

EMBASSY OF INDIA

PHNOM PENH

MONTHLY COMMERCIAL REPORT-January 2015

PART I ECONOMIC TRADE DATA

Inflation: 4.29% (December 2014)

PART II-INTERNAL

Economic

FDI

- A group of business executives from Canadian companies is visiting Cambodia to observe potential sectors, investment laws and business atmosphere. The group, led by Bangkok-based Canadian Ambassador to Cambodia Philip Calvert, met with dozens of Cambodian businessmen and commerce officials on 29th January 2015.

Manufacturing

- Taiwanese-owned garment manufacturer TY Fashion (Cambodia) Plc is targeting a midyear listing on the bourse following approval from the Cambodia Securities Exchange (CSX), according to a press release from its underwriter, Phnom Penh Securities (PPS). TY Fashion would be the third company and the second Taiwanese-owned garment firm to join the Kingdom's fledgling bourse after Grand Twins International listed in June of 2013.

Tourism

- A French company Bollore Group, whose subsidiary Blue Solutions is vying to bring electric vehicles to the Siem Reap province's Angkorian-era temples is donating air pollution sensors to test the air quality at the 401-square-kilometre UNESCO World Heritage Site, according to Sok Sangvar, head of tourism management planning at Apsara Authority, which oversees the temple area. A new working group will use the mobile devices to test air quality and emissions from specific types of vehicles.

Agriculture

- The opposition Cambodia National Rescue Party has called on the government to intervene in the softening prices of Cambodian agricultural commodities. A group of opposition lawmakers has raised concerns over the impact falling prices of products such as rice, rubber and mung beans are having on the livelihoods of Cambodian farmers.

Infrastructure

- The Ministry of Rural Development plans to pave 1,200 kilometres of dirt roads across nine provinces surrounding the Tonle Sap in 2015, in a USD 120 million bid to improve the lives of rural farmers and reduce migration. The roads are to connect rural areas to provincial towns, with the USD 120 million in funding coming largely from development partners aside from a USD 9 million government contribution.
- Tokyo is planning to ink bilateral aviation accords with Cambodia and Laos, allowing regular direct flights between Japan and the two countries.
- According to The State Secretariat of Civil Aviation, three more airlines will apply for an Air Operator Certificate over the first quarter of 2015.
- Sihanoukville Autonomous Port (SAP) recorded above-average revenue growth in 2014, marking the third year of consecutive profit and paving the way for a 2015 initial public offering. SAP revenue totaled more than USD 44 million in 2014, up 15 per cent from USD 39 million in 2013, according to the state-owned enterprise's latest financials.

Real Estate

- Cambodia's growing condominium sector shows no signs of slowing down, with construction on two new condominiums set to begin in the first quarter of this year (2015). According to real estate firm CB Richard Ellis' December market view report, released , work will begin on Sky Villa Tower, a 254-unit two-tower development near Olympic Stadium, and Sovann Condominium, a 104-unit luxury block in Boeng Keng Kang I district, between January and the end of March of 2015.

Finance

- Two Cambodian university students won USD 8,000 by placing second in a regional stock trading competition, after making it to the final round of the contest ahead of nearly 2,000 other teams from across Southeast Asia.
- In the face of global economic fragility, the World Bank has warned that the Cambodian government needs to review its fiscal policies and deepen its pockets – building a “buffer” for use in times of crisis. The World Bank's Global Economic Prospects 2015 report states that Cambodia should install fiscal measures to improve taxation and reduce debt levels without impinging on the Kingdom's above 7 per cent annual growth.
- The Association of Banks in Cambodia has called on the Securities and Exchange Commission to ensure that over-the-counter derivatives transacted by banks do not fall under the governance of the new draft prakas governing derivatives trading on Cambodia's stock exchange.

Telecommunication/ Information Technology

Industry

- In a bid to compete with producers of cheap factory-ready leather, Mong Reththy Group is building Cambodia's first pig skin processing factory. According to Mong Reththy Group, the USD 8 million plants had already started and were slated for completion by late 2015.

Petroleum & Power

- Cambodia's petrol retailers have been ordered by the government to hand over import information and financial records in what looks to be the first steps toward installing fuel-price legislation. The Ministry of Mines and Energy (MME) announced publicly via state-owned media Agence Kampuchea Presse (AKP) that it has commenced preparing regulations to control prices at the pump and stop individual companies from deliberately overcharging. The country's petroleum importers and distributors will now be required to report the quantity of their imports, sales and stock levels every month to the MME.
- Some labour unions are suggesting reforms to state energy provider Electricite du Cambodge's (EdC) plan to grant energy discounts to garment workers in Phnom Penh. According to the new plan, workers are entitled to pay a lower fixed price of 610 riel (USD 0.15) per kilowatt for electricity consumed less than 50 kilowatts a month. Electricity beyond that, however, will be subjected to public prices. To enforce the USD 2-million plan, EdC was supposed to have installed new connections in rental spaces for garment workers.

Bilateral

- Malaysian-backed 5D Pan Cambodian Lottery announced an official return to operations after a failed start-up in the Kingdom five years earlier. The company, who first announced in 2010 that it would start business in Cambodia, declined to detail why it did not get off the ground at the time, but said that operating a lottery company requires building trust and financial strength to be successful.

[Inputs for this Report have been garnered from various media reports, press release and communications issued by various government and private agencies]