

EMBASSY OF INDIA

PHNOM PENH

COMMERCIAL REPORT

January-September 2015

Economic and Commercial news

Economic Growth forecast

- The Asian Development Bank (ADB) has lowered the country's economic growth forecast to 7% in 2015 and 7.2 percent for the year 2016. According to the ADB's new report, released on 22 September. In its updated report on the Asian Development Outlook (ADO) 2015, ADB has forecast growth in gross domestic product (GDP) of 7% for 2015 and 7.2 percent for 2016, down from the forecast in March from 7.3 percent and 7.5 percent.

Agriculture Exports

- State-owned agriculture company Green Trade said that it will not participate in the latest Philippine government's rice auction as Cambodia's rice cannot compete on price with neighboring Thailand and Vietnam. The Philippines' National Food Authority (NFA) authorized the import of 750,000 tonnes of rice and has invited the governments of Cambodia, Thailand and Vietnam to join the bidding process to fill the quota. Cambodia had earlier lost out on a 100,000-tonne Philippines' rice bid to Vietnam in June. Vietnam's quote of \$417 per tonne, was only marginally smaller than Thailand's, but Cambodia's final bid of \$455.50 per tonne was way above the reference price of \$408.15 Higher transportation and electricity costs lead the list of factors that have prohibited Cambodia from bidding competitively.
- Due to less rainfall this year, farmers and rice millers alike are still concerned about yield and quality levels of rice in one of the country's leading rice-producing regions. In August's report on the drought situation from the Agriculture Ministry, Battambang, along with Banteay Meanchey, accounted for around two-thirds of drought-affected areas.
- The ministry of Agriculture plans to establish five regional food safety inspection offices near the country's borders to facilitate the flow of cross-border agricultural trade, reducing the time it takes Cambodian exporters to deliver shipments of agricultural products to foreign markets, a ministry official has said. The new regional offices would inspect export shipments of food and agricultural products, ensuring that they comply with Sanitary and Phytosanitary (SPS) protocols and issuing certificates required by foreign purchasers. The inspections could eventually include imports as well. The five locations that have been suggested are in Battambang, Svay Rieng, Kampong Cham, Monduliri and Preah Sihanouk provinces, according to Vanhorn.

- Cambodia exported 369,105 tonnes of milled rice in the first nine months of 2015 -- a 37% rise over the same period last year (2014). Three top buyers of Cambodian rice are China, France and Poland, Xinhua news agency reported citing the Secretariat of One Window Service for Rice Export..

Tourism

- Cambodia Ministry of Tourism will work with Agent Française de Développement to establish two tourism schools in Phnom Penh and Preah Sihanouk next year. The government would need to borrow USD12 million for the construction and set-up, the report claimed. The country will need to increase the tourism workforce to about 1 million to serve 7.5 million foreign tourists expected in 2020. The six labour divisions are: Four in hotel services including front office, housekeeping, food production and food and beverage services; two in travel services consisting of travel agencies and tour operators.
- Cambodia's Ministry of Tourism plans to organize Cambodia International Tourism Expo in August next year.

Financial Sector

- Cambodia's largest bank, Aceda Bank, announced its half-yearly results on August 26, reporting a 40 per cent increase in net profits as compared to the same period last year on the back of strong loan and deposits growth. The bank saw \$50.6 million in net profits for the first six months of 2015, compared to the \$36.1 million earned in 2014. Customer deposits grew to \$2.28 billion and loans and advances were \$2.3 billion, registering a 14.1 and 12.7 per cent increase respectively over the first six months last year (2014).
- Cambodia's newest microfinance institution FASMEC Microfinance officially launched with a start-up capital of \$1 million raised from a handful of investors on the new company's board, the MFI hopes to expand its loan portfolio by the end of 2016.

Real Estate

- With the increase in condominium construction in the Kingdom, Cambodian real estate company CPL merged with Singapore-based Huttons Real Estate Group in order to cash in on prospective condo sales. The partnership was signed on September 2, 2015 and Cheng Kheng, chairman for the merged company Huttons CPL, said he was hopeful the firm will be a leading seller of condos and apartments.
- More than 5,000 local and overseas investors and exhibitors joined the three-day CAMBUILD'15 (September 2015), the largest event for the country's building & construction industry. This year, the event has attracted more than 300 exhibitors from over 20 countries including China, Singapore and Malaysia, whom will present their latest projects with special offers for buyers and investors. This is the fifth year the expo has been a host for the event. CII also had a small participation.

- As commercial developments continue to expand Phnom Penh's office space in hopes of capturing the international market, especially with the upcoming integration of the ASEAN Economic Community (AEC), occupancy rates for the first half of this year saw only a marginal increase.

Textiles

- The Textile Enterprise Association of the Chinese Chamber of Commerce in Cambodia officially launched in Phnom Penh. The association, known as TEAC, aims to boost Chinese investment in Cambodia's garment industry, offering services such as legal advice and government liaison support for existing and potential garment and footwear investors from China. According to reports investors from China, Hong Kong and Taiwan account for about 70 per cent of the garment and footwear factories in Cambodia.

1. Trends in Bilateral trade and investment: (Source DGCIS, UN COMTRADE, Cambodian news reports)¹

(USD million, from 1st January 2015 to June 2015)

1. Bilateral Trade

	Export	Import	Total	Growth % of Export	Growth % of Import
Country's Trade with India	8.596	77.625	86.221	17%	2%
Country's total global trade	4130	5620	9750	9.5%	8%

2. Top items of Imports from India

1. Drug formulations, biologicals
2. Manmade yarn, fabrics, made ups
3. Cotton fabrics, made ups
4. Oil meals
5. Finished leather
6. Industrial machinery for dairy etc.
7. Cotton yarn
8. Ground Nut
9. Milled products
10. Two and three wheelers

3. Top items of Imports from the World

1. Petroleum products, gasoline
2. Fabrics
3. Vehicles
4. Wholesale yarns
5. Machinery and equipment
6. Electronic machinery

4. Top 10 items of Exports to India

1. Natural Rubber
2. RMG manmade fibers
3. RMG Cotton including accessories
4. Bicycle and parts
5. Footwear of leather

¹ Data for Cambodian export, import is hard to come by and most of the data used is from international agencies which rely on mirror data.

6. Footwear of rubber/canvas etc
7. Aluminum products
8. RMG of other textile material
9. Plywood and allied items
10. Cashew

5. Top items of Export to the World

1. Garments, apparels
2. Footwear
3. Natural rubber
4. Agricultural products

6. Potential products of exports for India

Potential items of exports from India could include machinery, auto parts (two/three wheelers), drugs and pharmaceuticals, agricultural products.

7. Global Investment (Source: Cambodian news reports)

Infrastructure Development

- A 10-kilometer elevated highway connecting Phnom Penh and the airport is slated to begin next year, Minister of Public Works and Transport Tram Iv Tek said on 22 September 2015. Construction will take five years and cost \$362 million dollars, pending approval from relevant ministries, Mr. Iv Tek said at a review of the project's feasibility study yesterday. The study was conducted by a transport research and design institute based in the Chinese province of Henan. Mr. Iv Tek said the highway will ease traffic flows between the airport and downtown Phnom Penh and reduce traffic jams.

Manufacturing

- Toyota Cambodia will build a new facility at Phnom Penh Special Economic Zone (PPSEZ) on the outskirts of Phnom Penh to serve its customers and operations. The Japanese auto brand distributor has leased 5.3 hectares of land in PPSEZ and will construct a showroom, office, warehouse and training centre. Construction is set to begin in early 2016 and be completed by the middle of the year.

8. **Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:**

- Vice President visited Cambodia for an official visit from September 15-17, 2015. During the visit an MoU on tourism cooperation was also signed. The MoU aims at enhancing investment and promoting exchange of experience in marketing, destination development and management in this field.

9. Trade queries for import/Exports

Trade queries for import/Export from August- September 2015

<u>S.No</u>	<u>Enquiry originator</u>	<u>Product (with HS Code)</u>	<u>Nature (Export/Import) and Value (\$ min)</u>	<u>Action Taken</u>
1.	Ekaksh Overseas – Rajkot (India),	Spice		Name of companies/traders forwarded
2.	LIBERTY SHOES LTD INDIA	Footwear		Name of companies/traders forwarded
3.	G.M.P. Certified manufacturer	Ayurvedic / Herbal drugs		Name of companies/traders forwarded
4.	Swiss Pharma Pvt. Ltd.	pharmaceutical		Name of companies/traders forwarded
5.	New India pharmaceuticals	pharmaceutical		Name of companies/traders forwarded
6.	Ceramic tiles and Sanitary wares	ceramic Tile and Sanitary wares		Name of companies/traders forwarded
7.	Eagle Group	Wooden Furniture (HS Code 94036000) Heena Powder (HS Code 12119029) Spices		Name of companies/traders forwarded
8.	Sri balaji mills	Areca leaf disposable plate (bio -gradable)		Name of companies/traders forwarded
9.	Life International	Garments and Textiles		Name of companies/traders forwarded
10.	Gautam B. Ruprell	<ul style="list-style-type: none"> • Plastic & PET Flakes • Variety of Crushed Plastic, scrap • Fiber used for Mattress & Pillow • Automobile Lubricants, Grease & Engine oil • FMCG (Cosmetics, Shaving, Beauty creams, etc) • Confectioner 		Name of companies/traders forwarded

		y • Bitumen/asphalt		
11.	Mr. K. Saravanan	Agriculture, apparel, jute, textile, gem & jewellery		Name of companies/traders forwarded
12.	KTM - Marketing	Textile Garments		Name of companies/traders forwarded
13.	Hardik International	laboratory equipment		Name of companies/traders forwarded
14.	Virendra Singh	Stationery		Name of companies/traders forwarded
15.	MANATEC	Automotive Garage Equipment viz		Name of companies/traders forwarded
16.	Excelsior Pharmaceuticals Pvt. Ltd.India.	Medical Devices, Medical accessories and surgical disposables 1) 9018 2) 3926 3) 3917 4) 9021 5) 9033 6) 6210 7) 6107 8) 6114 9) 4015		Name of companies/traders forwarded
17.	ADITYA GLOBAL	Groceries		Name of companies/traders forwarded
18.	Midco Limited	Gasoline Dispensing Pumps		Name of companies/traders forwarded
19.	JYOTI AIR POWER ENTERPRISE	Air Compressor		Name of companies/traders forwarded
20.	<i>GEM FORGINGS PVT. LTD.</i>	Medical products		Name of companies/traders forwarded
21.	ARR ENTERPRISES	Spices ,Vegetables, Fruits,flowers,honey,fish,herbal, Coffee, Tea,Textiles,leather,		Name of companies/traders forwarded
22.	Shree Ganesh Stones Quarry	Granite, Marble, Sandstone, Limestone, Pavingstone, Cobbles, Pebbles and Slate		Name of companies/traders forwarded
23.	Henry	Setting up a company		Feasibility report sent
24.	ALS EXPORTS	Non-basmati rice		Name of companies/traders forwarded
25.	Suri Engineers	rice milling machines		Name of companies/traders forwarded

26.	Vanguard International P Ltd. (RKG Group)	Automobile sector		Name of companies/traders forwarded
27.	Gujarat based textile company	fabrics		Name of companies/traders forwarded
28.	Tolip Brand Industrial	Exhaust Fan, Air Circulator Fan Pedestal and Wall Bracket		Name of companies/traders forwarded
29.	Kendale International	Neck Ties, ladies handcrafted scarves and stoles		Name of companies/traders forwarded
30.	AKSHAR INTERNATIONAL	Agro commodities, Spices & Hardware products		Name of companies/traders forwarded
31	NRB Bearings Ltd.	Bearing business		Name of companies/traders forwarded
32.	L.S.SIVAKUMAR	HERBAL & MEDICINAL PLANTS		Name of companies/traders forwarded
33.	BK Labs Pvt. Ltd.	Pharmaceutical formulations		Name of companies/traders forwarded
34.	B.R.K Minerals	Manufacturer of ceramic porcelain tiles, vitrified tiles, quartz stone tiles, sanitaryware, ceramic insulators and steel plants.		Name of companies/traders forwarded
35.	PWYC	Cattle Feed		Name of companies/traders forwarded
36.	NAHA BLUE LINK INC	Kitchen cookware		Name of companies/traders forwarded
37.	Shree Ganesh Stones Quarry	Granite, Marble, Sandstone, Limestone, Pavingstone, Cobbles,		Name of companies/traders forwarded
38.	ALICE TECHNOLOGIES	Bearing, Auto Parts, Sanitary wares, Submersible Pump, Glass & Glass Ware, Plastic Products, Handicrafts and Ceramic Tiles.		Name of companies/traders forwarded
39.	PJ Agro Seeds	Agriculture Products		Name of companies/traders forwarded
40.	Adani Wilmar Ltd.	Basmati Rice		Name of companies/traders forwarded
41.	Kovai Agro Foods	Agricultural lands		Feasibility report sent
42.	LVG Healthcare Pvt. Ltd.	Herbal products		Name of companies/traders forwarded

43.	Sunil Gupta	Granite, Marble, Slate, Sandstone & Limestone		Name of companies/traders forwarded
44.	OMNI Lens Pvt. Ltd.	Ophthalmic specialist		Name of companies/traders forwarded
45.	SVS AQUA TECHNOLOGIES	Chlorine Dioxide powder and Tablets, Liquids in water		Name of companies/traders forwarded
46.	Govind Rubber Limited	Bicycle/Bicycle spare parts		Name of companies/traders forwarded
47.	Bala Kumaran	India Green Cardamom Spices		Name of companies/traders forwarded
48.	<i>KANIN (INDIA) LTD.</i>	Stationery & Hardware Products,		Name of companies/traders forwarded
49.	Rajendra Synthetics	Men shirt garment manufacturer		Name of companies/traders forwarded
50.	ALS EXPORTS	Rice		Name of companies/traders forwarded
51.	KALANERI (art gallery & academy of fine art sansthan)	Paintings and Handicrafts.		Name of companies/traders forwarded
52.	Manufacturers of Rotary Tillers	Tractors, agro implements		Name of companies/traders forwarded
53.	Portex International	1] News Print Paper – HS Code – 48010090 2] Soyabean Seeds – HS Code – 12019000 3] Wheat Floor – HS Code – 11010000 and 11051000		Name of companies/traders forwarded
54.	EP International	Basmati rice		Name of companies/traders forwarded
