

# CAMBODIA OUTLOOK

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Royal Embassy of Cambodia accredited to the Republic of Türkiye, the Republic of Azerbaijan, Georgia, the Republic of Kazakhstan, the Kyrgyz Republic, and the Republic of Tajikistan

## CAMBODIAN EXPORTS VALUE UP 1% IN FEBRUARY 2023

Amid an increase in non-garment shipments despite a declining growth of garment export, the value of Cambodian exports increased by 1% in February 2023 compared with a fall of 23.6 % recorded in January.

This positive growth is due to an uptick in non-garment export despite a declining growth of garment export, according to the Monthly Economic Update: February 2023 of the Ministry of Economy and Finance, dated March 15.

The export of apparel declined by 4.5 % in the second month of the year compared with a fall of 20.6 % in January.

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## 114,193 TONNES OF CASHEW NUTS EXPORTED IN FIRST TWO MONTHS OF 2023

During the first two months of 2023, Cambodia exported 114,193 tonnes of cashew nuts to four countries, according to a report from the Ministry of Agriculture, Forestry and Fisheries.

Of the amount, 114,140 tones were exported to Vietnam, 27 tones to Japan, 20 tonnes to Thailand and 6.40 tonnes to South Korea, continued the source.

Cambodia is committed to producing quality cashew nuts competitive in national and international markets. Cashew nut is Cambodia's third most exported commercial crop, after rice standing 1st and cassava 2nd.

H.E. Dith Tina, Minister of Agriculture, Forestry and Fisheries, is cooperating with key players such as Cambodia cashew federations and associations, Ministry of Commerce, and Rural Development and Agriculture Bank to boost Cambodia's cashew nut export.

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## DON'T WISH ANY NATIONS TO FAIL, SAYS CAMBODIAN PRIME MINISTER HUN SEN



Prime Minister Hun Sen said on March 22, 2023 that all nations in the world needs to depend on each other, therefore do not wish any nations to fail or go bankrupt.

While presiding over a graduation ceremony of Vanda Institute, Premier Hun Sen said the current bankrupt of Sri Lanka had caused headache to the International Monetary Fund (IMF) and the world.

“We should not wish Thailand or Vietnam or the U.S. or China and other any nations down, if each of them defaults, we all fall into trouble,” Premier Hun Sen underlined, adding that the world now should compete for win-win, not for lost-lost.

Prime Minister Hun Sen reaffirmed that every nation is Cambodia's trade and development partner, therefore we have to depend on each other.

At the same time, Prime Minister Hun Sen also expressed his optimism of the national development and progress.

On March 20, 2023, Premier Hun Sen said before 2003, the total national revenue was only 1,821 billion Riel while the national expenditure was some 2,994 billion Riel, then 20 years later, in 2023, the national income is estimated to jump to 32,936 billion Riel, while the total expenditure would reach around 41,537 billion Riels.

With this excellent performance indicator, Cambodia has seen continued economic growth until it achieved the status of a lower middle-income country in 2015, said the Premier, stressing that the Kingdom is confidently moving towards becoming an upper middle-income economy by 2030 and a high-income nation by 2050. ■

## CAMBODIAN EXPORTS VALUE UP 1% .....

Garment exports to the European Union came down by 14.7 %, declined by 10.8 % to the United Kingdom, fell by 3.5 % to Japan and recorded a drop of 5.2 % to ASEAN member states.

However, spelling some respite, apparel shipment to the US increased by 2.7 % and expanded by 16.4 % to China.

During the same period, the export of non-garment items increased by 8.6 % in February compared to a decline of 24.7 % in January.

This is due to positive growth in the shipment of electrical parts, bicycles, veneer, plywood, rice, cassava, banana, mango and some other agricultural products.

Excluding gold, the February export declined by 11.4 % year-on-year, mainly due to a decline of garment export, while export of non-garment increased by 16.8 %, says the ministry update.

Cambodia's imports declined by 14.7 % in February compared to 23.6 fall in the previous month. The ministry updates attribute it to 47.8 % drop in garment material and 21.6 % decline in construction material import during the period under consideration.

However, says the ministry the import of consumer goods increased by 3.4 % and the inward shipment of vehicles grew by 21.2 %.

Excluding gold, the February import also declined by 14.6 % year-on-year, due to negative growth in the inward shipment of almost all commodities. ■

## \$300M TIRE FACTORY STARTS OPERATIONS IN PREAH SIHANOUK PROVINCE



\$300M tire factory starts operations in Preah Sihanouk on March 18, 2023.

General Tire Technology (Cambodia), located in Sihanoukville Special Economic Zone (SSEZ), is a subsidiary of Chinese tire maker Jiangsu General Science Technology.

The factory is capable of manufacturing at least five million vehicle tires and 900,000 truck tires per year, said Gu Cui, chairman of Jiangsu General Science Technology.

"The main export markets are the United States, Europe, Brazil and other countries," he said.

The company imports raw materials of rubber from abroad for its production chains.

Provincial governor Kuoch Chamroeun lauded the company's investment in the economic development of the province. "General Tire Technology (Cambodia)'s investment in Preah Sihanouk province has made a significant contribution to the province's economic growth, generating jobs for local people, increasing the volume of imports and presenting opportunities for investment in Cambodia," H.E. Chamroeun said. "

Cambodia is an agricultural country that grows a lot of rubber, H.E. Chamroeun said, asking the tire manufacturers to buy local rubber for production chains, which will boost Cambodia's rubber prices and increase the income of farmers.

A new Chinese-invested tire factory will soon start its production chain in northeastern Kratie province, one of the provinces with rubber plantations, according to the Council for the Development of Cambodia (CDC).

China's Shandong province-based car tire manufacturer Qingdao Double is investing CNY1.4 billion (approximately \$210 million) in the factory.

Once operational, the factory will produce 8.5 million high-performance radial tires a year.

Cambodia has recently proposed to take into account the company that can produce in Cambodia using local rubber, said Chea Vuthy, Deputy Secretary-General of the Cambodian Investment Board of the CDC.

"Currently, the owners of the tire factories have signed contracts with 10 local rubber suppliers for raw material," he said. ■

## 114,193 TONNES OF .....

Cambodia now can produce up to 1,180,000 tonnes of cashew nuts from 700,000 hectares of land across the country.

In January 2023, the Kingdom approved a draft National Policy on Cashew Nuts 2022-2027, reconfirming its commitment to turn itself into a major cashew producer and supplier in the local, regional and global markets. ■

## ROYAL GROUP INKS CONTRACT ON EXPORT OF RENEWABLE ENERGY TO SINGAPORE



Cambodia's Royal Group Power Company Ltd. (RGP) and Singapore's Keppel Energy Pte Ltd. (KE) have reached an energy purchase agreement on exporting renewable energy to Singapore via submarine high-voltage transmission.

The agreement was signed on March 15 in Singapore by H.E. Kith Meng, Chairman of the Royal Group, and Cindy Lim, CEO of Keppel Infrastructure, witnessed by H.E. Suy Sem, Minister of Mines and Energy, and H.E. Tan See Leng, Second Minister for Trade and Industry of Singapore.

The proposal will see the imported electricity harnessing solar energy, hydropower, and potentially wind power, supported by battery energy storage systems or pumped storage hydropower.

H.E. Suy Sem said the deal is supported strongly by the governments of the two countries. "The deal contributes to cross-border energy trade and power integration among ASEAN Member States including Cambodia and Singapore," he stressed.

The partnership between Keppel and RGP demonstrates the "strong commercial interest and viability" of the renewable energy co-development projects for cross-border electricity trade, H.E. Tan See Leng said.

"This agreement is a milestone of the expedition of developing the renewable energy resources including importing electricity into Singapore," he added. ■

## WORLD BANK SEES BRIGHT DEMOGRAPHIC OUTLOOK FOR MOST ASEAN ECONOMIES INCLUDING CAMBODIA

*Young Dynamic Labor Force Makes Cambodia  
The Best Country to Invest in*



The World Bank says most ASEAN economies including Cambodia still enjoy a “demographic dividend” with the number of workers growing faster than the number of dependents.

In a report released in Washington on March 27, the bank also said that Cambodia was among a handful of ASEAN economies with scope for “substantial” productivity gains through increased urbanization.

From 1960-2010, the report noted that economic growth in East Asia and the Pacific was supported by a rapidly growing working-age population.

“Many economies in the region reaped a ‘demographic dividend’ as the number of workers grew faster than the number of dependents.” But “demographic trends have since become less favorable and are expected to deteriorate further over the next decade.

“The deceleration in working-age population growth has been especially stark in China and Thailand, due to population aging.”

“Several economies in the region, however, are still enjoying a demographic dividend,” the report said, pointing to Cambodia, Indonesia, Laos, Malaysia, Myanmar, Papua New Guinea and the Philippines.

Some countries, including Cambodia, Laos, and Papua New Guinea increases in working-age populations are expected, and these countries could continue to reap demographic dividends if they generate sufficient jobs.”

The report also noted that the region’s rapid growth of potential output in recent decades had been largely fueled by labor and other resources moving from agriculture to higher-productivity

sectors, a process that has encouraged urbanization.

East Asia and the Pacific “has the potential for continued, rapid urban development,” the report said, adding that the share of people living in urban centers was only 57 % in 2020 — well below the advanced economy average of 80 %.

Urbanization is “particularly low” in Cambodia at 13 % as well as Myanmar and Vietnam at around 35 %.

With much of the region’s workforces still engaged in agriculture, “there is still scope for substantial productivity gains from resource reallocation, particularly in Cambodia, Indonesia, Philippines, Timor-Leste, Thailand, and Vietnam,” the report said.

The World Bank noted that several countries in the region still have “sizable” needs to invest in infrastructure. “In some economies, better public infrastructure remains the priority as it could foster connectivity and spur innovation,” it said.

At the global level, the report described what it called a “worrisome trend” with the fading of economic forces that powered progress and prosperity over the last three decades.

As a result, between 2022 and 2030 average global potential GDP growth is expected to decline by roughly a third from the rate that prevailed in the first decade of this century — to 2.2 % a year.

For developing economies, the decline will be equally steep — from 6 % a year between 2000 and 2010 to 4 % a year for the rest of this decade.

The bank warned that these declines would be “much steeper” in the event of a global financial crisis or a recession. ■

## CAMBODIA NEEDS \$9BILLION INVESTMENT IN POWER SECTOR



Cambodia will need investment of around \$9 billion through to 2040 to develop new power plants and expand the national grids, the Master Power Development Plan 2022-2040 said.

Of the amount, over \$2.5 billion is the investment that has been approved between 2022 and 2025.

Another \$6.5 billion will be for renewable energy investment-hydropower dams, solar power projects, battery energy storage systems, natural gas-fired power plants, and biomass power plants, it added.

The Cambodian government has forecasted that the Kingdom’s electricity demand will increase to 24 billion kilowatt hours by 2025, to 36 billion kilowatt hours by 2030, to 50 billion kilowatt hours (kWh) by 2035 and 66 billion kWh in 2040.

Currently, the total power generation capacity increased from 3,990 MW by the end of 2021 to 4,495 MW by the end of 2022, while the amount of energy consumed from the power source increased from 13,097 million kWh in 2021 to 15,455 million kWh in 2022.

The renewable energy has now made up over 62 percent of the country’s installed electricity capacity.

The renewable energy comes from sources such as hydropower, solar energy and biomass energy. Most renewable energy in Cambodia comes from hydropower dams.

Prime Minister Hun Sen recently stated that the Cambodian government prioritizes the renewable energy investment, adding that hydropower, solar power and wind power, are still one of the best options for generating electricity in Cambodia.

“With a high percentage of renewable energy, Cambodia is considered one of the countries that pollute less in the environment,” he said.

Electricity is not only a necessity of daily consumption, but also a major industrial demand for the country’s fast-growing economy, he said. ■

## CAMBODIA RECEIVED ALMOST 50,000 FOREIGN TOURISTS LAST WEEK

The Ministry of Tourism has announced tourist figures for last week. Thong Khon, Minister of Tourism stated that in the fourth week from March 20-26, 2023, Cambodia received a total of 304,964 domestic guests, including 256,094 national guests and 48,870 foreign guests.

The main tourist destinations were: Preah Sihanouk Province with 69,477 people; Phnom Penh with 38,773 people; Siem Reap Province with 37,394 people; Battambang Province with 25,974 people; Kampot Province with 24,929 people; Svay Rieng Province with 18,241 people; Kampong Cham province with 15,402; Pursat province with 10,699.

Last week, many national and international tourists visited the sunrise at Angkor Wat on March 21, 2023. The Angkor Wat Equinox has 8,726 people, of which 2,226 are foreign tourists.



Visit  
**Cambodia**  
2023  
Every day is a Wonder

