

EMBASSY OF INDIA

PHNOM PENH

MONTHLY COMMERCIAL REPORT-May 2015

PART I ECONOMIC TRADE DATA

Inflation: 3.04% (April 2015)

PART II-INTERNAL

Economic

FDI

Manufacturing

- Cambodian rice exports have grown year-on-year since 2009 but have fallen well short of reaching the government's 1 million tons annual target, with experts saying that limited access to finance, warehousing and logistical support are holding back the potential of rice millers. According to the Economic and Social Survey of Asia and the Pacific 2015, published by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP), despite the 3 million tons of paddy available for processing in Cambodia, it will not reach the 1 million tons export mark in 2015 and will need to invest in scaling up milling capacity and irrigation facilities.
- Cambodia's year-over-year garment exports for the first quarter grew by 11 percent, according to the latest figures from the Commerce Ministry, indicating a possible recovery from a difficult 2014 for one of the country's most important industries.

Tourism

- Tourist visit Cambodia for Angkor Wat, others for its white sandy beaches or rich culture. And some just come for a root canal. Dental tourism is on the rise in the Kingdom and more and more high-end clinics are offering packages that combine affordable and world-class dental care with Mekong river cruises, cultural tours and accommodation.
- The number of Cambodian outbound tourists has spiked considerably in the first quarter of this year compared with the same period the year before (2014). Figures from the Ministry of Tourism show that 87,450 Cambodians went abroad by the end of March of this year, compared with 72,430 in 2014's first quarter – an increase of more than 20 per cent.
- Cambodian tourism authorities expect the sector, which saw tourist arrivals drop in 2014, to get a boost this year, after the country was accorded an award for being the best cultural and heritage tourist destination at last week's World Travel Fair in Shanghai.
- The number of tourists visiting the Choeung Ek Genocidal Center, known as the Killing Fields, is estimated to be rising markedly in the first four months of 2015

compared to the same period last year (2014). Located southwest of Phnom Penh in Dankoar district, the Killing Fields is where more than a million Cambodian people were killed in the darkest hours of the Khmer Rouge.

Agriculture

- Local rice exporter Amru Rice is close to signing an agreement with an American importer to bring Cambodian organic rice to the American market, according to the rice exporter's chief executive.

Infrastructure

- The Ministry of Public Works and Transportation is looking at the potential of enhancing the waterway connection between Phnom Penh's port and a deep sea port in Vietnam in an attempt to slash the Kingdom's transportation costs.

Real Estate

Finance

Telecommunication/ Information Technology

- According to internet provider Ezeecom, it would help build the Kingdom's first undersea communications cable, a long-delayed project that was originally announced in 2013 and slated for completion at the end of last year (2014). The construction of the Malaysia-Cambodia-Thailand cable will "bring faster, more affordable broadband to the people of Cambodia and connect the country to the rest of the world like never before".
- The Cambodian government has begun construction on a second Institute of Technology on a 200-hectare campus in Kompong Speu province as part of its effort to better meet the country's growing demand for workers with engineering and technical skills. According to a sub-decree signed by Prime Minister Hun Sen on May 20 2015, the institute in Thpong district will offer bachelor and associate degrees in 11 departments including mechanical engineering, electronics, e-commerce, computer science and tourism.

Petroleum & Power

- A USD 92 million transmission line will be constructed at the Lower Sesan II hydro dam in Stung Treng by June 2017 to transfer power to Kampong Cham and Kratie provinces, according to a release from Malaysian power system engineering company Pestech International. Pestech's subsidiaries – Pestech (Cambodia) Ltd, Enersol Co Ltd and Diamond Power Limited – will build and operate the 230 kV lines that will transfer 400 megawatts of power once the hydro-electric dam is operational.

Bilateral

- Cambodia and France have agreed to increase the trade volume between the two countries. Bilateral trade between the countries has steadily risen over the year, reaching a peak last year of more than USD 60 million.
- Cambodia has been invited by the Philippines to bid for a 250,000 tonne rice tender in June to boost the latter's rice buffer stock during the lean months of July to September. Philippines' National Food Authority has been tasked with issuing a tender in June for the import of 25 per cent broken rice via a government-to-government deal, with delivery expected to be between July and August. Vietnam, Thailand and Cambodia are eligible for this tender as they already have import contracts with the Philippines.

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