

【Cambodia】

Current situation and prospect of Sihanoukville Port

TAKASHIMA Minoru

Japan Transport and Tourism Research Institute ASEAN-India Regional Office, Research Fellow

1. Introduction

In recent years, the development of logistics infrastructure in ASEAN countries has emerged as a key policy priority, as it plays an important role in promoting economic integration and enhancing international competitiveness. Among these countries, Cambodia, one of the newer ASEAN members, has experienced rapid economic growth, supported by a large labor force and strategic geopolitical location, attracting significant attention from both regional and international investors.

In particular, Sihanoukville Port, Cambodia's only international deep-water port, has developed as the central hub for the country's international logistics. In the early 2000s, the port's container terminal was modernized with Japanese Official Development Assistance (ODA) loans, and since then, the port has played a critical role in supporting imports and exports, particularly in the garment industry.

Despite that, the port has faced considerable challenges. In the mid-2000s, the port faced competition from neighboring countries' ports in Vietnam and Thailand, the vulnerability of relying heavily on the garment industry, and the lack of transparency in administrative procedures. From 2007 onward, the concept of the Sihanoukville Special Economic Zone (SSEZ) was introduced to promote integrated development of the port and industry, but progress was limited due to corruption and institutional constraints.

In the 2010s, Sihanoukville Port began regaining momentum through the establishment of the ASEAN Economic Community (AEC), the active expansion of Chinese investment, and the involvement of international development partners, including Japan. The expansion of port capacity and the development of industrial clusters remain critical issues directly linked to the competitiveness of Cambodia's overall economy, and will continue to require careful monitoring.

Discussions with officials at Sihanoukville Port and an on-site visit, this report outlines the port's current status and future outlook.

2. Logistics situation in Cambodia

Cambodia is located in the southern part of the Indochina Peninsula in Southeast Asia, bordering Laos to the north, Vietnam to the east, Thailand to the west, and the Gulf of Thailand to the south. The country has a land area of approximately 180,000 square kilometers, about half the size of Japan. Cambodia has a population of around 17 million as of 2023, with a high proportion of young people, the labor force aged 15 to 35 accounts for approximately 60% of the total population. This sizable workforce provides



Figure1 Sihanoukville Port Location Map

a foundation for the sustainable growth of Cambodia's economy.

Phnom Penh, the capital, serves as the political, economic, and cultural center of the country, accounting for approximately 40% of GDP. Since the end of the civil war in the 1990s, Cambodia's economy has transitioned toward a market-based system and achieved rapid growth with the support of international aid and foreign direct investment. The country's main industries include garments, tourism, construction, and agriculture. Among these, the garment industry is a key sector, providing employment for around one million people. Garment-related products account for roughly 70% of exports, with major markets including the EU, the United States, Japan, and China. Meanwhile, agriculture continues to support the livelihoods of about 30% of the population, but productivity remains low, highlighting ongoing challenges for the modernization of the economy.

Following Cambodia accession to ASEAN in 1999 and the World Trade Organization (WTO) in 2004, the country accelerated its integration into the global economy. This process facilitated the formation of an export-oriented economic structure and promoted the expansion of foreign direct investment in the manufacturing sector. In particular, investment inflows from China, Japan, South Korea, and Thailand have increased significantly. China has actively

supported the development of infrastructure—including roads, railways, and ports—under the Belt and Road Initiative framework, while Japan has actively provided support through its Official Development Assistance (ODA), contributing to the development of logistics infrastructure, including the expansion of the Sihanoukville Port discussed in Section 4, as well as to the capacity building of port-related human resources.

The Cambodian government formulated the Industrial Development Policy 2015–2025, positioning transport infrastructure—such as ports, roads, and railways—at the core of its national development strategy. The policy aims to promote the upgrading of the manufacturing sector toward higher value-added activities while fostering economic development in rural areas, with the objective of reducing regional disparities through improved transport networks. In addition, the Phnom Penh–Sihanoukville Expressway, which opened in 2022, has reduced travel time from approximately five hours to about two hours, thereby substantially improving logistics efficiency. This development has strengthened linkages between the coastal economic zone centered on the Sihanoukville Port and the inland economic zone centered on the capital region. Meanwhile, challenges remain, including high energy costs, regional disparities in infrastructure provision, and the need to improve educational attainment. In response, the Cambodian government seeks to build a sustainable and inclusive growth model through human resource development and the promotion of the digital economy. The development of transport and logistics infrastructure centered on the Sihanoukville Port constitutes a critical foundation supporting the growth of an export-led economy and Cambodia's integration into the ASEAN regional economy.

3. Overview of Sihanoukville Port

Sihanoukville Port is located in Preah Sihanouk Province in southwestern Cambodia and serves as the country's only deep-water port, functioning as a key infrastructure hub for international trade. Its construction was initially supported by France, beginning in 1955, with the current pier officially opening in 1960. By 1970, the port's quay had been

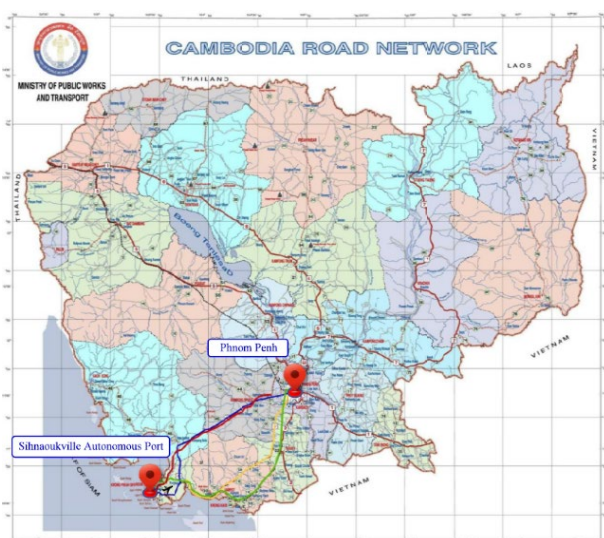


Figure2 Cambodian Road Network Map
(Red line indicates the Phnom Penh-Sihanoukville Expressway)

extended eastward; however, subsequent civil conflict severely damaged the port's infrastructure, human resources, and institutional framework, leading to economic stagnation. Although peace was established in 1991, the port's facilities remained deteriorated, and cargo-handling operations were constrained by limitations on load capacity. At the same time, the post-conflict economic recovery led to an increase in cargo volumes, resulting in inefficient operations such as handling containers on general cargo quays.

In response to these challenges, rehabilitation support through Japanese technical cooperation was initiated in the late 1990s. Since that time, Japan has provided comprehensive assistance across nearly all aspects of port development, including the formulation of a master plan, expansion of port facilities, development of container terminals, and enhancement of operational capacity.

The port is operated by the Sihanoukville Autonomous Port (PAS), a state-owned enterprise. PAS was listed on the Cambodia Securities Exchange in 2017. This listing has

improved financial transparency and management efficiency, and has promoted the modernization of port operations through the utilization of private-sector capital.

At present, the Sihanoukville Port consists of three main facilities. The first is a container terminal with an annual handling capacity of one million TEUs. The second is a general cargo terminal, which handles bulk cargo such as grain, cement, steel, and construction materials. The third is a dedicated oil and liquid cargo jetty, which is an essential facility for the domestic fuel supply of Cambodia. In addition, power supply facilities for refrigerated and frozen containers have been developed, supporting the expansion of exports of agricultural, fishery, and food products.

Also, In recent years, cooperation between the port and the Sihanoukville Special Economic Zone (SSEZ), located in the port's hinterland, has been strengthened, leading to the development of an integrated logistics network from manufacturing to export. The SSEZ was established in 2012 with support from Japan. Currently, approximately 170 companies—mainly from China, Japan, and South Korea—operate in the zone, producing electronic equipment, textile products, and plastic goods. Through this close linkage between the port and the industrial cluster, Sihanoukville functions as an “export hub” of Cambodia.

Furthermore, the Sihanoukville Port forms part of the international logistics network in the ASEAN region. It is connected by shipping routes with major ports such as the Port of Singapore, Laem Chabang Port in Thailand, and Ho Chi Minh Port in Vietnam. As a result, the port also plays

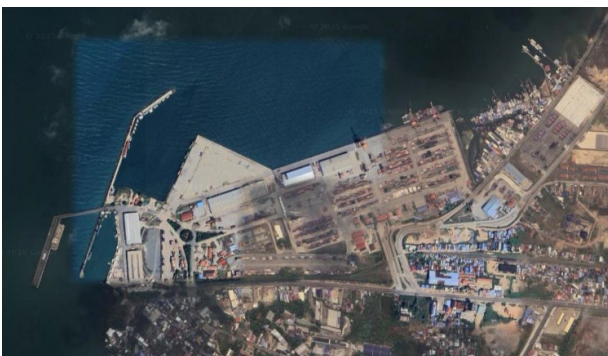


Figure3 Sihanoukville Port Overview



Figure4 Container Terminal
(image taken by author)

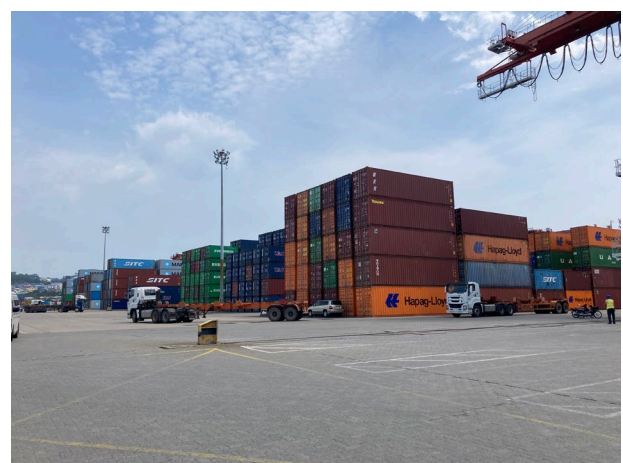


Figure5 Container Yard (image taken by author)

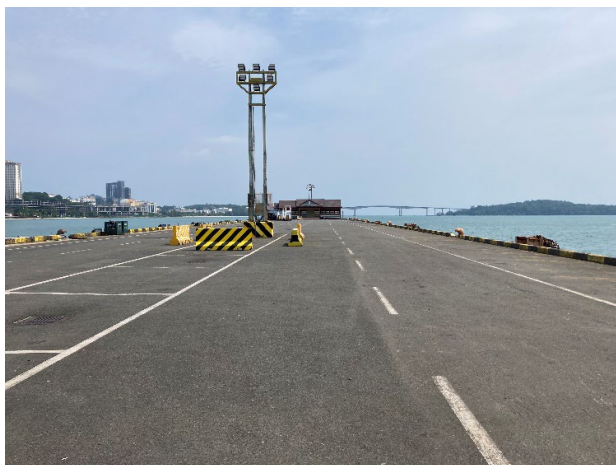


Figure6 Old pier (image taken by author)



Figure7 Logistics center for Japanese companies in SSEZ (image by author)

an important role as a transshipment hub within regional supply chains.

4. Progress in the Development and Operational Reforms of the Sihanoukville Port

In recent years, the Sihanoukville Port has been implementing various modernization projects and institutional reforms in response to the rapid increase in cargo throughput and the expansion of international trade. A central initiative among these efforts is the New Container Terminal Construction Project, supported by the Japan International Cooperation Agency (JICA) through Japan's Official Development Assistance (ODA). In 2024, container throughput reached one million TEU, indicating that the port's handling capacity is under significant pressure and highlighting the necessity of this project to address capacity constraints.

This project involves the construction of a new terminal with a total project cost of approximately USD 240 million, a water depth of 14.5 meters, and a quay length of 350 meters, with completion targeted for fiscal year 2026. Once operational, the new terminal will provide an additional annual handling capacity of 450,000 TEU. Moreover, by enabling the berthing of larger container vessels, the project is expected to further enhance Cambodia's position within regional maritime transport networks.

This port expansion initiative is characterized not only by physical infrastructure development but also by a strong emphasis on the digitalization and efficiency of port operations. The introduction of an electronic customs clearance system and a port management information system is expected to improve both the speed and transparency of cargo handling. In addition, the implementation of an electronic data interchange (EDI) system will digitalize document submission and information sharing among relevant agencies, thereby accelerating customs procedures. These institutional reforms are also anticipated to promote connectivity with ports in other ASEAN countries and to contribute to more efficient intra-regional trade.

In terms of port operations, the Sihanoukville Autonomous Port (PAS) has introduced human resource development programs in collaboration with Japanese port operators and universities, with the aim of improving the skills of on-site personnel. In particular, training programs incorporating Japanese technical guidance in areas such as crane operations and logistics management have been effective, supporting the development of human resources capable of meeting international standards..

At the same time, efforts to protect the environment in the port area are also being advanced. Although Sihanoukville City faces challenges related to waste management and wastewater treatment due to rapid urbanization, PAS is promoting environmentally conscious measures under its "Green Port Initiative." These measures include the installation of solar power generation facilities, the adoption of energy-efficient cargo-handling equipment, and efforts to reduce waste. In addition, PAS is working with ASEAN countries to share decarbonization

technologies, with the aim of developing a model for environmentally sustainable port operations.. Furthermore, the development of logistics networks connecting the port area with the Sihanoukville Special Economic Zone (SSEZ) has been strengthened. Improvements to roads and the construction of bridges have shortened transportation times and improved the

efficiency of supply chains between the port and factories, thereby increasing the attractiveness of the area for foreign investment. In this way, the Sihanoukville Port is evolving from a conventional logistics hub into a sustainable port that integrates digitalization, environmental responsibility, and human resource development. These initiatives represent a critical turning point in Cambodia's efforts to grow into a competitive maritime transport hub within the ASEAN region.

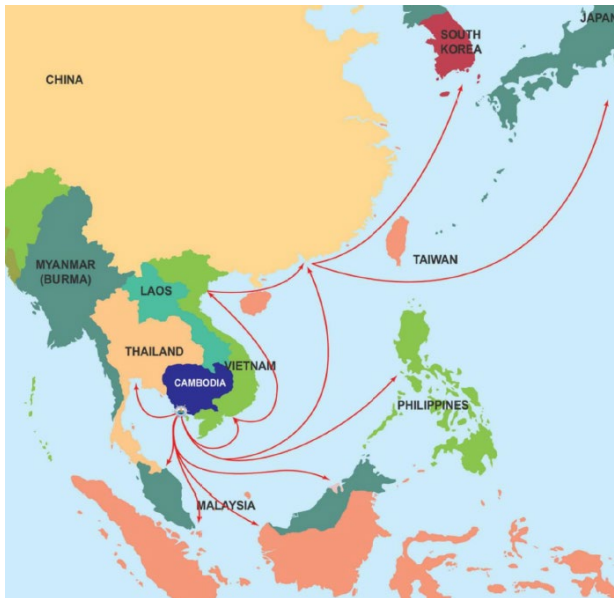


Figure8 Sihanoukville Port Shipping Network

5. Challenges Surrounding the Sihanoukville Port and Future Directions for Development

While the development of the Sihanoukville Port has produced significant achievements, numerous challenges remain. The foremost issue is the insufficient integration between port infrastructure and the broader transportation network. As Cambodia's only deep-sea port, Sihanoukville plays a critical role; however, access roads to the port are chronically congested, and logistics delays are frequent, particularly during peak hours when container trucks are concentrated. Rail transport efficiency is also limited, as freight trains operating between Phnom Penh and Sihanoukville run infrequently, hindering efforts to reduce transportation costs. In response, the government has been advancing projects to widen port access roads and strengthen rail freight capacity; nonetheless, progress is constrained by substantial budgetary and technical limitations.

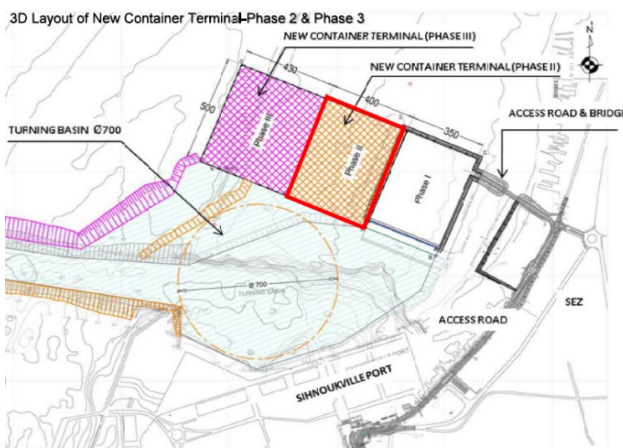


Figure9 New container terminal area development plan

Second, there is a shortage of skilled personnel and limited technology transfer. As the modernization and digitalization of port operations advance, the lack of human resources with expertise in information technology, logistics, and port management has become a pressing issue. To address this, the Port Authority of Cambodia (PAS) has been collaborating with port institutions in Japan, Singapore, and Thailand to enhance workforce skills through on-site training and the dispatch of experts. Additionally, the establishment of port education programs in cooperation with overseas institutions, such as Gati Shakti Vishwavidyalaya in India, is under consideration, with the aim of promoting regional knowledge exchange.

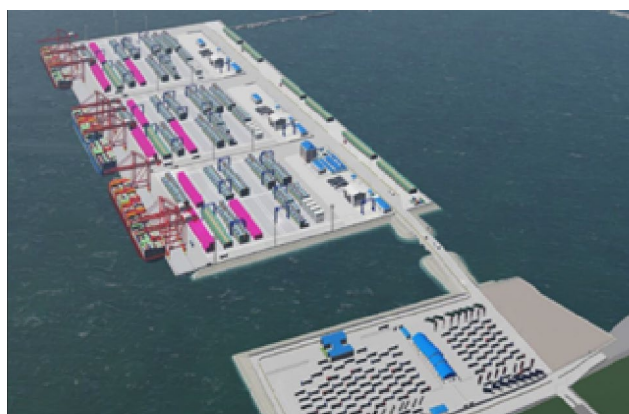


Figure10 Rendering of the new container terminal

Third, addressing environmental issues has become an

urgent priority. Rapid urbanization around the Sihanoukville Port has brought challenges such as waste management and marine pollution to the forefront. In particular, land reclamation and dredging associated with port development raise concerns regarding impacts on local ecosystems. Achieving sustainable port operations therefore requires the strengthening of environmental standards and the establishment of robust monitoring systems. The Port Authority of Cambodia (PAS) has conducted environmental impact assessments and is implementing measures to reduce environmental burdens, including the use of renewable energy, the introduction of electric port vehicles, and the installation of energy-efficient lighting. Furthermore, initiatives aimed at obtaining “Green Port” certification have begun, and efforts are underway to reinforce environmental management systems in collaboration with local communities and international organizations.

Fourth, the risks associated with dependence on foreign investment cannot be overlooked. The development of the port and surrounding economic zones relies heavily on support from countries such as China and Japan, making the projects vulnerable to fluctuations in international conditions or geopolitical risks that could delay or disrupt investment. In response, the Cambodian government is seeking to diversify sources of investment and is strengthening economic cooperation with ASEAN countries, India, and South Korea.

In light of these challenges, the future development of the Sihanoukville Port requires a comprehensive strengthening of port functions on both “hard” and “soft” fronts. This entails not only infrastructure development but also the advancement of port management systems, workforce training, and integrated environmental management. Furthermore, enhancing regional industries centered around the port—by promoting closer integration between manufacturing and logistics—will be essential to develop Sihanoukville as a combined hub for production, transport, and export. In addition, port operations must incorporate decarbonization and sustainable development initiatives. The adoption of ESG-oriented management practices aligned with international standards can enhance

trust among foreign investors. If these challenges are effectively addressed and structural reforms implemented, the Sihanoukville Port is poised not only to contribute to Cambodia’s economic growth but also to assume a new role as a key logistics hub for the entire Mekong region.

6. Conclusion

Logistics in Cambodia has increasingly become a critical foundation supporting economic growth, with the development of port infrastructure representing a central policy priority directly linked to improving domestic and international trade efficiency. Although disparities in logistics between urban and rural areas persist, recent improvements in roads, railways, and port facilities, coupled with the growth of the logistics service industry, have steadily enhanced the overall logistics environment.

At the center of these developments, the Sihanoukville Port has strengthened its role as critical infrastructure supporting Cambodia’s international trade through the expansion of cargo-handling capacity, the advancement and digitalization of port operations, and the implementation of environmentally sustainable practices. These initiatives have enhanced operational efficiency, ensured compliance with international standards, and contributed to the improvement of the investment climate.

On the other hand, the recent slowdown in the Chinese economy—particularly the adjustment in the real estate sector—has had a certain impact on China-led real estate and tourism development in Sihanoukville City. While urban areas have experienced stalled developments and inactive facilities, port logistics have remained relatively stable, supported by the real economy, particularly the garment and manufacturing sectors. This situation can be seen as an opportunity for Sihanoukville to move away from excessive dependence on real estate and transition toward an industrial structure centered on port operations, manufacturing, and exports.

Furthermore, during the author’s site visit to the Sihanoukville Port on May 1, 2025, an International Labor Day ceremony was held at the port, attended by Prime Minister Hun Manet. In his speech, the Prime Minister stated, “The Sihanoukville Port has developed with the

support of Japan, and Cambodia is grateful to the extent that it can be called a Japanese port,” expressing appreciation for Japan’s long-standing cooperation. This statement symbolizes the continuing expectation that Japanese support will play a crucial role in the development and enhancement of the port’s operational capacity.

In summary, while Cambodia’s logistics environment remains under development, the strengthening of port functions centered on the Sihanoukville Port will continue to be a key factor supporting the country’s economic growth and its integration into the ASEAN regional economy. By advancing port modernization in tandem with the enhancement of surrounding logistics functions and the implementation of environmentally sustainable operations—while remaining mindful of external economic risks—the port is expected to evolve into a sustainable and competitive logistics hub.

【Reference】

1) TOA CORPORATION

<https://www.toa-const.co.jp/company/release/2023/231225.htm>

1

2) Embassy of Japan in Cambodia

<https://www.kh.emb-japan.go.jp/economic/sez/sez.htm>

3) JETRO

<https://www.jetro.go.jp/biznews/2022/11/5827c637a83a1cd9.htm>

ml

4) Port Autonome de Sihanoukville

<https://www.pas.gov.kh/en>

5) JICA 「The Data Collection Survey on International Logistics Function Strengthening in the Kingdom of Cambodia Final Report」

<https://openjicareport.jica.go.jp/pdf/12340162.pdf>

6) ASEAN Briefing 「Cambodia’s 2025 Economic Outlook and Investment Opportunities for Foreign Investors」

<https://www.aseanbriefing.com/news/cambodias-2025-economic-outlook-and-investment-opportunities-for-foreign-investors/>

7) OECD 「OECD Competition Assessment Reviews CAMBODIA LOGISTICS SECTOR」

<https://www.oecd.org/content/dam/oecd/en/publications/reports/2021/07/oecd-competition-assessment-reviews-logistics-sector/>