

NEWSLETTER

MONTHLY

Business

Geo-politics

Economy

**Foreword by
Aquarii CEO
Michael Tan**

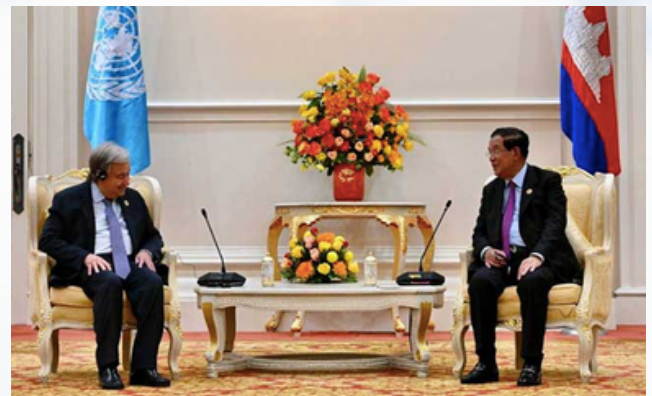
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FOREWORD

From CEO
Michael Tan



The ASEAN Summits and the Water Festival were evidently Cambodia's calendar highlights for the month of November.

Given the unprecedented range of complex and contentious issues and priorities that world leaders and senior officials had to deal with and Cambodia's ASEAN Chairmanship was a resounding success.

In November, a few key business- and investment-related news and developments that are indicative of Cambodia's socio-economic development priorities are worth highlighting:

TRADE AND INVESTMENT



As one of the most open and business-friendly emerging economies in the Asia Pacific region, Cambodia's push for more FDIs and trade with various partner countries such as the US, China, Japan, South Korea, Malaysia, Thailand, Vietnam, the Philippines, India, New Zealand, Bangladesh and Brunei is commendable.

In the first 10 months of 2022, it secured USD 3.5 billion worth of investment projects and chalked up a year-on-year increase of 15% or USD 44.5 billion in total exports; exports to its two largest markets – the US (USD 7.6b) and China (USD 9.62b) – had also increased. More significantly, its bilateral trade with South Korea reached USD 920m between January to October, recording a y-o-y increase of 16% even though the FTA will only enter into force in December 1.

FINANCIAL PRUDENCE



Cambodia is one of the fastest digitalizing economies in Asia and to ensure prudent financial controls and stability, the National Bank of Cambodia (NBC) has adopted a series of calibrated measures and innovation in tandem with an evolving digital economy.

They include a tough stance on crypto and digital currencies, undertaking practical steps to ensure greater acceptance and circulation of the Khmer Riel so as to have the monetary tools to mitigate external shocks to the economy, introduced one of the world's first central bank digital currencies (Bakong) – a blockchain-based payment system, and worked closely with the Credit Bureau of Cambodia to enable a transparent and stable financial sector. All these measures bode well for doing business and demonstrates a progressive and pragmatic policy decisions.

SUSTAINABLE COMMITMENTS



Amidst the deteriorating global climate crisis, Cambodia's power authorities signaled its resolve to achieve its goal of carbon neutrality by 2050 by entering into a transaction advisory services mandate with ADB to support the development of 2 gigawatts of solar power in the Kingdom. The Transport Ministry also rolled out charging stations for electric vehicles, and the Environment Ministry stepped up engagements with international corporate buyers of Verified Emission Reductions (VERs) to protect Cambodia's forests and fund programs against deforestation. This portends well for investors and businesses in renewables, green solutions, eco-tourism, electric vehicles assembly plants and related upstream and downstream industries.

KEY ASEAN TALKING POINTS

H.E. Dr. Sok Siphana spoke of Cambodia's successful hosting of the 41st ASEAN Summit – detailing an ongoing focus on digitalization, strong investment opportunities from regional neighbors and Cambodia rebranding its international image.



H.E. Dr. Sok Siphana

Digital transformation

"Talks heard from every world leader were centered around the need to build the capacity of their workforce as well as reskilling those employed in sunset industries. Creating new digital citizens is seen as fundamental to the digital economy and economic growth.

These digital citizens must have the skills and knowledge to understand data and the latest technologies, such as digital payments, which enable digital business operations," he said.

Ratification of RCEP

The recent ratification of the Regional Comprehensive Economic Partnership (RCEP) was also a key talking point during the summit.

Dr Siphana said, "While this is a very large trading pact the practical negotiations to finding the right compromise have proved to be very difficult, particularly on the rules of origin. Prime Minister Hun Sen has expressed the hope that Cambodia would be selected to host the RCEP secretariat," Dr. Sok said.

Cambodia's 'rebranding'

"We have completely rebranded Cambodia's image over the last 10 to 20 years. We made a special point for many of the world leaders to meet our up-and-coming ministry officials to showcase this. We have recorded an average economic growth rate of 7%, along with the development of lots of high rises and essential infrastructure. In the next 10 to 20 years Cambodia can play a larger role within ASEAN and even globally," he added.



Meridian International is a multi-national corporation which was established more than three decades ago. The foundation of the company was built from textiles and garments and from these humble beginnings, the Group has diversified its business through property development and investments. [Read more](#)



CAMBODIA-US TRADE RELATIONS INCREASING

In the first 10 months of 2022, Cambodian exports to the United States reached \$7.61 billion reported the General Department of Customs and Excise of Cambodia.

Most of Cambodia's exports are textiles, garments, clothing, footwear and travel bags, slats and agricultural products. The main goods that Cambodia imports from the United States are cars, machinery, electronics, medicine and medical equipment.



**A busy port in Cambodia
KT/Chor Sokunthea**

“In the first 10 months of 2022, Cambodia achieved \$ 18.747 billion in exports with major partners, an increase of 19.2 percent compared to 2021”



CKHG Consultancy is a one-stop business solutions service provider that aims to offer clients comprehensive advice and solutions regarding the international business sector in Cambodia. Our staff comprising of multi-cultural professionals specialising in different fields strive to deliver solutions across a spectrum of business areas such as office support, administrative services, accounting and tax advisory and commercial advisory on regulatory requirements. [Read more](#)

Cambodia's largest export markets after the United States are Vietnam at \$ 1.664 billion, Japan at \$988 million, China at \$987 million, Canada with \$945 million, and Germany at \$914 million and the United Kingdom at \$763 million.

In recent years, Cambodia-US trade relations have grown significantly. In 2021, the trade volume between Cambodia and the United States was more than \$7.826 billion of which Cambodia exports were at \$7.49 billion, while the United States imported more than \$336 million worth of goods.

Meanwhile, bilateral trade between Cambodia and South Korea reached \$920 million in ten months of 2022, a year-on-year increase of 16.3 percent, according to a report from the Korea International Trade Association (KITA).



CAMBODIA'S INTERNATIONAL TRADE AND FIXED-ASSET INVESTMENT UP



Ports are increasingly busy around Cambodia

- Cambodia's international trade volume hit \$44.5 billion in the first 10 months of 2022, up 14.9 percent from \$38.7 billion over the same period last year.
- Cambodia attracted fixed-assets investment of \$3.5 billion in the January-October period of 2022, inching up 1.3 percent compared to the same period last year,).

According to a [report](#), Cambodia's total exports were valued at \$18.7 billion during the January-October period this year, up 19 percent year on year, and total imports reached \$25.8 billion, up 12 percent, according to the General Department of Customs and Excise's report.

China remained the biggest trading partner of Cambodia, followed by the United States, Vietnam, Thailand and Singapore, the report said.

Cambodian Ministry of Commerce's undersecretary of state Penn Sovicheat attributed the growth to the full resumption of socio-economic activities, free trade agreements, and a rise in global demand.

“ **The Regional Comprehensive Economic Partnership (RCEP) trade pact and the Cambodia-China Free Trade Agreement (CCFTA), will continue to give a boost to our foreign trade growth in the coming years.** ”

Concerning attracted fixed-asset investment, a [report](#) released this month has said that the The Kingdom approved 161 investment projects during the ten-month period this year, up 15 projects compared to the same period last year,

The industry and infrastructure sectors shared the majority of total investment with 41.5 percent and 51 percent respectively, the report pointed out.



ASEAN BUSINESS ADVISORY COUNCIL HIGHLIGHTS PHILIPPINE INTEREST



Bongbong Marcos and Cambodian Prime Minister Hun Sen

There are promising opportunities in Cambodia for big and small Philippine businesses, according to the Association of Southeast Asian Nations (ASEAN) Business Advisory Council chair for the Philippines Joey Concepcion.

In a statement on Tuesday, Concepcion said several expansion and export opportunities in Cambodia for Philippine companies were explored during the CEO Roundtable meeting last week

"We were able to identify areas of cooperation in agriculture, housing, digitalization, food security, hospitality, garments manufacturing, business process outsourcing and with micro, small and medium enterprises (MSMEs) development as among the priority areas.

“Agriculture, in particular, is a very promising area of cooperation to explore between the two countries”

He pointed out that Cambodia produces rice, but Vietnam – a major exporter of rice to the Philippines – has the biggest production by hectare.

"Cambodia is a big exporter of rice, but it goes through Vietnam for processing. Our suggestion is to import so that the Philippine companies can process the rice. Cambodian businessmen are receptive to the idea, with technology exchange fully possible as a resulting possibility."

The news comes after InCham and PhilCham came together for the "joint chamber networking event" last month, this was organised to help promote business growth in the Kingdom.

CELLCARD FLEET MANAGEMENT

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តេឡេ 012 999 712
corpsales-team@cellcard.com.kh



"MOODY'S: CAMBODIA HAS RECORDED NO HISTORY OF HAVING DEFAULTED EVENTS ON BONDS OR LOANS SINCE 1983."

Cambodia's local bond ratings (kh XXX) will 'not be substantially impacted' by the recent downgrading of Cambodia's outlook from 'stable to negative' by the international rating agency Moody's – according to the local Ratings Agency of Cambodia (RAC).



Moody's said the negative outlook reflects a deteriorating external position

Reflecting on the drop in market outlook Executive Director of RAC Chakara Sisowath said that Moody's mentioned widening external deficits that caused a decline in foreign currency reserves placing Cambodia's outlook as "Negative".

“ Economic pressures are not surprising given the strains in the global economy and Cambodia's exposure to them, especially through tourism and energy prices ”

"With regards our local "kh XXX" credit ratings, they are given within the context of local economic conditions and country risks, so to a large extent they are not substantially impacted by Moody's decision," Chakara Sisowath said.

"We do note however that the latest macroeconomic data point to positive trends with a gradual recovery in the global economy and energy prices off their highs. Importantly for Cambodia, international tourist arrivals for the first nine months of 2022 reached 1.2 million, up 861% compared with the same period last year," he added.



Indochina Research Ltd. (IRL) is the only research firm that specializes in integrated market research solutions in the Indochina region that includes Cambodia, Laos, Myanmar and Vietnam, offering a broad range of marketing research and brand consultancy services to clients in all key consumer and business sectors.

MANDATE SIGNED FOR SOLAR AND BATTERY STORAGE POWER PROGRAMME IN CAMBODIA



Cambodia is aiming for carbon neutrality by 2050

The Asian Development Bank (ADB) signed a transaction advisory services mandate with Cambodia's national utility company Électricité du Cambodge (EDC) to support the development of two gigawatts (GW) of solar power in Cambodia.

The mandate will help the country achieve its goal of carbon neutrality by 2050, the bank underlined in a [press release](#) which was released this month.

Under this mandate the ADB will help EDC conduct a nationwide study on opportunities for additional solar power capacity in combination with a Battery Energy Storage System (BESS), to be implemented from this year through 2030. ADB will also assist EDC in bidding out a 100-megawatt pilot project identified under the study to the private sector, which will build, finance, and operate the project. The pilot project is expected to mobilise up to US\$100 million of investments and serve as a model to replicate fast and efficient procurement of affordable renewable power in Cambodia.

“ ADB is pleased to support a green energy transition in Cambodia that will promote clean, sustainable, and inclusive economic growth ”

This development of two GW of solar power is in line with the strategy of the Cambodian government to meet its growing energy demand by maximising the adoption of renewable energy and energy efficiency, said the same source, adding that key to this strategy will be harnessing Cambodia's abundant solar resources, whose share in the installed capacity increased from practically nothing in 2016 to around 12 percent at the end of 2021.

Cambodia's new Power Development Masterplan recognises the potential to further expand the capacity of solar PV, which is expected to exceed 3 GW in 2040. As the share of solar increases, there is a need to improve grid stability through the adoption of BESS.

According to ADB, the mandate builds on ADB's earlier support to Cambodia's solar sector, including through the country's first National Solar Park located in Kampong Chhnang, which will generate up to 100 MW of solar power. The programme will also build on BESS projects implemented by EDC with technical and financial assistance provided by ADB.



CAMBODIA EYES INFRASTRUCTURE INVESTMENT TO SUPPORT DEVELOPMENT

Cambodia remains one of the fastest-growing economies in the ASEAN region, which means it has seen a lot of capital movement from elsewhere in the region to itself. This is likely to fuel its growth sustainably. A large part of such capital is development capital, which is required to sustain its march towards middle-income status, says Cambodia's Infrastructure Market Update and Outlook – Capital Projects and Infrastructure, jointly prepared by PwC Cambodia and PwC Singapore. Therefore, we look at an overview of the key areas which will require infrastructure development:

For full article from Khmer Times, click [here](#)

ROADS

Road transport, the largest sub-sector of transport, accounts for over 90 percent of passengers and freight movement, says the PwC report. It's an important part of the logistics ecosystem in Cambodia and regionally between countries in the Greater Mekong Sub-region (GMS). The government's priorities to enhance transport connectivity by increasing its investment budget and attracting investment from the private sector are also outlined in the National Strategic Development Plan 2019-23.

Thus, a significant part of the infrastructure master plan focuses on strengthening road infrastructure and connecting major thoroughfares – especially international border checkpoints – to increase the Kingdom's competitiveness, attract foreign investment, and reduce logistics and transport costs.

RAILWAYS

The long-distance railways stay mostly underdeveloped despite an estimated increase of 40% in traffic in 2022 and the sector relies on the rehabilitation of its legacy rail network. The government aims to rehabilitate Phnom Penh-Poipet rail link, build new railways or extend existing ones to connect the new Phnom Penh Autonomous Port, factories, SEZs and other new developments, and improve cross-border connectivity, such as the Cambodian-Thai Railways to the Singapore-Kunming Railway network. Many of them are in the planning or feasibility stage, and in need of funding from the private sector.

The government has also focused on inter-connectedness within the region, including a rail link to Laos. Large projects like the Kunming-Singapore railway will help improve Cambodia's cross-border connectivity with a planned rail expansion between Ho Chi Minh and Phnom Penh. The feasibility studies have been completed and they're now in the funding stage, says Cambodia's Infrastructure Market Update and Outlook.

AVIATION

Cambodia's growing economy and increasing influence in Southeast Asia are reflected in the annual air passenger numbers, which exceeded 10 million in 2018. The three international airports of Phnom Penh International Airport (PNH), Siem Reap International Airport and Sihanoukville International Airport were operating close to their capacity before Covid-19 hit. The State Secretariat of Civil Aviation (SSCA) hopes the airline industry will return to the pre-pandemic levels in late 2023 or early 2024.

One of the few major aviation projects in Cambodia is the development of \$1.5 billion New Phnom Penh International Airport (NPPIA), to be fully developed by 2050. The airport, being jointly developed by Société Concessionnaire de l'Aéroport and OCIC, is expected to handle 30 million passengers per year by 2030 and 50 million by 2050. Two other international airports under construction are Siem Reap Angkor International Airport, expected to start operations in 2023, and Dara-Sakor International Airport in Koh Kong Province.

PORTS

Cambodia has a coastline and waterways of 443 km and 3,700 km, respectively, linked by 78 river ports and 27 seaports. Of them, international ports in Phnom Penh and Sihanoukville are the busiest. Sihanoukville Autonomous Port (PAS) is the only port in Cambodia that was listed on the Container Port Performance Index (CPPI) in 2021 and ranked in the top 230 of 370 global container ports. Twenty container ports in ASEAN outperformed PAS in the index, eight of which were ranked in the global top 100.

Cambodia's international trade volume is expected to grow with a greater diversity of imports and exports and higher value-added products on the back of a more diversified economy, improving national income levels, and gradual population growth.

CONSTRUCTION

Construction sector accounts for 11.5 percent of GDP. It is expected to grow 7.8 percent in 2022 before averaging 9.8 percent between 2023 and 2031 as the domestic economy rebounds and global demand recovers.

Development of Cambodia (CDC), as of H1 of 2022, Phnom Penh had attracted around 1,000 new investment projects, especially high-rise buildings and new townships, with over \$2.26 billion of investment.



Infrastructure will be key to helping Cambodia's development

PHILLIP BANK CSR TO HELP DEVELOP HUMAN RESOURCES IN KINGDOM



An intern is trained at Phillip Bank

Phillip Bank Plc. is continuing to strengthen both its Corporate Social Responsibility and human resource capabilities by providing internship opportunities to four exceptional students enrolled in E2STEM's training program. Phillip Bank has been a major sponsor of E2STEM to support Cambodia's education and human resource development.

Chan Mach CEO of Phillip Bank said that developing the country's and the Bank's human resources is a top priority for him and his management team, and he is very happy to welcome both interns to the Phillip Bank family.

“

Developing Cambodia and Phillip Bank's human resources is a top priority

”

“Cambodia's financial sector is a highly competitive industry with strong demand for skilled and talented staff. This is why creating pathways through the E2STEM programme is very important for us to develop our workforce from trainees to becoming full-time staff in the future,” Chan said.

E2STEM was developed and launched by Dr. Seet Ai Mee, Singapore's former Minister of State for Education, with the vision to train thousands of Cambodian students who aspire for a better Cambodia and have dreams for a better world, to be independent learners and thinkers and to be the future scientists, engineers, and technologists of Cambodia.

CAMBODIA'S PHKA RUMDUOL JASMINE VARIETY HAS BEEN CROWNED THE WORLD'S BEST RICE

It is the fifth time the rice has been voted 1st at the TRT (The Rice Trader) World Rice Conference in Phuket, Thailand.



Read more [HERE](#)



MINISTER OF COMMERCE SUGGESTS FTA WITH BANGLADESH

During a meeting between Minister of Commerce Pan Sorasak and Bangladeshi Minister of Food Sadhan Chandra Majumder and his delegation, the latter requested consideration on the establishment of a free trade agreement (FTA) between the Kingdom and Bangladesh.



The meeting took place at the Ministry of Commerce

The key issues addressed during the meeting included strengthening bilateral ties, future cooperation, and importing rice from Cambodia into the Bangladesh market.

The minister of commerce expressed optimism about the positive growth of bilateral trade achieved in the first nine months of the year, which shows an increase of 56 per cent compared to the same period in 2021. He also highlighted the potential for bilateral cooperation to further boost bilateral trade.

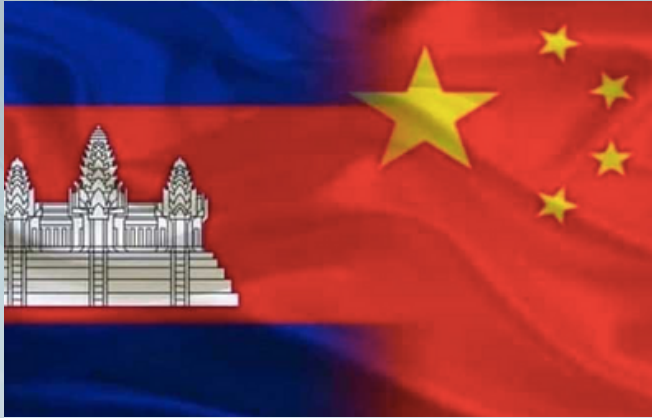
Sorasak requested the Bangladesh officials to set out a number of work directions to enhance economic cooperation in trade in line with the indications of the leaders of the two countries, including: the signing of a trade agreement between Cambodia and Bangladesh and ensuring full and effective implementation.



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CHINA-SOUTH ASIA EXPO: DEPUTY PRIME MINISTER ASKS FOR MORE TRADE WITH CHINA



Cambodia and China have a long history of cooperation

Cambodian Deputy Prime Minister Hor Namhong, said China and Cambodia are good development partners, with being the biggest international market for Cambodia. He said Cambodia hopes that China will allow more products from the country to be exported to China in the future

According to the latest figures from the General Department of Customs and Excise, the trade volume between Cambodia and China registered a 7.1 percent year-on-year growth to \$9.62 billion in the ten months of this year.

“

Trade with China accounted for 21.6 percent of the Kingdom's total trade of \$44.56 billion in January-October.

”

Cambodia's main products shipped to China were milled rice, bananas, mangos, cassava, fishery and apparel. The Kingdom imported mostly garment raw materials, machinery, vehicles, foodstuffs, electronics and medicines, among others.

Economic experts are of the view that the surge in trade was mainly due to the implementation of the Regional Comprehensive Economic Partnership (RCEP) and the Cambodia-China Free Trade Agreement, both of which came into force earlier this year. Both countries agreed to extend cooperation in economy and trade during the official visit of Chinese Prime Minister Li Keqiang to Cambodia.

Penn Sovicheat, under-secretary of state and spokesperson of the Ministry of Commerce, attributed the significant growth in Cambodia-China bilateral trade to the implementation of the Regional Comprehensive Economic Partnership (RCEP) and the Cambodia-China Free Trade Agreement, both of which entered into force earlier this year.

CELLCARD FLEET MANAGEMENT

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ASEAN RECOVERY IN 2023 MAY PAY FOR FED RATE HIKES, CHINA SLUMP

Major ASEAN economies, which seem to be growing out of the Covid-19 pandemic impact, are likely to face tough growth prospects the next year due to hardening interest rates across the globe, particularly the rate hikes by the US Federal Reserve, and cooling Chinese economy mostly due to tough anti-Corona stance.



The Ministry of Economy and Finance has pegged Cambodia's 2023 economic growth at 6.6 percent. KT/Chor Sokunthea

The ASEAN growth rate may slow after a third-quarter peak and then fall to 4.3 percent in 2023, 0.5 points down from the previous survey, the recent JCER-Nikkei Asia survey says.

Though the survey by the Japan Center for Economic Research (JCER) and Nikkei Asia did not cover the other five ASEAN economies, including Cambodia, given the close trade and investment links and inter-connectedness of economies, they are unlikely to escape the impact, feel experts.

"The US slowdown and a consequent fall in consumption could lead to weaker exports from Asia, which would weigh on regional growth next year," has been the common refrain of economists. Also, a US slowdown could lead to weaker exports from Asia.

Uncertainty over the Chinese economy also weighs on Southeast Asia with no sign of easing its strict zero-Covid policy amid concerns over a crisis in its real estate sector, says the report.



Get the latest business and investment news updates from around Cambodia: [HERE](#)





CEO Dr. Chhieng Vanmunin

COMPANY OVERVIEW:

Khmer Enterprise (KE) is established as an implementation unit of Entrepreneurship Development Fund (EDF) to implement the support programs and directly work with partners and beneficiaries.

It aims to mobilize, invest and manage resources, from all legitimate sources, to support the development of a vibrant entrepreneurial ecosystem and to provide financial and non-financial supports to related entrepreneurial ecosystem builders.



The Khmer Enterprise Team

SERVICES:

- From Entrepreneurs to Business Owners / Founders, we provide hands-on entrepreneurial skills training, business consultation, legalization support and match to incubator/accelerator/mentors.
- We Provide Innovative Startups Access to Local | Regional | Global VCs, as well as seed funding and match the funding opportunity with our partner, investor or VCs.
- We Increase Potential Startups Scalability to SECC | M&A
- Finally, we assist company to exit either through direct investment, merge and acquisition (M&A) or initial public offering (IPO).

CORE PROGRAMS:



SEED FUNDING



CAPACITY UPGRADING



NETWORKING



ENTREPRENEURIAL CULTURE PROMOTION

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[KHMER ENTERPRISE LEVELS UP SUPPORT TO POTENTIAL ENTERPRISES AFTER SECOND YEAR OF OPERATION](#)

CONTACT



+855 (0) 23 900 855



contact@khmerenterprise.info



www.khmerenterprise.info

ADDRESS



Unit 3A-F, TK Royal One Tower,
#155 Russian Federation Blvd
(110), Phnom Penh 12102