

**EMBASSY OF INDIA**

**PHNOM PENH**

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**MONTHLY COMMERCIAL REPORT-JUNE 2015**

**PART I ECONOMIC TRADE DATA**

**Inflation: 3.04% (May 2015)**

**PART II-INTERNAL**

**Economic**

- Cambodia experienced low inflation of around 1 per cent over the last three months thanks to a decline in oil prices, according to the latest data from the National Institute of Statistics. Inflation went from 0.8 per cent in January to 1.2 per cent in February, before falling marginally to 1.1 per cent rate in March, according to the National Institute of Statistics (NIS), compared to the 1.1 per cent inflation recorded for 2014.

**FDI**

- Recent data for the first quarter show that \$2.87 billion was invested in Cambodia during the first three months, a staggering 573 per cent increase from the same period last year, according to data released by the Council for Development of Cambodia. The Kingdom recorded nearly \$3 billion in private investments, both local and foreign, in the first quarter of 2015 with a large chunk of the investment being made in March – around \$2.7 billion.
- Cambodia's property sector continues to grow, offering both opportunities and challenges for both foreign and local investors. Meanwhile, ahead of the ASEAN Integration, a wider access to transparent information about the FDI fuelling the sector could lead to the adoption of stronger regulatory principles and standardized practices that could benefit the industry and attract more investment. The National Bank of Cambodia (NBC) announced that it would launch a detailed survey—set to be completed by the end of September 2015 of foreign investors operating in the Kingdom to understand the benefits investment brings to the local economy and promote informed policy making decisions.

**Manufacturing**

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**Tourism**

- Cambodia welcomed some 1.6 million foreign tourists in the first four months of 2015, a 4.5 percent rise compared with the same period last year. Vietnam and China are the largest sources of tourists to Cambodia. Tourism is one of the four pillars supporting the economy. The country attracted 4.5 million foreign tourists last year, generating total revenue of more than 3 billion U.S. dollars.
- The Tourism and Sports Ministry is collaborating with the Cambodian government to link potential tourist destinations in both countries to increase intra-Asean tourism. The tourism promotion between Cambodia and Thailand is under the Two Kingdoms One Destination campaign running from 17<sup>th</sup> June 2015.
- The Authority for Protection and Management of Angkor and the Region of Siem Reap (APSARA) will build a USD 10 million hospitality center in Siem Reap, home of Angkor Wat Temple.

## **Agriculture**

- The German Investment and Development Corporation (DEG) signed to lend 15 million U.S. dollars to Cambodian rice milling company Angkor Kasekam Roongroeng (AKR). According to an official data, AKR had exported 430 tons of premium rice, mainly to European markets, in the first five months of 2015. DEG is one of the German government's sources of financing and investment structuring for the private sector, which assists companies in the developing world in order to contribute to sustainable economic growth.
- The first ever Paddy Art Festival will be organized early 2016, aiming to boost agro-tourism and cultural natural tourism to attract oversea tourists visit Cambodia. The government of Cambodia is planning to organize the Paddy Art Festival next year in the provinces after it has successfully organized the Sea Festival at coastal provinces and the River Festival at provinces that share the Mekong River in the country.
- Cambodia exported 243,025 tons of milled rice in the first five months of 2015, a 64 percent rise from the 148, 262 tons over the same period last year.

## **Infrastructure**

- Thailand has invested \$100 million in Cambodia's construction sector, according to the latest figures issued by the Minister of Land Management, Urban Planning and Construction.

## **Real Estate**

- As Cambodia moves forward with its economy and prepare for the ASEAN integration, land prices in Phnom Penh are rising. Phnom Penh land prices increased between 10 to 30 per cent depending on whether the area was an economically active location, a residential area or an industrial area, according to a recent study from World Trust Estate for the first quarter of 2015.

## **Finance**

- Bangkok Bank returns to Cambodia with opening of Phnom Penh branch. The Phnom Penh branch, which will serve customers from all over Cambodia, is BBL's 29th international branch and the third in Cambodia of a Thai bank. Thailand is among the top five investors in Cambodia and is the biggest exporter to the country.

## **Telecommunication/ Information Technology**

- Cambodian telecom companies are scrambling to jump on the 4G bandwagon and tap into the Kingdom's growing mobile internet usage, as front-runner Smart announced last week that its 4G LTE network now spans across the whole country.

## **Petroleum & Power**

### **----- Bilateral**

- Cambodia's exports to Japan dramatically increased during in the first quarter of 2015, bucking the trend of fellow ASEAN member states that all saw a decline in shipments to Japan over the same period.

According to the latest data from the Japanese External Trade Organization, Cambodia's year-on-year exports to Japan were up by 37 per cent in the first quarter of 2015, reaching \$245 million.

- Bilateral trade between China and Cambodia will be worth more than \$5 billion by 2017, up from \$3.75 billion last year, according to estimates made public by the Ministry of Commerce. Bilateral trade is expected to be worth \$4.31 billion in 2016, with trade between the two countries expected to hit the \$5.01 billion mark by 2017. This equates to a one-third increase in trade value over the next three years.

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