

CAMBODIA OUTLOOK

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CAMBODIA'S TRADE VOLUME REACHES OVER \$6.8 BILLION IN FIRST TWO MONTHS

The total trade volume between Cambodia and other countries around the world reached over US\$6.8 billion in the first two months of 2023, down 21.8 % if compared to the same period last year.

Figures from the General Department of Customs and Excise at the Ministry of Economy and Finance showed that Cambodia exported nearly US\$3.3 billion worth of products to foreign markets, a year-on-year declined 8.6 %. At the same time, the Kingdom's imports saw a decrease by 30.9 % to over US\$3.5 billion.

Cambodia's largest markets were the United States, Vietnam, China, Japan, Thailand, Canada,

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ALMOST 100,000 TONNES OF MILLED RICE EXPORTED IN FIRST TWO MONTHS

For the first two months of 2023, Cambodia exported nearly 100,000 tonnes of milled rice to international markets, generating US\$72.67 million, according to a report of Cambodia Rice Federation (CRF).

The Cambodian milled rice was shipped by 40 rice exporters to 38 international destinations, said the report, adding that China (including Hong Kong) was the largest market accounting for 50.33 % or 49,056 tonnes worth over US\$33 million.

Furthermore, 21 countries in Europe purchased 38,456 tonnes worth over US\$27 million, while Malaysia and Singapore 4,409 tonnes worth some US\$3 million, and other destinations including Africa, Australia, the Middle East, Turkey, Russia, and the U.S., etc. 5,546 tonnes worth US\$8.14 million, it continued.

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CAMBODIA TO ACHIEVE 6.6% GDP GROWTH IN 2023



The Gross Domestic Product (GDP) of Cambodia would grow by 6.6 percent in 2023, a message from Prime Minister Hun Sen said yesterday.

"The economy has recovered fast," Premier Hun Sen said, adding, "thanks to all of the efforts proactively made by the government on its ownership through releasing measures to maintain the balance of the socio-economy."

Cambodia achieved economic growth of an average 7 percent annually in the last decade of development in the country.

The government has also forecasted that Cambodia's economy would grow 6.6 percent this year—the highest projected growth rates compared to the three major international bodies including the International Monetary Fund (IMF), World Bank (WB) and Asian Development Bank

(ADB), according to the report released by the National Bank of Cambodia (NBC).

However, H.E. Meas Soksesan, MEF's spokesman, said that the two GDP Growth figures—6.6 percent (2023) and 5.6 percent (2022)—are both still projections taking into account various new development factors as there may be more revisions made by the government this year. "The global circumstances move very fast," H.E. Soksesan pointed out.

H.E. Soksesan added that the government has set more measures this year to boost Cambodia's economic recovery and mitigate the effects or impacts of the ongoing external factors or shocks.

According to the government's actual forecasting, H.E. Soksesan pointed out that it is unlikely that the ongoing external shocks such as geopolitical,

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CAMBODIA TO ACHIEVE 6.6% GDP GROWTH IN.....

economic and climate crises, Russia-Ukraine war and Taiwan issue have threatened Cambodia's journey to leave the Least Developed Country (LDC) category hopefully in 2027.

During his keynote address at the opening of the 14th Cambodia Outlook Conference last year, Premier Hun Sen raised the question of whether Cambodia can achieve its goals of becoming an upper-middle-income economy by 2030 and a high-income economy by 2050.

Premier Hun Sen added that Cambodia has been passing through a challenging phase due to the impacts of Covid-19 pandemic, Russia's invasion of Ukraine and economic sanctions imposed by the US and European Union. So, it should be assessed beforehand to see whether or not the targets are achievable.

MEF's Permanent Secretary of State and Minister attached to Prime Minister Vongsey Vissoth stated in January this year during the opening session of the Macroeconomic Management and Budget Law 2023 in Phnom Penh that Premier Hun Sen approved the re-projection of Cambodia's GDP Growth at 5.6 % from 6.6 % for 2023.

"The ambition is high and difficult due to the complicated issues to come, but we have a philosophy saying difficulty does not make us afraid, but it is the base or reason why we need to work harder. This is our strength. So, we must not be afraid of difficulty, but we need to work well together... That's why the macroeconomic and budget management will respond to all concerns and challenges that our country has been facing," H.E. Vongsey Vissoth said. ■

CAMBODIA TO DIRECTLY SHIP GOODS TO UNITED STATES, EUROPEAN UNION BY 2030



By 2030, Sihanoukville Autonomous Port (PAS) will be able to ship goods directly without any transit to the United States (US) and European Union (EU) markets, said Sun Chanthol, Minister of Public Works and Transports (MPWT) yesterday.

The PAS, which is fast developing in three phases with financing support from Japan, will gear itself to receive larger vessels that would take goods to the US and EU markets without transits.

The target of goods waterway shipment was revealed yesterday by H.E. Chanthol while delivering a presentation on infrastructure projects to about 350 students at the Techo Sen Institute of Public Works and Transport in the MPWT complex in Russey Keo district, Phnom Penh.

H.E. Chanthol said goods that are currently shipped from Cambodia through PAS to the US and EU markets are lifted onto small vessels at the port and then they are lifted out of those vessels and shifted onto larger ones when they arrived in Singapore or Hong Kong that ship to the US or EU, which costs shipments twice—both financially and in terms of time consumption.

"Currently, large vessels cannot enter our ports as the depth of water is shallow and so the port needs to be rehabilitated to deeper ... and so we will no longer have to ship our goods by the existing means," said H.E. Chanthol, adding that the port's development has been divided into three phases with financial support from Japan through the Japan International Cooperation Agency.

H.E. Chanthol, who is also senior minister, pointed out that PAS has been recruiting a contractor to build a new container port that would be 14.5 meters deep—expected to be completed in 2026 on the first phase, which would enable 93 percent of a total number of large vessels in the Asia Pacific region to enter PAS.

Meanwhile, PAS has also been recruiting a company to conduct a study on the development of PAS to 16.5 meters deep and 17.5 meters deep for the third phase.

PAS listed on the Main Board of CSX on June 8, 2017, entered into a sale and purchase agreement to sell its 130-hectare land in Bet Trang commune of Preah Sihanouk province at \$20 per square meter.

CAMBODIA'S TRADE REACH..

Germany, the UK, Spain, and the Netherlands.

The main exported items included garments, footwear, travel goods, bicycles, rice, machinery and electrical equipment, vegetables and fruits.

The country imported mostly raw materials, construction materials, automobiles, pharmaceutical products, electrical equipment, fertilizers etc. ■

ALMOST 100,000 TONNES OF MILLED RICE EXPORTED.....

Of the total exported rice, 49,381 tonnes were premium aromatic rice "Malis Angkor", 36,495 tonnes were fragrant rice "SKO", 6,461 tonnes were white rice, 2,890 tonnes were parboiled rice, and 2,284 tonnes were organic rice.

Cambodia exported 871,319 tonnes of paddy rice (~US\$218 million) to neighboring countries. ■

The process of transferring hard title deeds for the parcel of 130 hectares of land that PAS sold to a buyer in 2021 was completed early this year after it made a loss of about \$3.5 million in the last quarter of 2022, said PAS's unaudited interim condensed financial information for the three-month and twelve-month periods ended by December 31, 2022.

PAS is a public autonomous institution that is under the technical supervision of the Ministry of Public Works and Transport (MPWT) and the financial supervision of the Ministry of Economy and Finance (MEF) and was registered as a state-owned public enterprise with the Ministry of Commerce to the sole international and commercial deep-sea port in Cambodia.

In its status as the public autonomous institution, PAS has obtained extensive authority and major duties from the government to carry out its activities to provide seaport services and related services such as bringing vessels in and out and providing them with supplies, loading and transporting, according to the report.

There are about 6,000 foreign vessels entering and leaving sea and river ports annually in Cambodia, according to the figures of MPWT.

Japan-financed Port Electronic Data Interchange system make a soft launch to put an end to paper-based procedures for private sector vessels' entrance into and exit out of PAS to improve effectiveness, transparency and cost-saving. ■

CAMBODIA REMAINS AT LOW RISK OF DEBT DISTRESS



Cambodia's public debt is still evaluated as controllable with a low risk of distress despite the country's economy having been impacted by the Covid-19 pandemic and other external factors.

As of the end of 2022, including the old debt, the Cambodian government has a total public debt of \$9.99 billion, in which 99.82 percent or \$9.97 billion in public external debt from bilateral developing partners and multilateral developing partners, and \$17,51 million was domestic debt, according to the Cambodia Public Debt Statistical Bulletin.

The bulletin, released by the Ministry of Economy and Finance, said Cambodia signed to borrow \$4,001 million from China, \$1,077 million from Japan, \$482 million from the Republic of Korea, \$473 million from France, and \$28 million from Thailand.

Regarding loans from multilateral agencies, the Kingdom borrowed \$2,050 million from the Asian Development Bank, \$933 million from the World Bank, \$129 million from the International Fund for Agricultural Development, \$84 million from European Investment Bank, \$2 million from OPEC Fund for International Development, \$7.9 million from Nordic Development Fund, and \$6.6 million from the Asian Infrastructure Investment Bank.

All the loans are highly concessional with an average grant element of around 41 percent, it said, adding that the purpose of the loans is to finance public investment projects in the priority sectors that support long-term sustainable economic growth and increase productivity.

The present value of external debt to GDP was 24.9 percent compared to the threshold of 40 percent.

"Despite being impacted by the Covid-19 pandemic and other external factors, Cambodia's public debt situation continues to remain "sustainable" and "low risk" of debt distress.

All the key debt indicators in 2022 are well below the thresholds. The main debt indicator, the Present Value of Public and Publicly Guaranteed External Debt to GDP, is at 24.9 percent compared to the 40 percent threshold," the bulletin said.

Maintaining sustainable public debt is because Cambodia has a strong public debt system through a series of sharpened reforms, said H.E. Aun Pornmoniroth, Minister of Economy and Finance.

"Sustainable and efficient public debt management has made a significant contribution to achieving proud economic growth over the past two decades, as well as enabling Cambodia to be able to mobilize more concessional credit to meet the financial needs of the priority sectors," H.E. Pornmoniroth said in the bulletin.

According to the bulletin, in 2022, the government has paid debt services to development partners to the tune of \$464 million.

For 2023, the government plans to raise \$200 million from bonds, which can provide direct revenue and ensure investment efficiency and sustainability of debt management and the national budget.

The government has raised only some \$17 million from government bonds, which issuance started in October last year.

H.E. Pornmoniroth has previously said that sovereign bonds will allow the government to raise funds for socio-economic development projects. ■

CONTRACT FARMING MOU EXPECTED TO INCREASE CAMBODIAN CASSAVA EXPORTS TO CHINA



Cambodian cassava producers are joining hands with Chinese-owned Global Ecological Rice (Cambodia) Co Ltd to improve and maintain access to one of Asia's largest markets for the edible starchy tuberous roots, ensure ample supplies of the locally-grown produce, and ratchet up the Kingdom's agricultural exports.

Union of Safe Vegetable Communities of Cambodia and Global Ecological Rice (Cambodia) Co., Ltd. have come to an understanding and signed memorandum of understanding (MoU) for Cambodian cassava production to boost cassava exports to the Chinese market.

The MoU designed to pave the way for subsequent contract farming arrangements was penned to this end on March 11, by Cambodia Safety Vegetable Union of Agricultural Cooperative (CSVUAC) chairman Chua Makara and Global Ecological Rice boss Zhai Muqi at a ceremony presided over by Ministry of Agriculture, Forestry and Fisheries undersecretary of state H.E. Pak Samay Sunit.

"We need to prepare a lot from now on, and this year we will push for more exports." Makara said and added that in order to meet the needs of Chinese buyers, it is necessary to jointly study the shortcomings in order to achieve stability and meet the needs of buyers.

Chai Muchi, General Director of Global Ecological Rice (Cambodia) said "Before signing with Cambodia, the company also cooperated with Guangxi Tropical Research Institute to study the land, and geographical location of Cambodia, and according to the company's requirements, there is also approval from the Chinese government to export Cambodian products to China." ■

NEARLY 290,000 TOURISTS VISIT CAMBODIA IN EARLY MARCH 2023

Cambodia saw nearly 290,000 tourists during February 27 to March 05, 2023.

The Ministry of Tourism report on March 08 revealed that from February 27 - March 05, 2023, the country received a total of 289,208 tourists, including 23,811 national tourists and 51,017 foreign tourists.

The main tourist destinations were: Preah Sihanouk with 69,949 people, Siem Reap with 40,120 people, Phnom Penh with 39,143 people, Kampot with 26,262 people, Battambang with 20,920 people, Kampong Cham with 14,364 people, Pursat with 10,852 people.

The minister said that the current influx of domestic tourists is around 300,000 for a regular week.

He continued that in the main tourist destination such as Siem Reap, the growth of domestic tourists and the continuous influx of international tourists have been contributing to the socio-economic activities.

