Cambodia is seeking to expand its exports by tapping into high-value, modern services. A nascent and promising business outsourcing industry is focusing on information technology (IT) services such as data entry, network maintenance, and software development. But some entrepreneurs’ visions are in a fantasy world (literally!): developing a 3D computer-generated graphics industry to link Cambodia into the growing high-value-added animation sector.

In recent years, at least three institutions have emerged to train young Khmers in drawing characters used in advertising, cartoons and films. These schools are seeking to tap into a multi-billion-dollar global industry and realize Cambodia’s potential to participate in the high-tech services trade. The Government can help by fostering the development of this new industry by improving access to appropriate infrastructure, and by reviewing regulations to ensure that the industry’s growth is not impeded.

Worldwide, the computer animation industry has become increasingly sophisticated in recent decades. Since it took off in the 1970s, animation has expanded from cartoons to live films and animated movies, as well as advertising and video games. It has moved from two-dimensional graphics to three-dimensional, or 3D. Animation has also become a highly tradable service. For example, exports of animation from South Korea were estimated to be worth almost US$400M in 2012. Furthermore, South Korea, historically a back-office for the American animation industry, is increasingly becoming a global exporter of its own content, gaining additional revenue from royalties and distribution rights.

While Cambodia’s contribution to the industry is still small, demand is growing worldwide for good quality, low-cost animation. Industries beyond film and television are increasingly using animation to get their point across. Institutions use animation in instructional or promotional films. Governments use it in public service announcements. It is used in more diverse settings too, for example in architecture and in courtroom evidence.

Different institutions in Cambodia are developing students’ technical skills related to 3D animation, each with their particular goals and means. Phare Ponleu Selpak (PPS) is the most overtly service-minded. It is a Cambodian non-governmental organization that started in 1986 to bring together children from a refugee camp on the Thai border and teach them visual and performing arts. The institution’s courses range from circus acrobatics to traditional music. The visual arts program includes a computer animation studio, 1000 Hands, that specializes in cartoon animation, with focus on educational and public service projects. The studio has done projects for UNICEF and Phnom Penh’s biggest public hospital, and is working on a feature-length cartoon for Oxfam Quebec.
Objectif 3D Asia is a French animation school that recently established a campus on the outskirts of Phnom Penh. It currently specializes in education in 3D animation, one of the most sophisticated techniques in the industry. Alumni of O3D Asia have worked in a number of internationally recognized projects, including Shrek the Third, Batman Begins, Madagascar 2 and two of the Harry Potter films. O3D Asia seeks to capitalize on the international success of the mother school, and indeed is already producing some animation videos commercially. With the first batch of foreign and Cambodian students finishing the 2-year program this year, bigger things are yet to come.

A third institute in Cambodia is owned by an Indian company based in Kolkata. Called the School of Animation, Digital Asia, it opened in 2003, and is part of a conglomerate that includes an agriculture project, an aviation school and a film studio. Finally, other Cambodia-born firms, like Osja Studio, are focusing on the development of games that use animation to enhance the users’ experience. These have seen promising success, too.

These private initiatives demonstrate that a developing country like Cambodia can seize the opportunities that technology has opened in high-value-added services niches. Cambodia can have the chance to participate in the growing animation industry in Asia, including by developing its own productions or by specializing in the specific, highly technical tasks of larger productions. With time, this sector could attract specialized foreign direct investment into Cambodia.

In the country’s current institutional setting, however, these experiments in the animation sector will hit a ceiling. Weaknesses in regulations, education and infrastructure limit growth in the animation sector and, more generally, IT services exports from Cambodia. IT industries depend heavily on infrastructure, particularly broadband internet and energy, and on skills. Broadband internet is not only necessary to foster exposure of young Cambodians to new technologies and to promote self-education, but also as the main channel for the exports themselves. A reliable energy stream is also essential for IT services—for obvious reasons. In addition, foreign investors require a predictable legal and regulatory framework that supports substantial, long-term investments.

Options do exist for improving the determinants of modern services exports. The approach of developing an effective broadband strategy, improving education, and enhancing governance across the board remains the optimal approach. More targeted policies for services exports, however, can complement these broader efforts, such as developing special economic zones that offer specific benefits in terms of infrastructure and regulation to services exporters. Much of India’s and the Philippines’ success as IT services exporters relied on the development of such regimes, in the form of “IT parks”.

Modern IT services offer Cambodia a great potential for diversifying services exports beyond the tourism industry. With effort to develop infrastructure and regulatory policies, and additional hard work from the animation artists themselves, the early promise of seeing Cambodian cartoons on the big screen could well come true.