GFT industry, buyers, associations, waste management companies and development partners in building an effective ecosystem for PITW recycling and management in Cambodia.

According to findings from the 2024 textile waste pilot and textile waste handlers training programme, textile waste collected from garment factories was increasingly segregated by material composition before being recycled domestically or exported to neighbouring countries for further processing. This segregation is important because it improves recyclability, reduces contamination and supports higher-quality outputs. It can also improve economic value by reducing processing costs and creating opportunities for jobs and local value addition.

The pilot identified two mechanical recycling companies that process 100% cotton and some cotton-rich materials domestically. Polyester-rich and polyester-based materials may be exported, although available studies provide limited evidence on the scale, destination and final use of these flows. In some cases, 100% polyester materials are milled into plastic chips and exported to China as semi-finished products for further use. These operations often involve small-scale textile downcyclers, many of which operate informally, remain unregistered and have limited adherence to social and environmental compliance standards. This highlights the need for improved regulation, traceability and support to promote more sustainable practices across the sector.

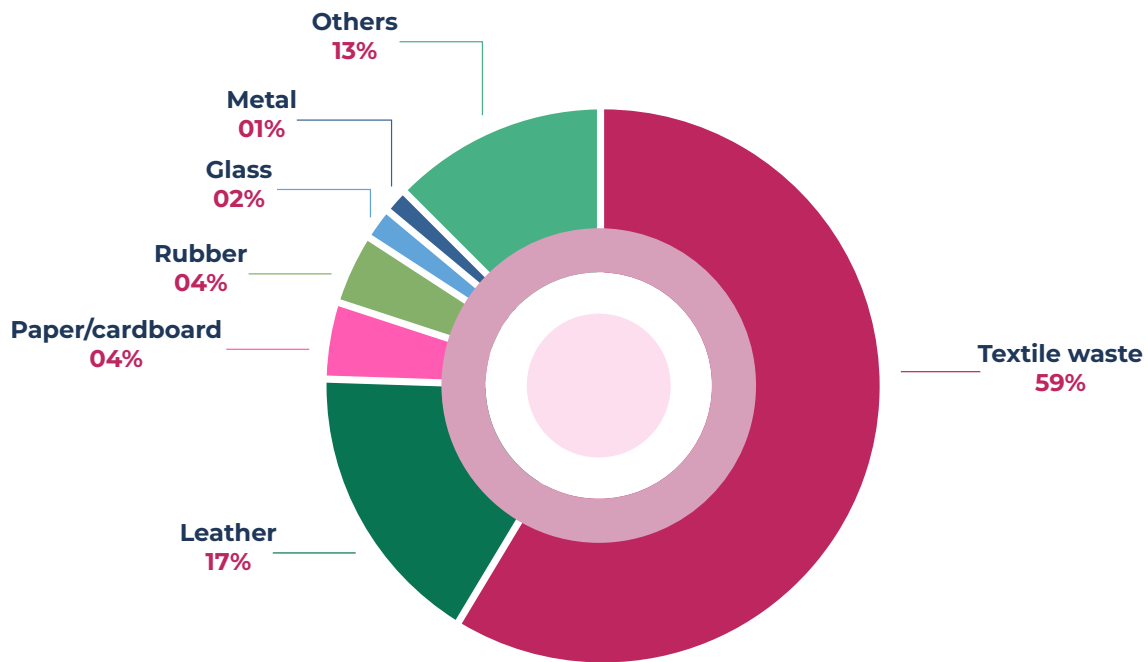


Figure 6 Post-industrial textile waste treatment options from garment industry (IGES & COMPOSTED, 2022).



3.4 TEXTILE WASTE STAKEHOLDER MAPPING

The textile industry in Cambodia encompasses a range of stakeholders who play distinct roles in managing textile wastes, contributing to both formal and informal sectors. These actors engage in diverse business activities related to waste collection, sorting, processing, and recycling, highlighting the complexity and variety within the waste management ecosystem.

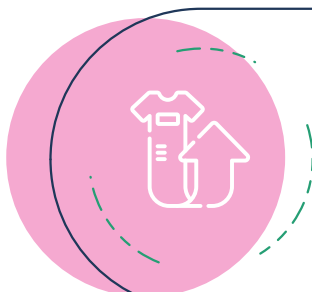
TEXTILE WASTE AGGREGATORS / WASTE COLLECTORS / WASTE HANDLERS

Key players include waste aggregators, collectors, handlers, who primarily purchase waste directly from garment factories or are assigned by recyclers. These actors vary in size and capacity, with some handling large volumes of waste daily. Waste aggregators procure waste from multiple sources, including factories and from other waste collectors/waste handlers to supply to recyclers or trading them.



UPCYCLER

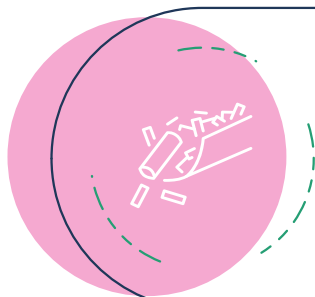
Upcyclers add higher value to textile wastes by transforming it into new products such as clothing, with some aiming to export these higher value-added or similar quality items to local or international markets. They tend to collaborate with freelance tailors or fashion designers and often seek expansion opportunities, particularly through improved market access and financial support.



HANDCRAFTERS

Handcrafters are individuals or artisans who repurpose fabric waste into handmade products such as hammocks, floor mats and other household items. These activities often rely on traditional techniques and practical skills. Operations are usually small-scale, informal or family-run, with limited resources and limited capacity to scale.



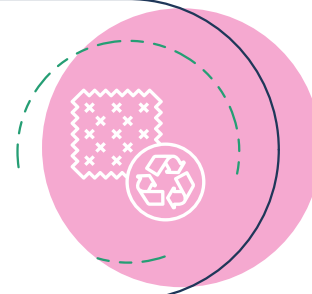


DOWNCYCLERS

Downcyclers operating in Cambodia are often informal businesses, with limited evidence of compliance with social, environmental and regulatory standards. These operators may collect or buy pre-sorted and unsorted textile waste from waste handlers and collectors, sort it internally, and process it into lower-value materials such as plastic pellets or expanded plastic products for further use.

MECHANICAL RECYCLERS

The **mechanical recyclers** in Cambodia vary in their processing capabilities. Some process specific fabric types, such as cotton-rich materials, into fibre and then spin them into yarn. These companies tend to be more formally established, with larger operational capacity and export networks, particularly to China and neighbouring countries such as Viet Nam.



Overall, Cambodia's textile waste management sector is supported by a complex network of collectors, handlers, aggregators, handcrafters, upcyclers, downcyclers and recyclers. Many of these actors face common constraints, including limited access to finance, storage, reliable feedstock, logistics, affordable electricity and technical support to scale operations. However, there is clear potential for growth, particularly through higher-value production and expanded export markets for upcycled and recycled products.



3.5 TEXTILE WASTE OPPORTUNITIES AND CHALLENGES

Waste management and recycling in Cambodia's garment and textile industry have significant potential to improve environmental performance and create new investment opportunities. However, the sector still faces several challenges across industrial textile waste management.

These challenges and opportunities are outlined in the table below, drawing on existing research (UNEP; IGES, 2018), (IGES & COMPOSTED, 2022), and insights gathered by the authors. They cover waste generation at factory level, collection and transportation, waste-to-energy, and final disposal.

If overlooked, the outlined challenges could limit growth and innovation in Cambodia's textile waste sector. This is particularly important given that the global recycled textile market is projected to reach approximately **USD 8.32 billion by 2030**, according to Coherent Market Insights Pvt. Ltd. Growing pressure around circularity, sustainability and recycled materials gives Cambodia a clear incentive to strengthen waste management practices and capture more value from textile waste.

Addressing these challenges would help Cambodia's garment and textile industry reduce environmental impacts, attract investment and capture more value from textile waste.

Table 1 Opportunities and challenges in industrial waste management in Cambodia's textile sector (adapted from IGES and COMPOSTED, 2022, and IGES, 2018).

WASTE MANAGEMENT	CHALLENGES	OPPORTUNITIES
Waste Generation	- Lack of waste valorisation aligned with the EU waste hierarchy and cascading approach, which prioritises textile-to-textile recycling, followed by downcycling and wasteto-energy - Lack of comprehensive data on waste composition, volumes, density and hazardousness - Lack of source separation between general waste and industrial waste - Improper packaging and storage of waste - Limited cooperation and wastehandling capacity among manufacturers - Limited MoE monitoring of waste density and hazardousness - Limited national and provincial capacity on good waste management practices, leading to weak enforcement of national laws	- Development of data analytics and tracking systems - Promotion of waste separation at source - Promotion of partnerships and capacity-building programmes with manufacturers to improve waste handling practices - Improved MoE monitoring through digital tools and auditing schemes - Steady generation of high-volume material flows for recycling processes - If collected separately: higher quality and purity
Collection and Transportation	- No fee adaptation based on waste characteristics and mass - Deficient collection systems - Limited formal collection facilities for circular processing - Limited centralised systems to trace feedstock availability - Lack of traceability and transparency across waste value chains - Irregular or inadequate collection frequency - Unsound environmental practices - Limited safeguards for workers' wellbeing and occupational safety and health - Absence of gate fees or minimum disposal requirements at landfill sites	- Introduction of a dynamic fee structure based on the "polluter pays principle", creating incentives or compensation mechanisms - Upgrading of collection system - Implementation of safety protocols, instructions, and personal protective equipment for waste workers - Adoption of digital systems to trace textile waste data for circular processing
Waste-to-Energy	- Low feasibility of reducing air pollution due to the highcost of air-cleaning technology - Lack of individual incinerators on site - Few waste-to-energy plants	- Implementation of pollution control technologies to reduce emissions - Implementation of more sustainable waste to energy plants
Final Disposal	- Illegal and open dumping - No pre-treatment before disposal - Inefficient management at dump sites - Landfilling of a wide variety of waste	- Development of pretreatment facilities - Improvement of landfill infrastructure and management - Reducing waste sent to landfill by identifying policy gaps and economic incentives related to landfill use

4 INVESTMENT OPPORTUNITIES

As sustainability demands increase across the global textile industry, textile waste management is becoming an emerging business opportunity.

A report from the Business Scouts for Development Project, funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), explores business opportunities in Cambodia's waste sector (GIZ, 2023). According to the report, Cambodia has a limited number of non-profit organisations, enterprises and recycling businesses working in waste management, and a shortage of large-scale waste treatment facilities. This creates opportunities for investors to develop innovative waste management solutions, establish recycling initiatives and invest in sustainable waste treatment technologies, in line with the Cambodian Government's Pentagonal Strategy and its focus on green investment.

Table 2 showcases the identified business opportunities, assessed against six criteria. This information was gathered through an internal consultation process with [ECOLOGICON](#)⁷.

CRITERIA IN THIS SECTION INCLUDE:

MARKET AND GROWTH PROSPECTS	⇒	Assesses the potential for business growth, considering current policy trends, market demand and the conditions for adopting the relevant technology in Cambodia.
COMPETITION	⇒	Evaluates the level of existing and potential competition in the Cambodian market.
INVESTMENT COST	⇒	Assesses the capital required for the investment, categorised into three tiers: below USD 10 million, USD 10-20 million, and above USD 50 million.
SOCIAL IMPACT	⇒	Examines potential social effects, including impacts on informal waste workers, existing recycling livelihoods and local employment.
ENVIRONMENTAL IMPACT	⇒	Considers potential environmental risks and benefits, including impacts on freshwater resources, biodiversity, energy use, chemical use and emissions.
RISK	⇒	Assesses the likelihood of business failure, including potential loss of invested capital and key operational, market or regulatory risks.

The criteria provide a high-level screening only. Results may vary depending on an investor's priorities, assumptions and risk appetite, and should be supported by further technical, financial, legal and market due diligence.

⁷ ECOLOGICON GmbH, a circular economy and consulting firm based in Germany, specialises in sustainability and environmental solutions, focusing on waste management consulting and circular economy transitions.
Link: <https://ecologicon.com/en/>

Table 2 Investment perspectives for the selected business opportunities.

TYPE OF BUSINESS	MARKET & GROWTH PROSPECTS	COMPETITION	INVESTMENT COST	SOCIAL IMPACT	ENVIRONMENTAL IMPACT	RISK
Sorting, grading, and redistribution facilities	⬢	⬢	⬢	⬢	⬢	⬢
Chemical Recycling	⬢	⬢	⬢	⬢	⬢	⬢
Mechanical Recycling	⬢	⬢	⬢	⬢	⬢	⬢
Integrated thermo-mechanical recycling and industrial material applications	⬢	⬢	⬢	⬢	⬢	⬢
Waste data & traceability services	⬢	⬢	⬢	⬢	⬢	⬢

Note: The colour codes represent consultation aspects from the expert on how each type of business is influenced by the technology, where:

⬢ : indicates a positive assessment. It suggests strong performance, good prospects, or favourable conditions, and often reflects opportunities for growth and stability.

⬢ : indicates a neutral or cautionary assessment. It suggests that the area has potential but also presents challenges or uncertainties and requiring attention or improvement but does not necessarily imply a dire situation.

⬢ : indicates a negative assessment. It reflects significant challenges, risks, or poor performance, and also highlights critical issues that require immediate attention or intervention to avoid potential failure or losses.



4.1 OPPORTUNITY 1: SORTING, GRADING, AND REDISTRIBUTION FACILITIES

Cambodia is well positioned to develop formal sorting, grading and redistribution facilities as a pillar of its GFT production system. Much of this activity already exists, but in fragmented and informal forms, through waste handlers, sorters and small traders. Formalising this segment could shift it from a low-value activity into a standards-based industry, upgrading textile waste into traceable, market-ready materials. This also gives existing informal businesses an opportunity to upgrade their operations, capture more value and support compliance with international requirements such as the EU's ESPR.

For Cambodia, this opportunity is not only a domestic waste management solution, but it also offers the potential chance to position Cambodia as a regional hub for textile waste aggregation and quality upgrading, potentially linking manufacturing bases in Cambodia, Viet Nam, Indonesia and other Southeast Asian countries with global markets and advanced recycling operations.

Table 3 Opportunity analysis for sorting, grading, and redistribution facilities.

RATIONALE FOR THE OPPORTUNITY		
Market	Growing Demand for Traceability and High-Quality Textile Feedstock	The global textile and recycling industries are increasingly demanding homogeneous, traceable, sorted textile waste to enable circular processing. As circular business models expand, brands and recyclers require inputs with known composition and quality. This business model plays a critical role in transforming textile waste into market-ready commodities, unlocking downstream recycling and reuse markets.
Impact	Reducing Landfill Waste	Formal sorting and grading systems enable the diversion of significant volumes of textile waste away from landfills, open burning, and incineration. By identifying reusable and recyclable fractions in the early value chain, textile waste is directed toward higher-value recovery pathways, reducing environmental impacts.
	Optimising Circular Economy Value Chains	These facilities channel textile waste into its highest-value use, from reusing to recycling, improving overall system efficiency, reducing resource extraction, and creating economic value by upgrading waste into traceable materials.

	Formalisation of the Waste Sector	The establishment of structured facilities supports the transition from informal waste handling practices to formal, standardised operations, improving working conditions, transparency, and data availability across the textile value chain.
Regulatory	Alignment with Emerging Circular Economy Policies	Sorting and grading infrastructure supports Cambodia's transition toward improved waste management under frameworks such as the Sub-Decree No. 113 on Solid Waste Management and the Environmental Code (Article 237) restricts the import of foreign solid waste but allows exceptions for domestic recycling-related investment projects. This provision can support the development of sorting and grading facilities by enabling access to additional feedstock streams.

KEY ELEMENTS OF THE OPPORTUNITY

Textile Waste source	● High Priority – Post-industrial textile waste: Excess fabrics, cutting scraps, defective garments, and rejected products from garment factories. These streams are relatively clean and homogeneous, making them ideal for sorting and grading operations. ● Medium Priority – Finished product waste: Unsold inventory, cancelled orders, and defective finished goods from brands and manufacturers. These may include reusable items suitable for redistribution. ● Low Priority – Post-consumer waste: Discarded clothing collected from households or second-hand markets. This stream is more heterogeneous and requires more advanced sorting capacities.
Textile Waste source	● Natural fibres (e.g., cotton) ● Synthetic fibres (e.g., polyester, nylon) ● Blended materials (e.g., polycotton, elastane blends) ● Reusable garments (graded by quality: A-grade, B-grade, etc.)
Operational Process of Sorting, Grading, and Redistribution	● Collection and intake: Receiving textile waste from factories, brands, and collection systems. ● Sorting: Separation by fibre composition, colour, and product type. ● Grading: Classification by quality and end-use (reuse, recycling, industrial use). ● Baling and Standardisation: Packaging into labelled, tradable units based on composition and grade. ● Data recording and traceability: Capturing information on volume, origin, and material composition. ● Redistribution: Supplying sorted materials to reuse markets, recyclers, or industrial users.

CHALLENGES AND SOLUTIONS

Cost	Initial Investment and Operational Costs	● Issue: Establishing sorting and grading facilities requires investment in infrastructure, logistics, and workforce management, while margins may be limited for low-value materials. ● Solution: Adopt a modular and scalable facility design to manage capital expenditure. Combine revenue streams through material sales and service fees (e.g., sorting, reporting, etc.). Leverage public-private partnerships and development financing to support initial investments.
Skills and technology needed	Limited Technical Capacity and Standardisation	● Issue: Effective sorting and grading require skilled workers and consistent classification systems, which are currently limited in Cambodia. ● Solution: Develop training programmes for professional sorters and introduce standardised grading protocols. Gradually integrate digital tools (e.g., barcode or QR-code tracking systems) to improve accuracy and efficiency.
Sourcing	Fragmented Waste Supply and Inconsistent Feedstock	● Issue: Textile waste streams are dispersed across factories and actors, leading to inconsistent supply and quality. ● Solution: Establish long-term agreements with garment factories and brands to secure steady supply. Encourage onsite pre-segregation at the factory and develop aggregation networks to consolidate waste streams.

 Sustainability	Risk of Value Leakage and Inefficient Material Use	● Issue: Without proper systems, high-quality materials may be mixed or diverted to low-value uses, down-grading circularity potential. ● Solution: Implement clear cascading guidelines to prioritise reuse and high-value recycling. Strengthen monitoring and reporting systems to ensure transparency and accountability. Optimise logistics to reduce environmental footprint.
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In conclusion, sorting, grading, and redistribution facilities represent a foundational business opportunity in Cambodia's textile waste system. By formalising, scaling, and upgrading this segment, Cambodia can transition from fragmented waste handling to a structured, value-driven circular system, potentially positioning itself as a regional hub for textile waste aggregation and supply while meeting both domestic and international sustainability requirements.

4.2 OPPORTUNITY 2: **CHEMICAL RECYCLING**

Chemical recycling  of textile waste presents a potential long-term opportunity for Cambodia and the wider region. As industrial textile waste continues to grow, chemical recycling could offer a pathway for processing materials that are difficult to recycle mechanically. It works by breaking fibres or polymers into chemical components that can be used to produce new materials.

This method is particularly relevant for synthetic and blended materials, such as polyester, nylon and polyester-cotton blends, which are often difficult to process through mechanical recycling. Given Cambodia's large garment manufacturing base and growing demand for recycled materials, chemical recycling could support both environmental goals and higher-value use of textile waste.

Table 4 Opportunity analysis for chemical recycling of textile waste.

RATIONALE FOR THE OPPORTUNITY		
 Market	Growing Global Demand for Sustainable Textiles	The fashion and textile industries face growing pressure to adopt sustainable practices like recycling and waste reduction. Chemical recycling enables them to convert textile waste into high-quality raw materials for new clothing and products.
 Impact	Reducing Landfill Waste	This method helps companies and municipalities divert significant amounts of waste from landfills, reducing the textile industry's environmental footprint. This process is especially important for synthetic fibres and mixed textiles, which are challenging to recycle mechanically and would otherwise increase landfill waste.
	Circular Economy and Value Creation	Chemical recycling creates a circular economy where waste materials are continuously reused, reducing the need for virgin resources and lowering production costs. This model not only contributes to sustainability but also generates economic value by turning waste into marketable materials.
 Regulatory	Government and Industry Support	The Cambodian government is prioritising sustainable waste management and renewable energy solutions. Chemical recycling aligns with these goals and is likely to receive support through incentives, tax breaks, and favourable regulations, especially if it reduces reliance on imported raw materials and contributes to energy efficiency. The new Environmental Code, specifically Article 237, emphasises the prohibition of importing foreign solid waste. However, it provides an exception for solid waste that is subjective of domestic waste recycling investment project. This exception will facilitate the securing homogenous feedstocks necessary for operational efficiency.

KEY ELEMENTS OF THE OPPORTUNITY	
Textile Waste source	● High Priority – Post-industrial textile waste: Excess fabrics, cutting scraps, defective products, and scraps from garment factories, particularly those made from synthetic materials like polyester and blended fabrics. Additionally imported textile waste from neighbouring countries can increase the waste stream for chemical recycling. The need for comprehensive sorting and pre-processing of post-consumer waste before recycling is required. ● Low Priority – Post-consumer waste: Discarded clothing and textiles that have reached the end of their useful life, collected from consumers or recycling centres.
Types of Waste	● Highly effective for synthetic fibres (e.g., polyester, nylon) and blended materials, which are challenging to recycle mechanically. Natural fibres (e.g., cotton) can, in some processes also be broken down into their base components for reuse in new products.
Chemical Recycling Process	● Depolymerisation: Involve breaking down polymer chains in synthetic fibres like polyester into their original monomers. These monomers can then be repolymerised to create new, high-quality polyester materials, effectively closing the recycling loop. ● Solvent-based processes: Use solvents to dissolve textile materials, separating and purifying fibres for reuse. This method can recycle mixed-material textiles, such as polyester-cotton blends, which are difficult to handle in mechanical recycling. ● Bio-based chemical processes: Some use enzymes or bio-based solvents to break down natural fibres like cotton into their chemical building blocks, which can then be repurposed for new textiles or other industrial applications.

CHALLENGES AND SOLUTIONS		
Cost	High Capital Investment in Chemical Recycling Infrastructure	● Issue: Require substantial initial investment in specialised equipment, technology, and research and development to ensure efficiency and sustainability. ● Solution: Secure funding through international green technology funds, private investors, and development banks that support sustainable and innovative waste management projects. Government support, through incentives such as tax breaks under the QIP scheme, can help lower costs.
Skills and technology needed	Technological Complexity and Expertise	● Issue: It is a complex process requiring advanced technology, skilled labour, and continuous innovation to improve efficiency and reduce environmental impact. ● Solution: Partner with international technology providers or research institutions experienced in chemical recycling. Invest in workforce training and technology transfer to build local expertise in operating and managing chemical recycling facilities.
Sourcing	Sourcing and Consistent Supply of Waste Feedstock	● Issue: Require a steady and reliable supply of textile waste, particularly synthetic fibres, to ensure efficient operation and profitability. ● Solution: Establish long-term contracts with garment factories, textile recyclers, and post-consumer waste collection programs to secure a continuous supply of textile waste. Collaboration with local municipalities, sorting and pre-processing facilities, and retailers can also help increase the collection of post-consumer textiles.
Sustainability	Environmental and Health Concerns	● Issue: May involve the use of hazardous chemicals or generate emissions that could pose environmental or health risks if not managed properly. ● Solution: Invest in advanced pollution control systems and ensure compliance with environmental regulations. Implement solvent recovery systems to minimise waste and emissions. Conduct Environmental Impact Assessments (EIAs) and maintain transparency to build public trust.

Chemical recycling offers a potential higher-value pathway for textile waste that is difficult to process through mechanical recycling, particularly synthetic and blended materials. By breaking these materials down into reusable chemical inputs, it can support circular production and reduce reliance on landfill, informal downcycling and energy recovery.

For Cambodia, the opportunity is likely to develop in stages. Given the high capital cost and technical complexity of chemical recycling, Cambodia may first be better positioned as a feedstock aggregation and preparation hub, supplying sorted and traceable textile waste to regional chemical recycling plants. Over time, stronger domestic sorting, data, traceability and investment conditions could support more advanced recycling activities inside the country.

Realising this opportunity will require reliable waste volumes, high-quality segregation, technology partnerships, government support and access to patient capital. If these conditions are in place, chemical recycling could help Cambodia capture more value from textile waste, strengthen regional recycling links and support the country’s wider circular economy ambitions.



4.3 OPPORTUNITY 3:

MECHANICAL RECYCLING

Recycling textile waste into insulation, padding and industrial materials represents a practical opportunity for Cambodia. This model is a form of **textile downcycling** where waste textiles are converted into lower-value but still useful products. It is particularly relevant for polyester, blended, contaminated or lower-grade textile waste that may not be suitable for textile-to-textile recycling.

The process involves shredding or breaking down textile waste and reprocessing it into materials that can be used for building insulation, acoustic panels, furniture padding, packaging, mattress filling, automotive interiors and other industrial applications. For example, discarded polyester fabrics can be converted into lightweight filler or insulation materials. Of note, this could provide materials useful to Cambodia’s growing construction, electronics and automotive industries.

While textile downcycling sits below reuse and textile-to-textile recycling in the waste hierarchy, it can still play an important role. It helps divert difficult-to-recycle materials from landfill, open burning or energy recovery, while creating usable products from waste that might otherwise have limited value. It can also provide lower-impact alternatives to conventional materials such as fibreglass, foam or virgin synthetic fillers.

Table 6 Opportunity analysis for recycled textile insulation and industrial materials in Cambodia.

RATIONAL FOR THE OPPORTUNITY		
Market	Growing Demand for Sustainable Construction and Industrial Materials	Cambodia's construction sector is rapidly growing due to urbanisation and foreign investment. This rising demand for buildings increases the need and seeks cost-effective and sustainable material alternatives. Recycled textile-based materials, such as insulation, acoustic panels, and composite boards, offer competitive performance while reducing reliance on virgin resources. Thermo-mechanical recycling enables the transformation of textile waste, particularly synthetic and blended materials.
Impact	Reducing Landfill and Low-Value Disposal	This approach diverts large volumes of difficult-to-recycle textile waste, such as polyester blends and contaminated materials, from landfill, open burning, or incineration. Compared to energy recovery, it retains material functionality and extends product life cycles.
	Supporting Domestic Circular Industries	This approach promotes local value creation, job generation, and industrial diversification within Cambodia.
Regulatory	Alignment with National Waste Management and Industrial Development Goals	According to Cambodia's environmental policies, the integrated thermo-mechanical recycling aligns with national policies by providing a practical solution for non-recyclable textile streams. Additionally, the model complements global regulatory trends on promoting circular material use.

KEY ELEMENTS OF THE OPPORTUNITY	
Textile Waste source	● High Priority – Post-industrial textile waste: Polyester-rich scraps, offcuts, and defective products from garment factories, especially blended and contaminated materials unsuitable for fibre-to-fibre recycling. ● Medium Priority – Residual waste from sorting and recycling systems: materials that cannot be reused or mechanically recycled, including mixed synthetic and elastane-containing textiles. ● Low Priority – Post-consumer waste: selected streams of synthetic textile, subject to availability and sorting capacity.
Types of Waste	● Synthetic fibres (e.g., polyester, polypropylene, and other blends) ● Contaminated or low-grade textile waste ● Residual fractions from higher-value recycling process.
Potential products	● Thermal Insulation: For residential or commercial buildings, often preferred for their sustainability and energy efficiency. ● Soundproofing Materials: Acoustic insulation for soundproofing in homes, offices, and industrial buildings. ● Industrial Padding: Furniture, automotive interiors, and packaging materials. ● Stuffing Materials: Mattresses, cushions, and other soft furnishings.

CHALLENGES AND SOLUTIONS		
Cost	Capital Investment and Market Development	● Issue: Require investment in processing equipment and product manufacturing capabilities, along with efforts to develop market acceptance for recycled materials. ● Solution: Start with pilot-scale facilities and target high-demand sectors (e.g., construction). Leverage green financing, development funds, and incentives to reduce upfront costs.
Skills needed	Technical Capacity in Material Processing and Product Design	● Issue: Require specific technical knowledge, particularly expertise in thermo-mechanical processing and product engineering. ● Solution: Partner with international technology providers and invest in technical training and knowledge transfer. Collaborate with universities and research institutions to develop local capabilities.
Competition	Competition with Conventional Materials	● Issue: Conventional insulation and padding materials like fiberglass, foam, and synthetic fillers are widely available and often cheaper, making it challenging to compete. ● Solution: Reduce manufacturing costs. Highlight the sustainability benefits of recycled textile materials, including their lower environmental impact, energy efficiency, and potential for carbon footprint reduction. Collaborate with green construction companies or eco-friendly brands to create demand for sustainable products. Target eco-conscious consumers and businesses that value environmental responsibility.
Sustainability	Risk of Locking Materials into Low-Value Applications	● Issue: Diverting high-quality recyclable materials into this pathway can reduce overall circularity. ● Solution: Apply strict cascading principles, ensuring that only non-recyclable or low-value materials are directed to thermos-mechanical processing. Implement environmental controls and conduct Environmental Impact Assessment (EIAs) to ensure compliance and minimise emissions.

In conclusion, integrated thermo-mechanical recycling offers Cambodia a practical way to capture value from complex textile waste streams that are difficult to recycle into new fibre. Although it sits below reuse and textile-to-textile recycling in the waste hierarchy, it can reduce landfill pressure, support local manufacturing and create useful products from materials that would otherwise be discarded.



4.4 OPPORTUNITY 4: INTEGRATED THERMO-MECHANICAL RECYCLING AND INDUSTRIAL MATERIAL APPLICATIONS

Mechanical recycling , which processes textile waste into fibre and sometimes yarn, offers a promising business opportunity in Cambodia. The country's large garment manufacturing base provides a steady source of post-industrial textile waste, particularly cotton-rich scraps and other production offcuts.

Compared with waste-to-energy, mechanical recycling can preserve more material value and support higher-value circular uses of textile waste. By converting suitable discarded materials into recycled fibre, yarn or other usable inputs, businesses can reduce waste, create local jobs and respond to growing demand for recycled materials from brands and manufacturers. This opportunity also aligns with Cambodia's policy direction on green investment, circular economy development and higher-value industrial activity.

Table 5 Opportunity analysis for mechanical recycling of textile waste to recycled fibre and yarn.

RATIONALE FOR THE OPPORTUNITY		
Market	Growing Global Demand for Sustainable Products	- International brands and manufacturers are seeking eco-friendly materials, driven by consumer demand for sustainability and regulatory requirements in key markets like Europe and North America. By supplying recycled fibres or materials, this model can tap into this growing market. - Sustainable practices in textile production are increasingly required by global fashion retailers, creating demand for recycled fibres that meet environmental standards. This growing pressure makes factories more willing to partner with recyclers.
	Abundant Supply of Textile Waste	Cambodia's textile sector produces large amounts of waste annually. With limited infrastructure currently in place to manage or recycle this waste, there is a high supply of raw materials for a textile recycling business.
Impact	Corporate Social Responsibility (CSR)	Garment manufacturers are under increasing pressure to adopt sustainable practices and improve their Corporate Social Responsibility (CSR) profiles. By offering waste recycling services, this approach provides a solution that helps factories achieve these goals, making your services more appealing to the industry.
Regulatory	Sustainability and Government Support	- The Cambodian government is increasingly prioritising sustainability and green growth. Businesses engaged in waste recycling can benefit from QIP incentives such as tax holidays, customs duty exemptions, and other financial benefits. - Additionally, by aligning your business with the country's environmental goals, you can gain favourable support from the government and international organizations promoting green investments.

KEY ELEMENTS OF THE OPPORTUNITY	
Textile Waste source	Post-industrial textile waste: Clean 100% and cotton-rich scraps, offcuts, and other production waste from garment factories.
Potential Material	Cotton, polyester, wool, and blended fabrics, which can be processed into fibres or repurposed for industrial or consumer products.
Potential Products from Recycled Textile Waste	Recycled yarn and fibres: Can be sold to local or international manufacturers for creating new fabrics or clothing.

Chemical Recycling Process	● Sorting and pre-processing: Separation by fibre type and quality ● Shredding: Breaking down textiles into fibres ● Carding and blending: Aligning fibres and mixing with virgin materials if needed ● Spinning or forming: Producing yarns or non-woven products for industrial use.
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CHALLENGES AND SOLUTIONS		
Cost	Logistics and Waste Collection	● Issue: Transporting large volumes of textile waste from multiple factory locations to the recycling plant can be logistically complex and costly. ● Solution: Establish a network of collection points near garment factories and coordinate regular waste pickups. Integrate with collection networks, such as with informal sector to foster inclusivity and mitigate potential social risks. Partnering with local transport companies or setting up your own fleet can reduce costs and streamline the supply chain.
Sourcing	Securing Long-Term Waste Supply Contracts	● Issue: While garment factories produce substantial waste, establishing long-term, reliable agreements with these factories can be challenging. ● Solution: Build partnerships with factory owners and managers by offering competitive pricing for waste collection services or waste recycling as a cost-saving solution for the factories. Educating factories on the benefits of recycling (lower landfill costs, improved corporate social responsibility) will be crucial in securing regular supply.
	Quality and Consistency of Textile Waste	● Issue: The waste produced by different factories may vary in material composition, piece size, and quality, which can complicate or slow down the recycling process. ● Solution: Implement robust sorting at source at the recycling facility to separate different types of fabrics and ensure consistency in the recycling input stream. Cooperate with garment factories for pre-sorting at source and/or textile waste management facilities is another alternative to optimise the recycling process and ensure higher quality outputs.
Regulatory	Environmental and Regulatory Compliance	● Issue: Textile recycling businesses must comply with Cambodia's environmental regulations, including waste disposal and emissions standards. ● Solution: Conduct an EIA to ensure your business meets local environmental standards and reduces any adverse effects on the environment. Compliance with regulations will also support QIP approval, which can provide tax and customs incentives.

Mechanical recycling offers one of the more practical near-term opportunities in Cambodia's textile waste sector. The country already generates large volumes of post-industrial textile waste, including cotton-rich scraps that can be processed into recycled fibre, yarn or other usable inputs. At the same time, brands and manufacturers are under growing pressure to source recycled materials and reduce waste.

The main challenges are securing consistent feedstock, maintaining material quality and meeting environmental and regulatory requirements. These risks can be reduced through long-term supply agreements with factories, better sorting at source, traceability systems and strong compliance controls.

With the right model, mechanical recycling can help Cambodia move textile waste into higher value uses, reduce reliance on landfill or energy recovery, create local jobs and build commercially viable businesses in a sector that remains underdeveloped.



4.5 OPPORTUNITY 5: WASTE DATA & TRACEABILITY SERVICES

Waste data and traceability services are becoming essential to the textile waste ecosystem as global supply chains move toward greater transparency, accountability and circularity. Cambodia is a growing garment manufacturing hub and generates significant textile waste, yet much of this waste is still poorly tracked, informally managed and undervalued. In many cases, waste records are kept manually on paper, making it difficult to verify volumes, composition, destinations and final use.

This creates a clear opportunity for formal services that capture, standardise and analyse textile waste data. Better data can turn fragmented waste information into a strategic asset for factories, recyclers, brands, policymakers and investors. It can also support the formalisation of informal waste actors by introducing standardised reporting, stronger traceability and system-wide visibility.

By embedding data and transparency into the waste system, Cambodia can improve compliance, support circular economy investment and strengthen its position in global textile value chains.

Table 7 Opportunity analysis for waste data and traceability services.

RATIONAL FOR THE OPPORTUNITY		
Market	Rising Demand for Traceability and Compliance in Global Textile Value chains	Global brands and regulators are increasingly requiring transparent, verifiable data on material flows, waste generation, and environmental performance. With the introduction of instruments such as ESPR, including Digital Product Passport, there is a growing need for robust data systems that track textile materials from production to end-of-life. Waste data and traceability services provide the infrastructure to support compliance, improve supply chain visibility, and enable circular business models.
Impact	Improving Waste Management Efficiency	Accurate and real-time data on textile waste volumes, composition, types, as well as other information allows stakeholders to make informed decisions on sorting, recycling, and disposal, reducing inefficiencies and missing information in the system.
	Enabling Circular Economy Systems	This approach promotes local value creation, job generation, and industrial diversification within Cambodia.
	Enhancing Transparency and Accountability	Formal data systems improve transparency across the value chain, enabling better monitoring of environmental performance, compliance with regulations, and reporting for ESG commitments. This also helps build trust among international buyers and investors.
Regulatory	Alignment with National and International Requirements	Cambodia is strengthening its environmental governance through instruments such as the Environmental Code and waste management regulations, as well as international regulations. Waste data systems support compliance by enabling monitoring, reporting, and enforcement, and essential for Cambodia to remain competitive in global market.

KEY ELEMENTS OF THE OPPORTUNITY	
Textile Waste source	● High Priority – Post-industrial textile waste: Data collected from garment factories on cutting waste, defective products, and production losses. This is the most accessible and structured entry point for data systems. ● Medium Priority – Finished product waste: Information on unsold inventory, cancelled orders, and rejected finished goods from brands and factories. ● Low Priority – Post-consumer waste: Data from collection systems, second-hand markets, and municipal waste streams, which are more fragmented and require integration over time.

Types of Data and Waste Coverage	● Material composition (e.g., 100% cotton, 100% polyester, polyblends, other blends, etc.) ● Waste volumes and weight ● Source and origin (factory, brands/buyers, location, etc.) ● Waste category (reusable, recyclable, residual, etc.) ● Destination (reused, recycling, recovery, disposal)
Operational Process of Waste Data and Traceability Services	● Data Collection: Capturing information at source (factories, sorting facilities, collection points, etc.). ● Data Standardisation: Applying consistent formats and classification systems. ● Digital Tracking: Using platforms (e.g., databases, QR/barcode systems) to track material flows. ● Stuffing Materials: Mattresses, cushions, and other soft furnishings. ● Integration: Linking data across actors in the value chain (factories, recyclers, logistics providers). ● Analysis and Reporting: Generating insights for operational optimisation, compliance, and ESG reporting. ● Verification and auditing: Ensuring data accuracy and credibility for regulatory and market requirements.

CHALLENGES AND SOLUTIONS		
Cost	Investment in Digital Infrastructure and Systems	● Issue: Developing and regularly maintaining digital platforms, data systems, and integration tools can require significant upfront and operational costs. ● Solution: Start with simple, scalable digital solutions, and expand over time. Leverage donor funding, development programmes and private sector partnerships to support initial investments.
Skills and Technology Needed	Limited Digital and Data Management Capacity	● Issue: Data collection points require technical expertise and involving many stakeholders. ● Solution: Investing in capacity development and training programmes for factories, waste operators, and service providers. Partner with technology firms and research institutions to transfer knowledge and build local expertise.
Sourcing	Fragmented Data and Lack of Standardisation	● Issue: Data is often inconsistent, incomplete, or unavailable due to fragmented systems and informal practices. ● Solution: Develop standardised data protocols and reporting framework. Encourage participation through incentives, buyer requirements, or regulatory mandates. Integrate data collection into existing operational processes (e.g., factory reporting systems).
Sustainability	Risk of Locking Materials into Low-Value Applications	● Issue: Inaccurate or unreliable data can threaten trust and limit the effectiveness of traceability systems. Additionally, maintaining long-term engagement across stakeholders can be challenging. ● Solution: Implement data verification and auditing mechanisms (e.g., partner with third parties or verifiers), ensure transparency in methodologies, and align systems with international standards.

Waste data and traceability services are a critical enabler of Cambodia's circular textile economy. By working with established global traceability platforms and adapting them to the local context, Cambodia can build systems that track waste volumes, composition, origin and destination more reliably.

Stronger data systems would improve transparency, support resource efficiency and help factories, recyclers and brands respond to rising regulatory and buyer expectations. This would further position Cambodia not only as a garment manufacturing base, but as a more data-driven participant in sustainable and circular global textile value chains.

5

GUIDE TO INVESTING & OPERATING IN CAMBODIA'S TEXTILE WASTE SECTOR



5.1 INVESTMENT INCENTIVES – FOR QUALIFIED INVESTMENT PROJECTS (QIP)

Investment in Cambodia is overseen by the **Council for the Development of Cambodia (CDC)**, which serves as a "One-Stop Service" to streamline registration and provide regulatory support. Under the **2021 Law on Investment (LoI)** and its implementing **Sub-Decree No. 139 on implementation of law on investment of the Kingdom of Cambodia (2023)**, textile recycling and waste management projects are classified as priority sectors, making them eligible for **Qualified Investment Project (QIP)** status.

The QIP framework includes distinct categories such as *Export Qualified Investment Project*, *Supporting Industry Qualified Investment Project*, and *Domestically Oriented Qualified Project*. The awarded QIP can choose basic incentives to enhance their financial variability under the following two options, *Tax Exemption* and *Special Depreciation*, as described in the **Table 8**.

Table 8 The basic incentives for investment activities registered as QIP.

INCENTIVE FEATURE	OPTION 1: TAX EXEMPTION (HOLIDAY)	OPTION 2: SPECIAL DEPRECIATION
Primary Benefit	Income Tax Exemption for 9 years (for Priority/Category 1 sectors).	Deduction of capital expenditure through special depreciation.
Post-Exemption	Phased tax rates: 25% (yrs 1-2), 50% (yrs 3-4), and 75% (yrs 5-6)	N/A
Deductions	N/A	Eligibility to deduct up to 200% of specific capital expenses.
Common Perks	Exemption from Prepayment Tax and Minimum Tax (subject to independent audit).	
Export Tax Exemption (unless provided otherwise by law).		

To understand more, please visit: <https://cdc.gov.kh/incentives-and-schemes/>

ADDITIONAL INCENTIVES

In addition to the basic tax exemption, a QIP is entitled to specific exemptions and deductions designed to lower operational costs and encourage high-value activities:

➡ A CUSTOMS AND VAT EXEMPTIONS ON IMPORTS

- ⌘ **Export and supporting industry QIPs:** 100% exemption from customs duties, special taxes, and Value-Added Tax (VAT) for the importation of:

- Construction Materials and Construction Equipment
- Production Equipment and Production Inputs (raw materials)

- ⌘ **Domestically Oriented QIPs:** 100% exemption from customs duties, special taxes, and VAT for the importation of:

- Construction Materials and Construction Equipment.
- Production Equipment.

Note: Incentives for production inputs for domestic projects are determined via the annual Law on Financial Management.

➡ B STRATEGIC DEDUCTIONS AND LOCAL VAT RELIEF

Beyond import benefits, the following strategic incentives are available to all QIPs:

- ⌘ **0% VAT for Local Inputs:** QIPs are exempt from VAT when purchasing production inputs that are locally produced in Cambodia.
- ⌘ **150% Tax Based Deduction:** Investors can deduct 150% of expense from their taxable income if the spending is dedicated to:
 - Innovation: Research, development, and innovation activities
 - Skill Building: Human resource development through vocational training for Cambodian employees.
 - Modernization: Upgrading machinery specifically for the production line.
 - Worker Infrastructure: Construction of accommodation, nurseries, and affordable canteens for workers.
 - Worker Welfare: Provision of transportation, accommodation, meals, and childcare facilities.

INVESTMENT LAW

The [2021 Law on Investment](#) offers a robust framework to protect and incentivize key sectors like textile recycling. Key guarantees for investors include:

- ⌘ **Non-Discrimination:** Foreign and local investors are treated equally under the law.
- ⌘ **Capital Protection:** Guaranteed protection against nationalization or expropriation, except for public interest under strict legal conditions and with fair, advance compensation.
- ⌘ **Financial Freedom:** Guaranteed free transfer of funds, allowing investors to repatriate profits, dividends, and other capital abroad in foreign currency.
- ⌘ **Price Freedom:** No government price controls on goods or services.
- ⌘ **Green Priority:** Explicit legal support and enhanced deductions for industries contributing to climate change mitigation and the circular economy.

Note: Foreign investors have broad legal protections in Cambodia, but direct land ownership remains restricted to Cambodian nationals and Cambodian legal entities. A Cambodian legal entity means a company registered in Cambodia with 51% or more of its shares held by Cambodian nationals or Cambodian legal entities. Foreign investors may also access land through renewable long-term leases of up to 50 years, or own eligible units in co-owned buildings through strata titles, generally above the ground floor.

Another option is to use a trust structure under Cambodia's Trust Law, where a licensed trustee holds the land on behalf of the foreign investor or beneficiary. Trust

registration is subject to official fees, including a KHR 20,000 application fee, plus administration and annual fees based on the value and type of trust. For individual or social trusts, these official fees range from KHR 40,000 to KHR 2,000,000 for administration and KHR 200,000 to KHR 2,000,000 annually, depending on the trust amount. Additional trustee, legal, valuation, tax and transaction fees may also apply. Investors should seek qualified legal advice before selecting a landholding structure.

For more details, visit the <https://cdc.gov.kh/Handbook-on-Investing-in-Cambodia.pdf>

QIP APPLICATION AND REGISTRATION

Investors seeking to establish textile waste recycling operations in Cambodia may apply for Qualified Investment Project (QIP) status to benefit from investment incentives and streamlined administrative procedures. The registration process is administered by the Council for the Development of Cambodia (CDC) or the Provincial-Municipal Investment Sub-Committee (PMIS), depending on the scale and location of the investment project.

STEP 1: DETERMINE THE RESPONSIBLE AUTHORITY

Before submitting an application, investors must identify the competent authority responsible for reviewing the project.

PROJECT LOCATION / TYPE	INVESTMENT CAPITAL	GOVERNING AUTHORITY
Inside a Special Economic Zone (SEZ)	Any amount (no threshold)	Council for the Development of Cambodia (via Cambodian Special Economic Zone Board)
Outside an SEZ	Under USD 5 million	Provincial-Municipal Investment Sub-Committee (PMIS)
Outside an SEZ	USD 5 million or more	Council for the Development of Cambodia (National Level)
Spanning Multiple Provinces	Any amount	Council for the Development of Cambodia (National Level)

STEP 2: SUBMIT THE QIP APPLICATION

The registration process begins with the submission of an investment proposal to the CDC or PMIS. Investors are required to complete and sign the official application form and pay the applicable application fee. Where multiple investment activities are proposed under one investment project, separate applications may be required for each activity.

STEP 3: PREPARE SUPPORTING DOCUMENTS

Applicants must provide a complete set of supporting documents as part of the QIP application. These typically include the company's memorandum of association, feasibility study, shareholder identification documents, proof of investment location, bank certification of capital deposit, and other relevant legal and administrative documents. Additional

documentation may be required where the application is submitted through a legal representative or corporate entity.

STEP 4: REVIEW AND APPROVAL PROCESS

Following submission, the CDC or PMIS reviews the application to assess compliance with applicable investment regulations and procedures. If the application meets all requirements, the Registration Certificate is normally issued within 20 working days. However, the authority may postpone or reject the application if the submitted documents are incomplete, the procedures are not properly followed, or the project requires additional review due to its sensitive nature.

STEP 5: ISSUANCE OF REGISTRATION CERTIFICATE AND PROJECT IMPLEMENTATION

The issuance of the Registration Certificate confirms the project's QIP status and marks the official commencement date of the investment project. Delays in obtaining additional permits or approvals from other ministries or competent authorities do not automatically prevent the implementation of the investment project, unless otherwise required by law.

Further information on QIP registration procedures and investment incentives is available through the official Council for the Development of Cambodia website (www.cdc.gov.kh). Investors may also access Cambodia's online business and investment registration platform at <https://registrationservices.gov.kh/home-en/> or refer to **Figure S 2** for the digital registration process.

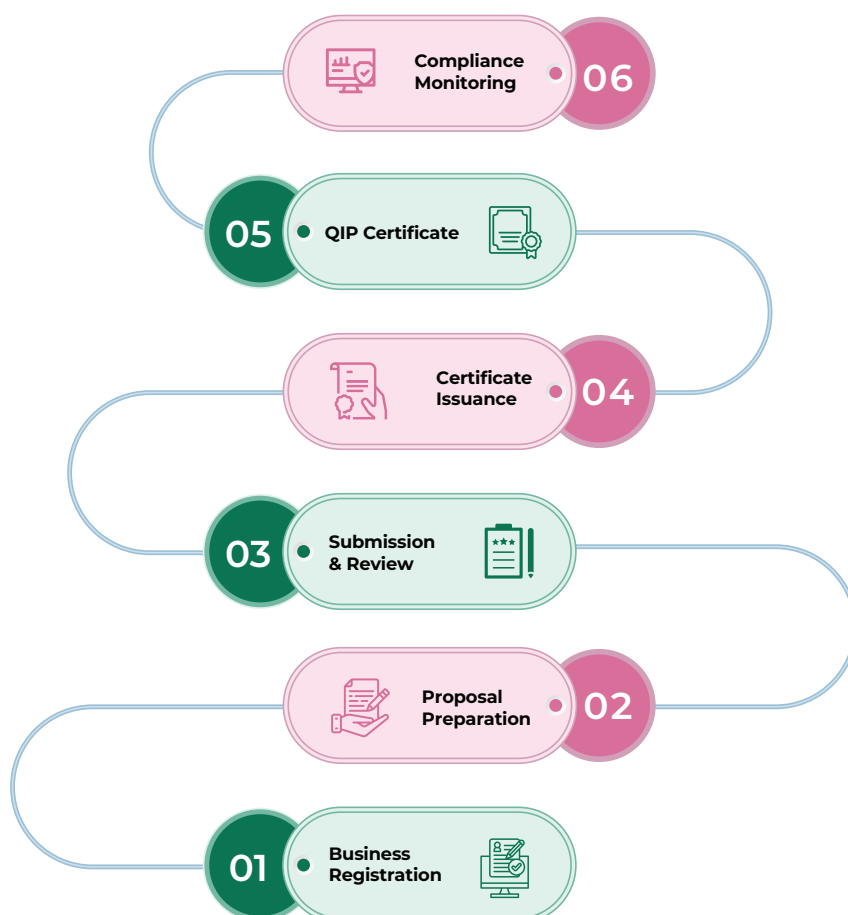


Figure 7 Steps to Qualified Investment Project Certification.



5.2 OTHER INCENTIVES

Green investment support may also be available outside the QIP scheme, although these options are highly case-specific and are not covered in detail in this guide.

In Cambodia, development partners, NGOs, bilateral agencies and public-private partnership programmes may offer financial support, technical assistance, capacity building or other forms of support for projects aligned with sustainable development goals. Investors should engage directly with relevant institutions to identify support options that may apply to their project.

GRANTS AND SUBSIDIES

Grant and subsidy support may be available from international organisations and bilateral development partners, including UNDP, ADB, JICA, GIZ/BMZ and others. These programmes often support projects linked to sustainable development, renewable energy, climate resilience, green industry or infrastructure. Availability, eligibility and funding levels vary by programme, so investors should check directly with relevant development partners and public agencies during project preparation.

LOW-INTEREST LOANS

Low-interest or concessional loans may also be available for eligible infrastructure, green industry and circular economy projects. Development banks, including ADB and the World Bank, can provide financing on more favourable terms than commercial lenders, depending on the project, borrower and financing structure. Investors should assess whether their project qualifies during the feasibility and financing stage (WBG, 2024b).

TECHNICAL ASSISTANCE AND CAPACITY BUILDING

Development partners may also provide technical assistance and capacity building to support project preparation, workforce skills, sustainable production practices, project management and compliance with environmental or international standards. For instance, GIZ Cambodia supports partners and companies to improve productivity and compliance with international standards (GIZ, 2024a). Organisations such as the International Finance Corporation (IFC) also offer advisory services to help businesses strengthen sustainable practices and improve operational efficiency (IFC, 2024).

PUBLIC-PRIVATE PARTNERSHIP (PPP)

Development partnerships can also help investors test or scale projects that combine commercial potential with clear development benefits. One relevant example is develoPPP, a programme of the German Federal Ministry for Economic Cooperation and Development (BMZ), implemented with partners including GIZ and DEG Impulse. Through develoPPP, eligible companies investing sustainably in developing or emerging markets may receive financial and technical support for projects where business objectives align with development impact. Suitable projects can receive BMZ co-financing of between EUR 100,000 and EUR 2 million, covering up to 50% of total project costs.

For Cambodia's textile waste sector, this type of support could be relevant where a company is entering the market with a model that strengthens circularity, traceability, decent work, skills development or environmental performance.

Similar partnership concepts have been explored in the textile sector, including concepts involving European brands, GIZ and sector partners to support social and sustainability objectives. A waste recycler, sorting operator or traceability provider could therefore explore

whether a Cambodia-based pilot or market-entry project may qualify for development partnership support. ADB and the World Bank may also support relevant public-private or infrastructure-linked projects, depending on project structure and eligibility (ADB, 2023) (ADB, 2024).



5.3 LOCATION

A key strength for textile waste investors is the geographic concentration of Cambodia's GFT sector. Many factories are located in or around Phnom Penh and nearby provinces such as Kandal (which surrounds Phnom Penh), Kampong Speu, Takeo, Kampong Chhnang and Kampong Cham. This means a well-positioned sorting, recycling or aggregation facility near the capital can potentially serve a large share of the sector through a relatively compact collection network.

Phnom Penh's Ring Road 3, now operational, further strengthens this case by improving truck access around the capital and connecting key national roads. Sihanoukville and Svay Rieng also remain relevant for investors focused on port access, export routes or cross-border links. (Table 9).

Table 9 Overview of potential Cambodia's city/provinces for GFT sector related investment.

LOCATION	ROAD ACCESS	POTENTIAL	DESCRIPTION
Phnom Penh (PP), the Capital	Central road, rail, airport and river access; strengthened by Ring Road 3 links around the capital.	Strongest location for aggregation, sorting and recycling because of the high concentration of GFT factories and waste feedstock.	The capital city and economic hub of Cambodia, PP is vibrant and rapidly developing. It is a major centre for garment manufacturing (92%) and recycling initiatives, benefiting from a skilled workforce.
Kandal province	Immediate access to Phnom Penh, Ring Road 3 and key national roads.	Strong near-capital option for collection hubs, sorting facilities and recycling plants serving the wider factory cluster.	Kandal is an integral province for trade and logistics. It is known for its proximity to the capital and hosts a number of garment factories and logistic hubs.
Kampong Speu province	Direct access to National Roads 3 and 4, the railway line and the route to Sihanoukville port.	Strong location for facilities serving factories west and southwest of Phnom Penh, with export access via Sihanoukville.	A province known for agriculture, Kampong Speu is also emerging in the garment sector. It offers a blend of agricultural and industrial opportunities, with quite a number of SEZs and garment factories.
Takeo province	Access via National Roads 2 and 3, with links to Phnom Penh and southern production areas.	Relevant for investors targeting southern factory clusters and lower-cost sites within reach of the capital.	Located at the South of Phnom Penh and share border with Kampong Speu and Kandal, Takeo is rich in natural resources and agricultural land. It is also known for textile production.
Sihanoukville (Kampong Som) province	Connected by National Road 4, expressway, railway and deep-water port.	Best suited for export-oriented recycling, feedstock consolidation and businesses needing direct port access.	An emerging coastal city and key port, Sihanoukville is pivotal for trade and tourism. It is known for its shipping and logistics capabilities, with emerging industries including textiles.
Kampong Cham province	Major road links to Phnom Penh and eastern Cambodia.	Useful for serving eastern factory clusters and connecting textile waste flows toward Viet Nam-linked routes.	One of Cambodia's largest provinces, Kampong Cham is known for its agricultural output and growing industries, and emerging textile manufacturing and waste management sectors, supported by local resources.

Kampong Chhnang	Access via National Road 5, linking Phnom Penh with northwestern Cambodia and Thailand.	Potential secondary location for collection or pre-sorting along the Phnom Penh-northwest corridor.	Known for its pottery and agriculture, Kampong Chhnang is increasingly involved in textile production.
Svay Rieng province	Road access to Phnom Penh and the Viet Nam border.	Strong cross-border option for investors linking Cambodian GFT waste with Vietnamese recycling or processing networks.	Located near the Vietnamese border, Svay Rieng is a strategic province for cross-border trade. It is home for a number of garment factories and increasingly focused on sustainable production.

LAND AND PROPERTY RIGHTS

- Foreign investors' land and property rights in Cambodia are primarily governed by the [Law on Land 2001](#).
- Property ownership in Cambodia is restricted to Cambodia citizens and legal entities recognized as Cambodian nationals.
- While foreigners cannot outright own the land, the [2021 Investment Law](#) permits them to lease land and property long-term, offering a level of investment security.
- Foreigners may also purchase apartments and condominiums, provided these units are not on the ground floor of a building.

Note: land title disputes have been reported in Cambodia. Conducting thorough due diligence is essential before committing any lease agreements or making land purchases.

SPECIAL ECONOMIC ZONES

Cambodia's Special Economic Zones (SEZs) can be attractive locations for GFT waste investors because they combine factory access, transport links, utilities and streamlined administrative procedures (one-stop shops). For sorting, recycling or aggregation facilities, location inside or near an SEZ can reduce collection costs, improve access to waste feedstock and support export-oriented operations. As shown in [Figure 8](#), many garment factories are concentrated in the capital-zone cluster, including Phnom Penh, Kandal, Kampong Speu, Kampong Chhnang and Kampong Cham. This concentration makes SEZs and nearby industrial areas especially relevant for textile waste collection, pre-sorting and recycling investment.

- Infrastructure:** SEZs often provide more reliable access to electricity, water, roads and logistics services than standalone sites.
- Administrative support:** SEZs can simplify set-up and coordination with relevant authorities, reducing entry friction for investors.
- Export access:** Export-oriented SEZs (which is most of them), particularly those linked to ports or major corridors, can support recycled feedstock or recycled material exports.
- Factory proximity:** SEZs located near garment clusters can reduce waste collection costs and improve access to consistent textile waste feedstock.

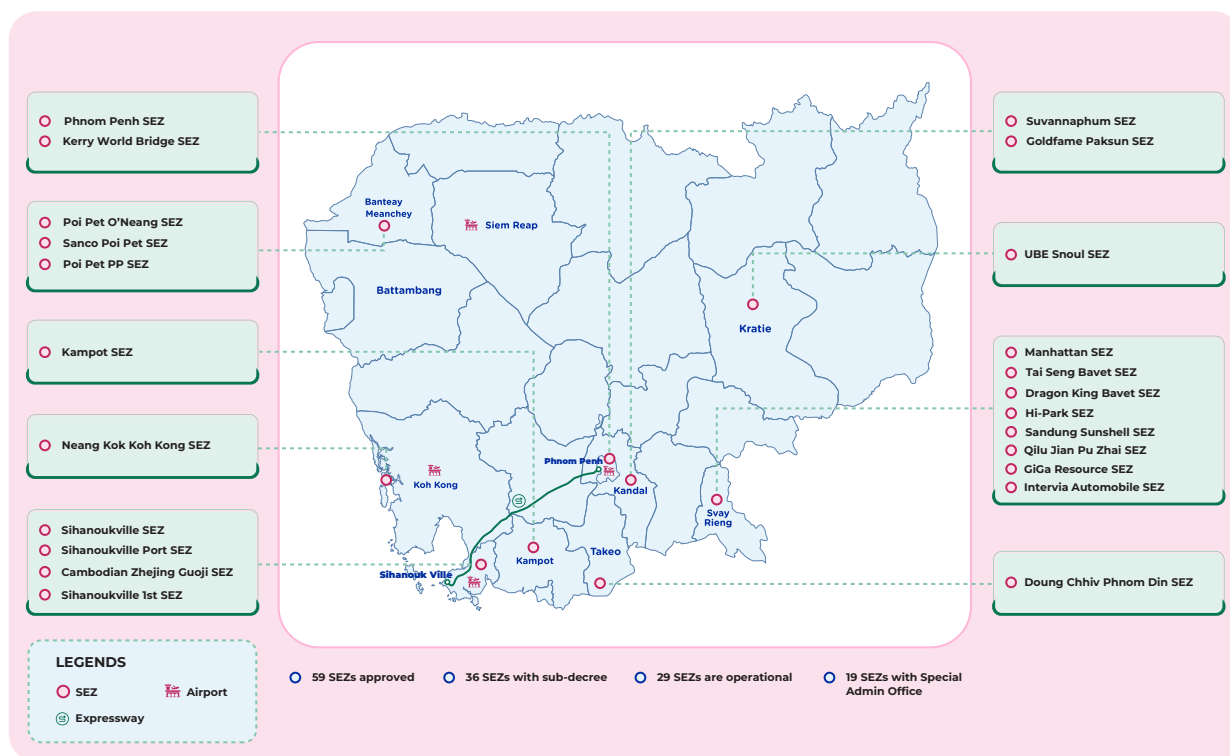


Figure 8 Overview of Cambodia's special economic zones (SEZs) (EuroCham-Cambodia b, 2024).



5.4 LOGISTICS AND TRANSPORTATION

Textile waste collection is bulky, margin-sensitive and spread across factory clusters. Access to reliable roads, ports, and industrial zones will directly affect collection costs, feedstock reliability and the viability of sorting, recycling or export-oriented operations. The good news: Cambodia's continued investment in roads, ports, rail and logistics infrastructure therefore strengthens the case for textile waste aggregation and recycling investment.

ROAD TRANSPORT

Road transport is the main option for collecting and moving textile waste in Cambodia. For sorting, recycling and aggregation businesses, truck access to garment factories, SEZs, ports and industrial zones will directly affect collection cost and feedstock reliability. Trucks are commonly used for both factory collection and onward transport, with vehicle choice depending on waste volume, distance and loading capacity, as shown in the table below.

Cambodia's road network has improved through major infrastructure upgrades, including the Phnom Penh-Sihanoukville Expressway and improvements to National Road No. 5, which connects Phnom Penh with northwestern provinces such as Kampong Chhnang, Pursat, Battambang and Banteay Meanchey. These corridors are relevant for textile waste investors because they improve access between factory clusters, recycling sites, ports and export routes.

Table 10 Types of trucks by loading capacity using in Cambodia.

TYPES OF TRUCKS	LOADING CAPACITY (TONNES)	USAGE	DESCRIPTION
Light-duty trucks	1 – 3	- Small quantities - Nearby retail outlets or factories	These trucks are commonly used for local deliveries and short-distance transportation.
Kandal province	3 – 7	- Larger shipments between factories and warehouse - Regional deliveries	These trucks are versatile and can handle a range of loading capacities.
Heavy-duty trucks	7 – 15	- Commonly for bulk materials from ports to manufacturing facilities - Deliver finished goods to distributors	These trucks are designed for significant loads and longer distances.
Extra heavy-duty trucks	15 and above	Typically for large quantities over long distances through major highways and ports	These trucks are the largest trucks, capable of carrying very heavy loads.

RAIL TRANSPORT

Cambodia's railway network is limited but relevant for bulk and longer-distance freight. The system consists of two main lines: the Southern Line linking Phnom Penh with Sihanoukville, and the Northern Line linking Phnom Penh with Poipet on the Thai border. The Ministry of Public Works and Transport describes the network as approximately 650 km in total, while CDC investment materials describe the Southern Line as 264 km and the Northern Line as 336 km.

For GFT waste investors, rail is not likely to replace truck-based factory collection. Its relevance is more specific: moving larger volumes of sorted feedstock, recycled fibre, recycled materials or export-bound products between Phnom Penh, inland production zones, Sihanoukville Port and border corridors. Rail may become more useful as infrastructure develops, recycling volumes scale and if investors can consolidate waste into larger, regular shipments.

WATER TRANSPORT

Water transport remains important for Cambodia's export logistics, especially through Sihanoukville Autonomous Port, the country's main deep-sea port. For textile waste investors, this matters most for export-oriented models - for example, exporting sorted feedstock, recycled fibre, textile-derived materials or semi-processed recycled inputs to regional or global buyers.

Cambodia is also developing the Funan Techo Canal, a major waterway and logistics project intended to connect the Mekong/Bassac river system near Phnom Penh with the Gulf of Thailand through Kep. The project is commonly reported as costing around USD 1.7 billion, while a 2025 China-Cambodia financing agreement was reported at USD 1.2 billion. Reported project lengths vary by source and phase, from around 151.6 km to 180 km, and the canal is expected to support vessels of up to 3,000 deadweight tonnes.

If completed and operated as planned, the canal could improve Cambodia's direct maritime connectivity and reduce reliance on foreign transit routes.

For GFT waste investors, its potential relevance is long-term: lower-cost movement of bulk

materials, improved access between Phnom Penh-area production clusters and coastal logistics hubs, and stronger options for exporting recycled or semi-processed materials. Investors should monitor the project timeline, operating rules and actual logistics costs as construction progresses.

AIR TRANSPORT

Air transport is not normally suitable for bulk textile waste because of cost. Its role is more limited: urgent samples, high-value recycled inputs, machinery parts, technical equipment and time-sensitive commercial shipments.

Cambodia's aviation infrastructure has changed significantly. Techo International Airport is now operational and has replaced the former Phnom Penh International Airport as the capital's main commercial aviation hub. It opened for commercial operations on 9 September 2025 and was officially inaugurated on 20 October 2025. Located south of Phnom Penh in Kandal Province, the airport is Cambodia's largest aviation infrastructure project and is designed to support long-term growth in tourism, trade and investment. Phase 1 capacity is reported at around 13 million passengers per year, with expansion plans to around 30 million and later 50 million passengers per year.

For GFT waste and recycling investors, the airport is less important for moving waste itself, but useful for business operations: investor travel, technical missions, machinery servicing, quality audits, buyer visits and regional coordination. Cambodia's main international airport network now includes Techo International Airport, Siem Reap Angkor International Airport and Sihanoukville International Airport.



5.5 TYPES OF BUSINESS ENTITY

In Cambodia, the business landscape offers a variety of entities that investor can consider as a model to enter the Cambodia market. [Table 11](#) illustrate business entities and their characteristics:

Table 11 List of business entities and their characteristics in Cambodia.

TYPE OF BUSINESS ENTITY	BUSINESS CHARACTERISTICS	OWNERSHIP	DESCRIPTION
Company	Private limited company	From 2 to 30 shareholders	Foreigners can establish limited liability companies, either fully foreign-owned or with a local partner, which can aid in navigating regulations and the market. Companies must have a Cambodian address, a representative, and at least 51% local ownership to avoid being classified as foreign.
	Public limited company	At least 2 shareholders	This entity is ideal for larger enterprises seeking to raise capital through public share offerings. It operates under strict Securities and Exchange Regulator of Cambodia's oversight, with limited liability and stringent reporting and governance requirements.

Foreign Company	Foreign branch office	At least 1 director	A foreign branch office can operate in Cambodia under its parent company's name (including "Branch") but is ineligible for QIP incentives.
	Representative office	At least 1 director	A representative office serves as a non-commercial extension of a foreign company, focused on market research, liaison, and promotional activities. It cannot conduct commercial activities or generate revenue, making it ideal for exploring the Cambodian market.
Sole Proprietorship		Only 1 owner	A sole proprietorship is the simplest business structure, owned and managed by one individual with full control, making it ideal for small businesses, freelancers, and independent contractors.
Partnership	General partnership company (GPC)	2 or more general partners	Collaborating for profit, sharing unlimited liability and equal responsibility unless outlined otherwise in an agreement. It requires minimal formalities and regulatory oversight.
	Limited partnership company (LPC)	At least 1 general and 1 limited partner	LPC is combining unlimited and limited liability to attract investment while limiting financial risk for certain partners. It must be registered with the Ministry of Commerce.



5.6 BUSINESS REGISTRATION

The Cambodian Government has developed an online business registration portal that allows investors to complete business registration in seven steps.

- i. Visit www.registration-services.gov.kh
- ii. Click on "Register Your Business"
- iii. Create an account on CamDigiKey
- iv. Fill in required information and upload required documents
- v. Pay for the service using available online payment methods
- vi. Obtain decision in 8 working days maximum. You may be asked for additional documents
- vii. If approved, download and print 3 digital licenses/certificates and patent tax.

Fees and taxes for new business registrations apply and are listed on the following website.

Source: [Home - Registration Services](#)

See below, which explains further procedures beyond online registration:

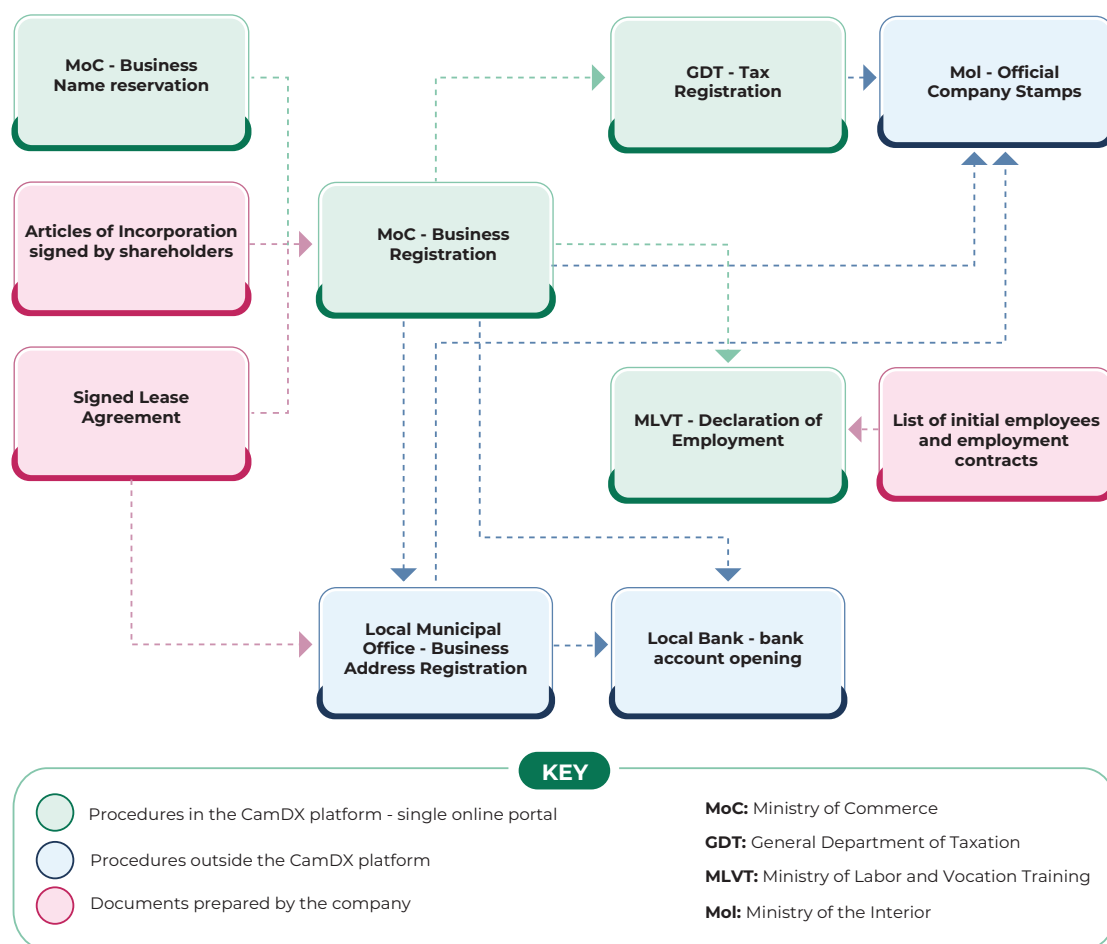


Figure 9 Business registration flow from GIZ research study in 2023.

LAW ON TAXATION – A RECENT UPDATE

The [New Law on Taxation \(2023\)](#) in Cambodia centralises and updates tax regulations.

Key changes include:

- **Consolidating of tax types:** 20 taxes have been merged into a unified framework. the law.
- **Aligning with international treaties and modernizing terms for clarity.**
- **New types of taxes:** including the Specific Tax, Public Lighting Tax, Accommodation Tax, Patent Tax, Tax on Advertising Banner, Tax on Immovable Property Rental, Tax on Immovable Property, Stamp Duty, Capital Gains Tax, Unused Land Tax, and Transportation Tax.
- **The power of tax authorities has been expanded.** Authorities now can communicate electronically with taxpayers, streamlining the tax audits and responses within specified timeframes.
- **Liability for existing debts:** new business owners are liable for the existing tax debts of transferred businesses.
- **Introduction of tax-related offenses:** including unlicensed tax practice, failure to pay collected taxes, unauthorized tax collection, and criminal liability for legal entities.
- **Penalties:** including fines up to 100,000,000 riel and imprisonment of up to three years for violation.

In summary, the Law on Taxation (2023) aims to create a more unified and transparent tax framework in Cambodia, addressing previous regulatory gaps and aligning the system more closely with international standards. For textile waste investors, the key implication is the need for proper tax registration, record-keeping and compliance from the start, particularly where the business involves imports, exports, QIP incentives or VAT-related exemptions.



5.7 DECLARATION OF EMPLOYMENT

The process is carried out through the [CamDX Business Registration](#) platform. The first step involves registering your company with the MLVT and providing an estimated number of employees that aligns with the nature of the business.

REQUIRED DOCUMENTS:

- ⌘ Completed application form
- ⌘ Business registration certificate
- ⌘ Tax registration and patent tax certificate
- ⌘ Estimated number of employees

Post-Registration Formalities with the MLVT and NSSF: Once business registration is finalized, the company must complete additional recurring or one-time formalities with the MLVT and the National Social Security Fund (NSSF), covering areas such as pensions, occupational injury, and healthcare.

Table 12 Overview of workforce-related formalities for business registration procedure with the MLVT and the NSSF based on GIZ internal study in 2024.

AGENCY	FORMALITY	TIMING	INCURRED FEES
MLVT	Employee director: list of employees and information (Name, gender, date of birth, address, occupation, salary, date of employment)	Once, within 30 days after registration	~20 USD once
MLVT	Change in employee directory	Once per employee arrival / departure	1.5 USD (Khmer), 1 USD (foreigner)
MLVT	Company book entry registration (book where all documents submitted to the MLVT are recorded)	Once	20 USD
MLVT	Employee elected delegates registration for companies >8 employees	Once every 2 years	62.5 USD
MLVT	Internal HR policy submission	Once	150 USD
MLVT	Health check-up certificate (each employee needs to get checked at least once every 2 years and a certificate be produced every 2 years)	Once every 2 years	10 USD / 2 years (Khmer staff) 25 USD / 2 years (foreign staff)
MLVT	Employment contracts declaration (each employment contract and changes must be declared, and a fee paid every 2 years for the service)	Once per new contract/contract change	10 USD total / 2 years
MLVT	Employment book for each Khmer staff	Once every 2 years	10 USD total / 2 years
MLVT	Foreigner work permit tax	Once per year	135 USD total / year
NSSF	Initial registration for each employee	Once for each employee	5 USD
NSSF	Monthly contributions (old-age pension, injury cover, healthcare)	Every month	5.4% of wage (2023)

LABOUR LAW

Cambodia's labour relations are governed by [the 1997 Labour Law](#), enforced by the Ministry of Labour and Vocational Training (MLVT).

Key highlights include:

EMPLOYMENT OF FOREIGN WORKERS

- Employers can hire up to 10% foreign nationals, divided into office employees (3%), skilled labour (6%), and unskilled labour (1%).
- Work permits and quotas must comply with Prakas 026/24 adopted in 2024.

EMPLOYMENT CONTRACTS

- **Fixed Duration Contracts (FDCs):** Must be written and cannot exceed two years.
- **Unlimited Duration Contracts (UDCs):** Can be verbal or written, with no end date.

MINIMUM WAGE FOR 2025

- Garment, footwear, textile, and travel goods industries:
 - Regular employees: USD 210/month
 - Probationary employees: USD 208/month
- Additional benefits include attendance, seniority bonuses, and allowances.

WORKING HOURS AND LEAVE

- **Standard:** 8 hours/day, 48 hours/week; overtime paid at 1.5–2x regular wage.
- **Annual leave:** 18 days/year, with one extra day every three years.
- **Night work:** Paid at 130% of regular wage, with transport/accommodation provided.

NATIONAL SOCIAL SECURITY FUND (NSSF)

- Covers occupational risks, health insurance, and retirement pensions.
- Employers with one or more employees must register with the NSSF within 30 days of operations.

SETH YERNG OUR RIGHTS APP



The Cambodia Labour Law App '**Seth Yerng – Our Rights**' was funded by the GIZ FABRIC Project to help garment workers understand their rights under Cambodian labour law, including occupational safety and health requirements.

Click to Download: [Onelink.to](https://onelink.to)

More information (in Khmer): <https://www.facebook.com/SethYerngKH>



**LICENSE/PERMIT FOR
WASTE COLLECTION**



**LICENSE FOR WASTE
OPERATING/RECYCLING**



**LICENSE/PERMIT FOR
WASTE EXPORTATION**



5.8 RELEVANT LICENSES FOR WASTE-RELATED BUSINESSES

In Cambodia, waste-related businesses must obtain the relevant licences and permits based on their activities. Key approvals may include the Licence/Permit for Waste Collection, the Licence for Waste Operation/Recycling, and the Licence/Permit for Waste Exportation.

5.8.1 LICENSE AND PERMIT FOR WASTE COLLECTION

The licensing and permitting process for waste collection in Cambodia is managed by the Department of Environmental Impact Assessment (EIA) under the Ministry of Environment (MoE).

The steps to obtaining this license are below:

- ⌘ **Business Registration Certificate:** Businesses must provide a valid certificate to confirm their legal status.
- ⌘ **Facility Information:** Detailed information about the location and layout of the waste sorting facility must be submitted. The MoE will inspect the facility to ensure it meets environmental standards.
- ⌘ **EIA Report:** Generally, an EIA report is not required. However, this may vary depending on the scale, nature, size, and activity of the operation, and the MoE may request additional documentation and assessment if necessary. Generally, there are 3 different categories, such as initial EIA, Full EIA, and Environmental Protection Agreement Certificate.
- ⌘ **Processing time:** The application process typically takes up to 8 weeks.
- ⌘ **License validity:** Once approved, the license is valid for a period of 3 to 5 years, after which it must be renewed or reviewed for continued compliance.
- ⌘ **Fees:** A fee applies, which varies based on the facility's location and the number of supply factories involved.

5.8.2 LICENSE FOR WASTE OPERATING/RECYCLING

In Cambodia, setting up a waste recycling facility involves obtaining two key permits, each managed by different departments.

The steps to obtaining this license are below:

➡ REQUIRED PERMITS

- ⌘ **Permit to build a factory:** This permit is issued in accordance with “Prakas No. 562 for the Construction of a Factory.”
- ⌘ **Operating license for the factory:** This license is required to legally operate the recycling facility.

➡ RESPONSIBLE AGENCY

Both permits are managed by the Department of Industrial Affairs and the Department of Small and Medium Enterprise, which fall under the Ministry of Industry, Science, Technology, and Innovation (MISTI).

➡ DOCUMENTS NEEDED

- ⌘ **Application letter:** A formal request for the permits.
- ⌘ **Feasibility study:** This should include the factory layout or an operational plan outlining the facility's design and functionality.
- ⌘ **Factory details:** Information about the factory's location, name, and logo.
- ⌘ **Initial registration documents:** These include:
 - Ministry of Commerce (MoC) Registration
 - General Department of Taxation (GDT)

- Ministry of Economy and Finance (MEF) Registration
- MLVT Registration

➡ PROCEDURE TIME

The entire application process is conducted online and takes about 1 week to complete.

REGULATIONS

1. CODE ON ENVIRONMENT AND NATURAL RESOURCES KEY CHANGES INCLUDE:

The **Environmental Code**, adopted on June 29, 2023, is a comprehensive legal framework with **865 Articles across 12 Books**, aimed at modernising and improving the management of environmental protection, natural resources, biodiversity, and ecological functions in Cambodia. The Cambodian Government reformed environmental governance and revised existing environmental and natural resources laws in anticipation of the Environmental Code.

Below are the highlights related to waste management activities:

- ⌘ Article 101 Producer Responsibility
- ⌘ Article 127 Promotion of Environmentally Friendly Technology
- ⌘ Article 128 Efficient, Low Emission, Low Waste Technology
- ⌘ Article 154 Waste Management Obligation
- ⌘ Article 173 Application and Types of Waste Permits
- ⌘ Article 174 Conditions for Granting Waste Permits
- ⌘ Section 3 Solid Waste Management; Articles 208 to 222
- ⌘ Chapter 5 Industrial Solid Waste Management, Articles 231 to 234
- ⌘ Chapter 6 Processing, Exploitation, Treatment, Importation and Exportation of Solid Waste, Articles 235 to 237
- ⌘ Section 4 Hazardous Waste Management, Articles 238 to 274

For more details, please visit Ministry of Environment's website:

<https://www.moe.gov.kh/>

2. SUB-DECREE NO. 36 ON SOLID WASTE MANAGEMENT

This sub-decree establishes Cambodia's framework for managing all types of solid waste, including textile waste. Key responsibilities for waste generators, such as textile manufacturers, include **proper segregation, storage, and disposal** of waste. Hazardous waste must be treated to minimize environmental and health risks.

➡ KEY PROVISIONS:

- ⌘ **Article 7:** Prohibits open burning and illegal dumping of waste.
- ⌘ **Article 15:** Requires waste segregation at the source, ensuring recyclable materials are separated.
- ⌘ **Article 17:** Hazardous waste transportation, storage, or disposal must have Ministry of Environment approval.
- ⌘ **Annex 1:** A list that defines type of hazardous waste.

Note: Colourful fibrous and clothing waste is not considered as hazardous waste, unless it is burning/incinerating.

STRATEGIES

1. Pentagonal Strategy

The Pentagonal Strategy on the environment sector focuses on ensuring environmental sustainability and readiness for responding to climate change, as well as promoting a green economy. One of the key priorities is **Green Development** on promoting clean energy, green industrial processes, and circular economy principles, including waste reduction and recycling.

For more details, refers to the full document: [Pentagonal Strategy - Phase](#)

2. Circular Strategy on Environment 2023-2028

The Ministry of Environment of Cambodia, through the “Circular Strategy on Environment 2023-2028”, has delineated a transformative pathway for the textile sector, emphasizing sustainable practices, pollution control, and resource efficiency. This strategic framework, which is part of the broader national agenda outlined in the Pentagon Strategy (Phase 1) 2023-2028 (RGC b, 2023), underscores the necessity for the textile industry to align with the three core strategies:

- ⌘ **Clean Strategy:** Mitigates pollution by improving waste management, adopting advanced pollution control technologies, and enhancing environmental quality systems.
- ⌘ **Green Strategy:** Promotes sustainable sourcing, biodiversity conservation, and eco-friendly practices that benefit local communities.
- ⌘ **Sustainable Strategy:** Ensures compliance with environmental laws and fosters collaboration among government, private stakeholders, and local authorities to address environmental challenges.

For more details, refer to the full document:
[Circular Strategy on Environment 2023-2028](#)

3. Cambodia's Updated Nationally Determined Contribution Cambodia's Updated Nationally Determined Contribution (NDC 3.0), 2025.

This strategy emphasizes the potential of a centralized recycling facility for reducing greenhouse gas emission (GHG) in the GFT sector.

For more details: [Cambodia's Third Nationally Determined Contribution \(NDC 3.0\)](#)

4. Cambodia Garment, Footwear, and Travel Goods (GFT) Sector Development Strategy (2022-2027)

The GFT development strategy recognizes the increasing significance of environmental sustainability in the GFT sector, especially through the statement: “use of resources in accordance with the concept of circular economy and the recycling of fabric, accessories, and other raw materials efficiently and sustainably”.

For more details: [Cambodia Garment, Footwear and Travel Goods \(GFT\) Sector Development Strategy \(2022-2027\)](#)

5. The Cambodia Industrial Development Policy 2015-2025

Set out the Royal Government's vision to move Cambodia from labour-intensive production toward a more skill-based, diversified and higher-value industrial economy. Its targets included increasing industry's share of GDP, growing manufacturing, diversifying exports beyond textiles, attracting higher-quality investment, strengthening SMEs and integrating Cambodia into regional and global value chains.

This remains relevant for textile waste investors because sorting, recycling, traceability and circular material processing can support industrial upgrading within the GFT sector while also supplying future growth sectors. Cambodia has also developed specific roadmaps for the automotive and electronics sectors,

For more details: [The Cambodia Industrial Development Policy 2015-2025](#)

5.8.3 LICENSE AND PERMIT FOR WASTE EXPORTATION

Exporting waste from Cambodia requires both Cambodian export approval and compliance with the import requirements of the receiving country. Investors should confirm the relevant waste classification, destination-country rules, required permits and customs documentation before arranging shipment. The general steps and documents are outlined below:

STEPS FOR EXPORTING WASTE

- i. **Company registration:** ensure that your company is legally registered in Cambodia.
- ii. **Customs registration:** register with Cambodian customs authorities.
- iii. **Obtain specific permits:** secure any specific permits required for exporting waste.
- iv. **Customs declarations:** complete the customs declaration for export manually or electronically through Automated System for Customs Data (ASYCUDA).
- v. **Prepare additional documentation:** gather and prepare additional required documents.

REQUIRED DOCUMENTS

- ⊕ **Customs export declaration:** this form details the exportation of goods.
- ⊕ **Commercial invoice:** provides details about the transaction and payment.
- ⊕ **Packing List** lists the contents and packaging of the waste.
- ⊕ **Road transport document:** for waste transported by land.
- ⊕ **Bill of lading:** required for sea transport, detailing the shipment.
- ⊕ **Terminal handling receipts:** for waste transported by sea, confirming receipt at the port.
- ⊕ **Insurance certificate:** verifies that the waste is insured during transport.
- ⊕ **Export permit:** official permission to export waste.
- ⊕ **Certificate of Origin** confirms the origin of the waste.

For more information on how to apply for these documents, visit the website of the Ministry of Commerce ([Table S 4](#)).

CODE ON ENVIRONMENT AND NATURAL RESOURCES

Under the Code on Environment and Natural Resources, Chapter 6 on the processing, exploitation, treatment, importation and exportation of solid waste sets out the following requirements:

Export of Waste: The export of solid waste, or raw materials derived from solid waste processing, requires a permit from the ministry responsible for environment and natural resources.

Import of Waste: The import of solid waste into Cambodia is generally prohibited. Exceptions may apply where the imported waste is required for an approved domestic waste-processing investment project, subject to government permission and the applicable procedures.

LAW ON CUSTOMS

In accordance with the [Law on Customs, 2007](#), the exportation by port (sea/river), land, and air shall follow procedures as described below:

⌘ For non-containerized goods

- Directly make a request to Customs office or branch
- After approval, make an export declaration in accordance with Prakas on the Provision and Procedure of Customs Declaration with the attachment ([Prakas on Provision and Procedures of Custom Declaration, 2007](#)).

⌘ For non-prohibited containerized goods

- The exporter or representative shall fulfil the customs formalities at the Department of Export Management of the GDCE

⌘ For goods in the list of prohibited and restricted goods

- The exporter or representative shall obtain an export permit from relevant ministries/authorities in accordance with [Sub-Decree on Implementation of the List of Prohibited and Restricted Goods](#), and fulfil the existing customs formalities ([Sub Decree on the enforcement of the list of prohibited and restricted goods, 2020](#))

⌘ For containerized goods

- The goods may be subject to the requirement to pass through scanning machine.
- The necessary attached documents to be reported at a customs office or a place designated by the Customs are ([Prakas on Reporting, Movement, Storage and Transportation of Exported Goods, 2008](#)):
 - Invoice and packing list
 - Bill of lading / Airway Bill, Trucking bill of lading
 - Permit issued by the customs (except the exportation by QIP)

Note: Permit or certificate or license from other governmental authorities (if required).



6 | OTHER INFORMATION



6.1 UTILITIES AND WATER USAGE

The Cambodia's electricity sector is regulated by the Ministry of Mines and Energy (MoME) and the Electricité du Cambodge (EDC). The EDC is an independent body that established under the Electricity Law (2001). It ensures consumers receive quality electricity at fair prices by setting standards and resolving disputes related to service contracts and pricing (EDC, 2017).

Cambodia has made significant progress in enhancing its energy infrastructure, with substantial government investment in hydropower and coal-fired power plants (ADB, 2018). In 2022, electricity generation came from different sources, mostly from hydropower (53.9 %), coal & oil (38.9 %), solar (6.7 %) and other sources such as biomass and imports (EAC, 2022). This diversification aims to enhance energy security and reduce reliance on any single source. To understand more about the energy efficiency technologies in commercial buildings and industries, please visit this [Sector Analysis Cambodia](#) (GIZ a, 2024). **Figure 10** below gives an overview of the processes in which electricity is used in the textile industry.

Cambodia has also signalled a shift away from additional coal-fired power. In 2023, the Government cancelled a planned 700 MW coal-fired power project in Koh Kong and announced plans to replace it with an 800 MW LNG/gas-fired plant. While gas is not renewable, the decision forms part of a broader power-sector transition that includes expanding cleaner generation, improving energy security and supporting Cambodia's carbon neutrality target for 2050. The Government has also stated an ambition to generate around 70% of electricity from clean sources by 2030.

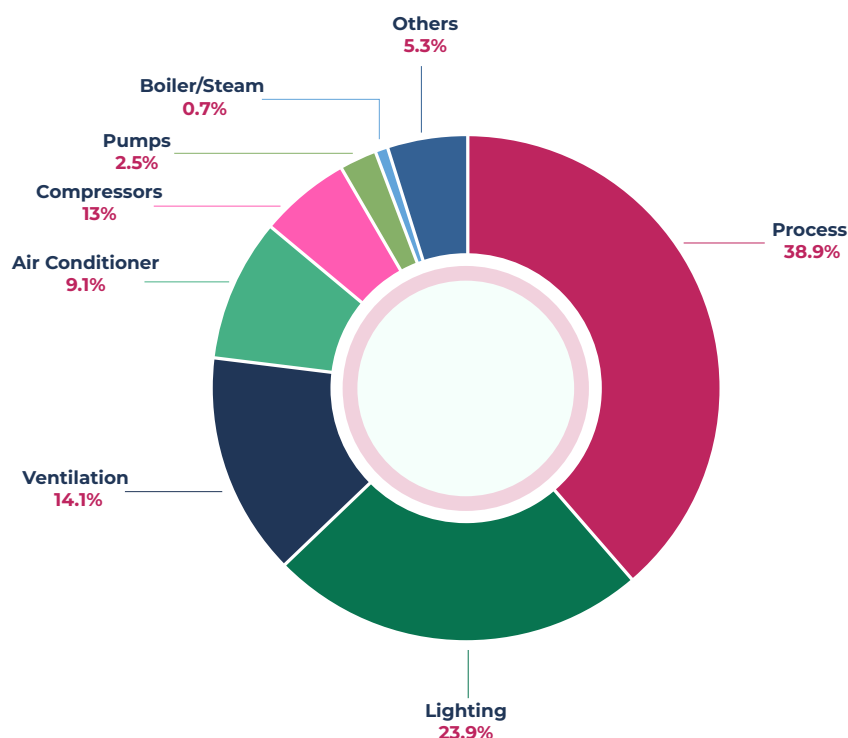


Figure 10 Electricity usage in Cambodia's textile industry (TAFTAC, 2023).

ENERGY DEMAND AND SUPPLY CHALLENGES

Electricity demand in Cambodia is rising quickly with industrialisation and urbanisation. Commercial and industrial users account for 35.8% of total electricity consumption (GIZ, 2024b), while the garment and textile industry uses electricity for around 27% of its energy needs (GERES, 2023). Supply reliability can remain a challenge, with shortages and blackouts more likely during the dry season (ADB, 2018). Investors should therefore assess grid reliability, tariff levels and backup options, including generators or solar power systems, during site selection.

Electricity prices in Cambodia remain relatively high compared with some regional neighbours, reflecting imported fuel costs and the cost of maintaining and expanding the grid. As a rough guide, industrial users should expect tariffs in the range of around USD 0.12-0.14/kWh, depending on location, connection type and tariff structure. For industry and agriculture consumers connected to an HV or MV line, Table 14 shows a general tariff of USD 0.137/kWh, or USD 0.130/kWh during peak hours and USD 0.110/kWh during off-peak hours under time-of-use pricing, with additional monthly capacity charges.

Table 14 provides a more detailed overview of current electricity tariffs.

WATER USAGE

Cambodia's water sources are mainly from the Mekong River and Tonle Sap Lake, which together provide substantial water volumes for industrial needs, but the quality and availability of water can vary depending on location and season. Phnom Penh Water Supply Authority (PPWSA) oversees water supply in Phnom Penh municipality and Ta Khmao.

Table 13 describes water tariff charge according to quantity of water consumption per month and per cubic metre (m³).

Table 13 Water consumption tariff fee of PPWSA for Commercial, Autonomous State Authorities and Wholesalers (PPWSA, 2021).

QUANTITY (m ³)	FEE PER m ³ (Riel)	PAYMENT
0 – 15	950	Cash at PPWSA office, E-payment (FTB, ACLEDA, Canadia, Wing) and Cell Card Cash
16 – 45	1,100	
46 – 100	1,400	
101 – 200	1,700	
201 – 500	2,100	
Over 500	2,400	

Table 14 Electricity tariff in Cambodia based on consumers and their practices (GIZ a, 2024).

TARIFF STRUCTURE	TIME-OF-USE TARIFF				SOLAR PV TARIFF	
	GENERAL TARIFF	MONTHLY CAPACITY CHARGE	PEAK HOURS TARIFF (7 AM – 9 PM)	OFF-PEAK HOURS TARIFF (9 PM – 7 AM)	MONTHLY CAPACITY CHARGE	ELECTRICITY CHARGE
DIRECTLY CONNECTED TO A SUBSTATION						
High voltage	USD 0.1170/kWh	USD 2.0000/kWh	USD 0.1140/kWh	USD 0.0940/kWh	USD 2.9000/kW	USD 0.1140/kWh
Medium voltage ● Phnom Penh & Ta Khmao ● Provinces	USD 0.1320/kWh USD 0.1210/kWh	USD 2.5000/kWh USD 2.500/kWh	USD 0.1290/kWh USD 0.1180/kWh	USD 0.0960/kWh USD 0.0960/kWh	USD 4.0000/kW USD 3.1000/kW	USD 0.1290/kWh USD 0.1180/kWh
CONNECTED TO AN HV OR MV LINE USD						
Industry & agriculture consumers	USD 0.1370/kWh	USD 3.0000/kWh	USD 0.1300/kWh	USD 0.1100/kWh	USD 5.00/kW	USD 0.1300/kWh
Commercial & administration consumers	USD 0.1580/kWh	USD 3.5000/kWh	USD 0.1500/kWh	USD 0.1240/kWh	USD 5.80/kW	USD 0.1500/kWh
CONNECTED TO AN LV DISTRIBUTION LINE						
Residents (>200 kWh/month)	KHR 730/kWh	(Approx. USD 0.1825/kWh)			-	
Residents (51 – 200 kWh/month)	KHR 610/kWh	(Approx. USD 0.1525/kWh)			-	
Residents (11 – 50 kWh/month)	KHR 480/kWh	(Approx. USD 0.1200/kWh)			-	
Residents (<10 kWh/month)	KHR 380/kWh	(Approx. USD 0.0950/kWh)			-	



6.2 TRADE AGREEMENTS

Cambodia participates in multiple regional, plurilateral and bilateral trade agreements aimed at reducing tariffs and facilitating economic integration. A good example of such an initiative is the Association of Southeast Asian Nations (ASEAN) Trade in Goods Agreement, which abolishes import tariffs among member states of ASEAN. [Table 15](#) provides an overview of significant trade agreements involving Cambodia. Those include the ASEAN Trade in Good Agreement (ATIGA), the Regional Comprehensive Economic Partnership (RCEP), and the ASEAN-India Free Trade Area (AIFTA).

Table 15 List of key trade agreements for Cambodia.

ASEAN TRADE IN GOODS AGREEMENT (ATIGA) (ASEAN, 2015)	
The Association of Southeast Asian Nations (ASEAN) Trade in Goods Agreement (ATIGA) aims to facilitate the free flow of goods among ASEAN member states, including Cambodia. It seeks to reduce trade barriers, deepen economic ties, lower business costs, increase trade, and expand the market for business within the region.	
Benefits	Tariff Elimination: ATIGA has reduced duties to 0 – 5% on 98.86% of tariff lines, enhancing the competitiveness of Cambodian goods within ASEAN. Non-Tariff Measures: The agreement addresses non-tariff barriers, potentially reducing bureaucratic obstacles to trade for Cambodia. Market Access: As an ASEAN member, Cambodia enjoys improved access to a larger regional market, boosting exports and economic growth. Trade Facilitation: ATIGA includes provisions for customs procedures, standards, and technical regulations, streamlining trade processes for Cambodia businesses.
REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP) (SOK, 2021)	
The Regional Comprehensive Economic Partnership (RCEP) is a significant free trade agreement involving 15 Asia-Pacific countries, including Cambodia. It aims to enhance trade and economic cooperation by reducing tariffs and non-tariff barriers, facilitating a smoother flow of goods and services across the region. Effective from January 2022, RCEP is expected to strengthen Cambodia's economic integration within the Asia-Pacific. This agreement supports Cambodia's goals of becoming an upper-middle-income country by 2030 and a high-income nation by 2050.	
Benefits	Increased Market Access: RCEP improves access to larger markets for Cambodian businesses, projected to eliminate tariffs on about 90% of traded goods, boosting competitiveness, especially in garments. Foreign Direct Investment (FDI): The agreement is expected to attract more FDI by creating a favourable environment through trade facilitation and investment liberalization. Export Diversification: With better market access and reduced tariffs, Cambodia can diversify its exports, particularly in textiles, which have seen growth since the agreement's implementation. Economic Growth: RCEP is anticipated to contribute to Cambodia's economic growth, projected at 5.6% in 2024, driven by enhanced trade opportunities and increased investments. Infrastructure Development: The agreement complements initiatives like China's Belt and Road Initiative, leading to significant infrastructure investments that enhance connectivity and logistics. Strengthening Regional Cooperation: RCEP reinforces Cambodia's role in regional integration, promoting collaboration with neighbouring countries and contributing to stability and prosperity in the Asia-Pacific.

ASEAN-INDIA FREE TRADE AREA (AIFTA) (ASEAN, 2009)

The ASEAN-India Free Trade Area (AIFTA) is a free trade agreement between India and the 10 ASEAN member states, including Cambodia, aimed at enhancing trade by reducing tariffs and trade barriers. Effective from January 2010, AIFTA commits India and ASEAN countries to progressively reduce and eliminate duties on 76.4% of goods and liberalize tariffs on over 90% of traded goods.

Benefits

Tariff Reductions: Cambodian products face lower or eliminated tariffs when entering the Indian market, making them more competitive.

Economic diversification: the agreement helps Cambodia diversify its export markets beyond its traditional partners.

Investment Opportunities: AIFTA may attract most Indian investments to Cambodia, particularly in sectors where Cambodia has a comparative advantage.

Regional Integration: the agreement strengthens Cambodia's economic ties with India and supports its integration into regional value chains.

Technology and knowledge transfer: increased trade and investment can lead to technology and knowledge transfer from India to Cambodia.

OTHER BILATERAL FREE TRADE AGREEMENTS (FTAS)

People's Republic of China (PRC) was signed and implemented in 2022. This agreement aims at strengthening economic ties and enhancing trade relations and investment between the two nations.

Benefits

Market Access: the FTA provides easier access for Cambodian exporters to the Chinese market, facilitating the export of goods and services.

Tariff Reduction: many tariffs on Cambodian exports to China have been reduced or eliminated, enhancing the competitiveness of Cambodian products.

Investment Opportunities: the agreement encourages Chinese investment in Cambodia, particularly in infrastructure and industries, fostering economic growth.

Republic of Korea (ROK) implemented in 2022 for formalising and enhancing trade relations and economic cooperation between the two nations, reflecting a commitment to deepen economic ties as Cambodia is one of key partners with ROK.

Benefits

Market Access: the FTA provides Cambodian exporters with improved access to the South Korean market, which is known for its robust economy and demand for diverse products.

Tariff Reductions: the agreement includes provisions for the reduction or elimination of tariffs on a wide range of goods, increasing the competitiveness of Cambodian products in South Korea.

Investment Promotion: the agreement encourages South Korean investment in Cambodia, particularly in sectors such as manufacturing, technology, and infrastructure.

United Arab Emirates (UAE) was signed in 2023 to strengthen economic ties and promote trade between Cambodia and the UAE, as well as markets in the Gulf Cooperation Council (GCC) and beyond. This FTA represents a significant step in enhancing bilateral trade and economic cooperation.

Benefits

Market Access: the FTA facilitates improved access for Cambodian products to the UAE market, which is crucial for diversifying export destination.

Tariff Reductions: The agreement includes provisions for reducing or eliminating tariffs on a wide range of goods, enhancing the competitiveness of Cambodian exports.

Investment Opportunities: It encourages UAE investors to explore opportunities in Cambodia, particularly in sectors like infrastructure, agriculture, and tourism.

ANNEX

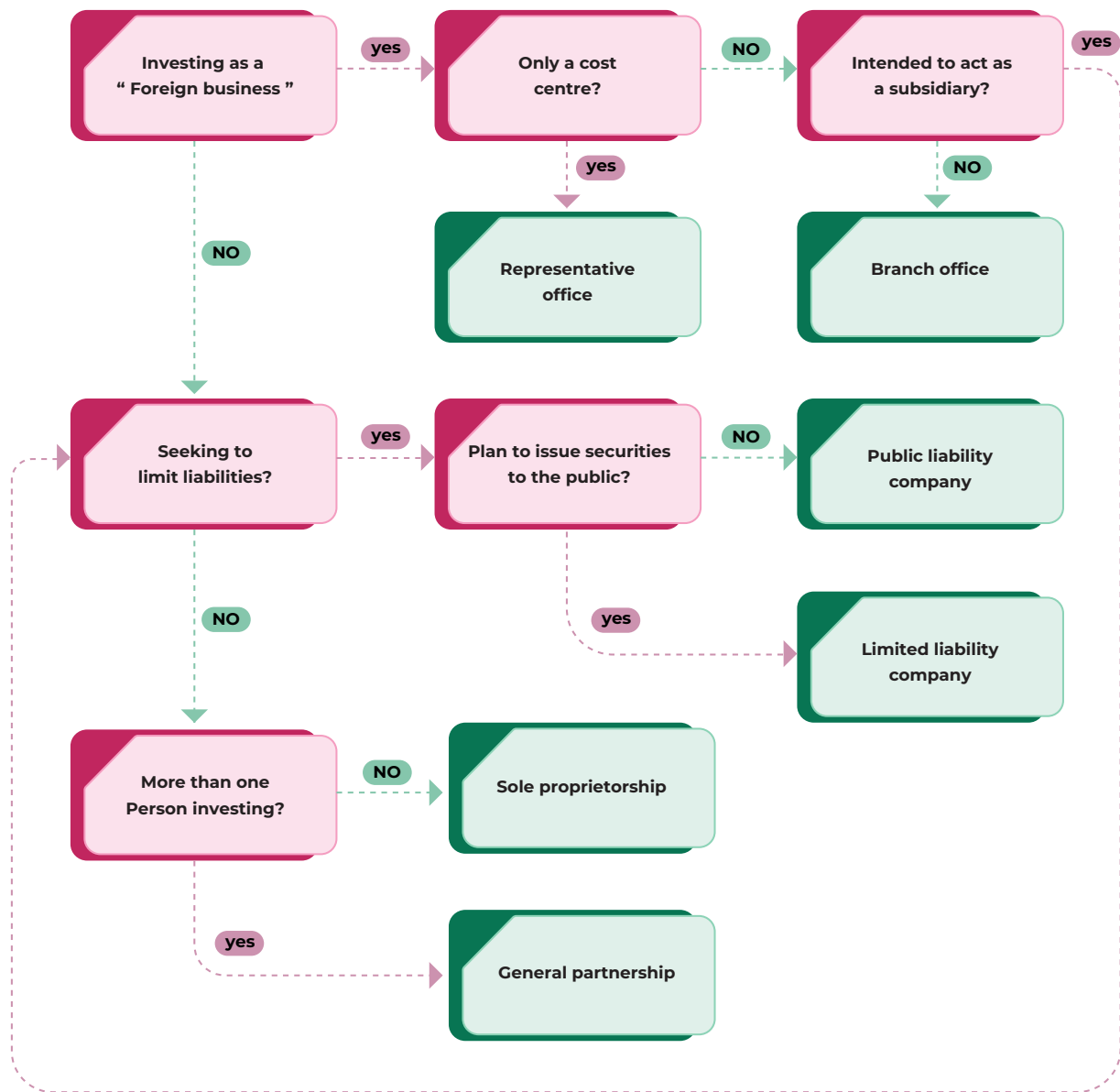


Figure S 1 Flow chart to support choice of company form (GIZ, 2024b).

Re-define the way you start a business in Cambodia in just

7 steps

Online
Business
Registration

1



Visit
www.registrationservices.gov.kh

2



Click on "Register Your Business"

3



Create an account on CamDigiKey
Skip to log in if you have one

4



Fill in required information
and upload required documents

5



Pay for the service using available
online payment methods

6



Obtain decision in 8 working
days maximum. You may be
asked for additional documents

7



If approved, download and print
3 digital licenses/certificates and
patent tax.

Figure S 2.7 steps to register your business online (<https://registrationservices.gov.kh/home-en/>).

Table S 1 HS Code categories and their label names for fabric imports to Cambodia.

HS CODE	NAME OF TEXTILE
39xxxx	Articles of apparel of other than textile fabrics
40xxxx – 43xxxx	Articles of apparel of other than textile fabrics
50xxxx – 59xxxx	Silk; textile yarn; other textile fabrics – woven; wool and other animal hair; textile yarn; cotton; textile yarn; cotton fabrics – woven; vegetable textile fibres; fabrics of manmade materials – woven; synthetic fibres suitable for spinning; other MMF suitable for spinning; special yarns; tulles, lace, embroidery; floor coverings; made-up textile articles
60xxxx – 65xxxx	Knitted or crocheted fabrics; men clothes – knitted; women clothes – knitted; articles of apparel of textile fabrics; clothing accessories; men clothes – non-knitted; women clothes – non-knitted; made-up textile articles; worn clothing – rags; special yarns; articles of apparel of other than textile fabrics
70xxxx	Textile yarn; other textile fabrics - woven

Table S 2 Investment sectors and activities that are entitled to investment incentives under Qualified Investment Projects (QIP) scheme ([CDC Source](#)).

SECTORS/ACTIVITIES
1. High-tech industries involving innovation or research and development 2. Innovative or highly competitive new industries or manufacturing with high added value 3. Industries supply regional and global production chains 4. Industrial supporting agriculture, tourism, manufacturing, regional and global production chains and supply chains 5. Electrical and electronic industries 6. Spare parts, assembly and installation industries 7. Mechanical and machinery industries 8. Agriculture, agro-industry, agro-processing industry and food processing industries serving the domestic market or export 9. Small and medium-sized enterprises in priority sectors and small and medium-sized enterprise cluster development, industrial parks, and science, technology and innovation park 10. Tourism and tourism-related activities 11. Special economic zones 12. Digital industries 13. Education, vocational training and productivity promotion 14. Health 15. Physical infrastructure 16. Logistics 17. Environmental management and protection, and biodiversity conservation and the circular economy 18. Green energy, technology contributing to climate change adaptation and mitigation 19. Other sectors and investment activities not listed by this Law deemed by the Royal Government of Cambodia to have potential for socio-economic development.

Table S 3 The Negative List of the 213 investment activities ineligible for the QIP, as outlined in Annex 1 of Sub-decree No. 139 on pertaining to the implementation of the Law on Investment ([CDC Source](#), available only in Khmer).

INVESTMENT SECTOR	DESCRIPTION
Agriculture	Including 22 main investment activities or investment activity categories
Service	Including 46 main investment activities or investment activity categories
Industry	Including 120 main investment activities or investment activity categories
Infrastructure	Including 25 main investment activities or investment activity categories

Table S 4 Relevant Line of Ministries / institution and Information.

INSTITUTION	DESCRIPTION
Ministry of Environment (MoE)	Address: Morodok Techo Building (Lot 503), Sangkat Tonle Bassac, Khan Chamkarmorn, Phnom Penh 120101, Cambodia Email: info@moe.gov.kh Website: www.moe.gov.kh/
Ministry of Labour and Vocational Training (MLVT)	Address: Building 3, Russian Federation Blvd., Toek Laak I, Toul Kork, Phnom Penh, Cambodia Tel: (+855) 23 884 375 Email: info@mlvt.gov.kh Website: www.mlvt.gov.kh/
Ministry of Industry, Science, Technology, and Innovation (MISTI)	Address: No. 45 Preah Norodom Boulevard, Sangkar Phsar Thmey III, Khan Daun Penh, Phnom Penh 120203, Cambodia Tel: (+855) 98 654 800 / (+855) 78 654 800 Email: info@misti.gov.kh Website: www.misti.gov.kh/
Ministry of Commerce (MoC)	Address: No. 19-61, Russie Federation Boulevard, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh 12200, Cambodia Tel: 1266 Email: cabinet.info@moc.gov.kh Website: www.moc.gov.kh
Ministry of Economics and Finance (MEF)	Address: Street 92, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia Email: gdicdm@mef.gov.kh Website: https://gdicdm.mef.gov.kh/
Ministry of Mines and Energy (MoME)	Address: No. 79, 89 Pasteur Street (51), a new shopping district 3, Khan Daun Penh, Phnom Penh, Cambodia Tel: (+855) 23 219 574 Email: info@mme.gov.kh Website: http://www.mme.gov.kh/en/
General Department of Taxation (GDT)	Address: Corner Russian Federation and Mao Tsetong Boulevard, Sangkat Teuk La Ak I, Khan Toul Kork, Phnom Penh 120404, Cambodia Tel: (+855) 23 266 668 / (+855) 23 886 708 Email: gdt@tax.gov.kh Website: https://www.tax.gov.kh/
General Department of Customs and Excise (GDCE)	Address: No. 06-08, Preah Norodom Boulevard, Sangkat Phsar Thmei I, Khan Daun Penh, Phnom Penh, Cambodia Tel & E-mail: Link to focal point of GDCE (https://customs.gov.kh/en/about/13057-focal-point-of-gdce) Website: https://customs.gov.kh/
Council for the Development of Cambodia (CDC)	Address: Government Palace, Sisowath Quay, Wat Phnom, Phnom Penh, Cambodia Tel: +855 99 799 579 / +855 98 799 579 Email: helpdesk@cdc.gov.kh / info@cdc.gov.kh Website: https://cdc.gov.kh/

KHMERSME WEBSITE

KhmerSME is the Cambodian national digital platform for Micro, Small, and Medium Enterprises in Cambodia that acts as the one-stop site for Cambodia business or investors to access information on starting, growing, and consolidating a business in Cambodia. The digital platform provides practical information to various business from official information on laws and regulations, business networking, and access to finance to up-to-date lists of service providers, training opportunities and events.

Website: <https://www.khmersme.gov.kh/en/>

EXPLANATORY NOTE

CHEMICAL RECYCLING

In the textile context, chemical recycling refers to a process that involves breaking down polymers in textiles into their basic chemical components, allowing them to be reconstituted into new materials. This method is particularly relevant for synthetic fibres, such as polyester and nylon, but not limited to natural fibres like cotton.

MECHANICAL RECYCLING

In the textile context, mechanical recycling refers to a process in which textile waste is reprocessed into new material without modifying its polymeric structure, while changing the appearance and the use, which is usually achieved by grinding, melting and assembling of new parts and products.

POST-INDUSTRIAL TEXTILE WASTE

Scraps and byproducts generated during the textile manufacturing process. This includes leftover materials from cutting, sewing, and other production activities that are not used in final products.

POST-CONSUMER TEXTILE WASTE

Discarded textiles by consumers, such as old clothing, linens, and other fabric items that have reached the end of their usable life. This waste often comes from households, thrift stores, and donation bins.

TEXTILE DOWNCYCLING

A recycling process, where used textiles are repurposed into lower-quality materials or products, rather than being transformed back into high-quality fibres.

TEXTILE INDUSTRY

It is the inclusive term for several industries, such as fashion industry or garment and footwear industry, which is mainly producing clothing and apparel, or the home textile industry, yet other textile uses (UNEP, 2023).

TEXTILE SUPPLY CHAIN

The textile supply chain is part of the wider textile value chain. It covers the supply of raw materials and the production, distribution and retailing of textile products. The broader value chain includes all activities and stakeholders involved in designing, developing, making, distributing, retailing, consuming and disposing of textile products.

TEXTILE WASTE AGGREGATORS

Entities or individuals that consolidate textile waste from multiple sources. Their primary focus is on collecting large quantities of textile waste to ensure efficient transportation to recycling facilities or other processing centres. Aggregators often establish partnerships with collectors and sorters to streamline the waste management process.

TEXTILE WASTE COLLECTORS

Entities or individuals that are responsible for initial collection of textile waste from designated locations. Collectors may be self-employed or employed by recycling companies, or municipal waste management services. Their role is crucial in ensuring that textile waste is collected in a timely manner and transported to aggregation points or recycling facilities.

TEXTILE WASTE HANDLERS

Entities or individuals that are involved in the physical management of textile waste once it has been collected. This includes activities such as transporting, storing, and preparing the waste for processing. Waste handlers may work in various environments, including recycling facilities, warehouses, or sorting centres.

TEXTILE WASTE SORTER

Entities or individuals that work on categorising textile waste based on its materials composition, conditions (i.e., colours), and potential for reuse or recycling. This involves separating materials into different groups, such as recyclable and non-recyclable wastes. They play a critical role in maximising resource recovery and ensuring that materials are directed to the appropriate processing stream. Their work helps optimise the recycling process and minimise the amount of waste that ends up in landfills.

TEXTILE UPCYCLING

A process of creatively transforming used textiles or clothing into new products of higher quality or value. It often involves taking unwanted or discarded textiles and repurposing them into new items that are more desirable or functional than the original.

UPSTREAM CIRCULARITY

Practices that aim at reducing waste and resource consumption at the beginning of the production process. It involves sustainable sourcing of materials, designing products for longevity and recyclability, preventing waste during manufacturing, and creating closed-loop systems where materials can be reused.

DOWNSTREAM CIRCULARITY

The management of products and materials after they have reached the end of their life cycle. It emphasises practices that ensure waste is minimised and resources are recovered, promoting sustainable consumption and disposal. Key elements include recycling, refurbishing, resource recovery, and responsible disposal.

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- Sub-Decree on the Implementation of the List of Prohibited and Restricted Goods
- Sub-Decree on the Enforcement of the List of Prohibited and Restricted Goods
- Sub-decree on Environmental Impact Assessment Process

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