

April &amp; May 2025

# Connecting Dots



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- **Phnom Penh Ranks 4th Most Expensive ASEAN City**  
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***Connecting Dots is a bi-monthly  
compilation of salient local  
developments in Cambodia.***

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The focus of our publication is to help businesses and investors connect the dots on what's been happening in the preceding month in the Cambodian market and economy.

See last page for details on how to be featured in Connecting Dots.



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# Phnom Penh Ranks 4th Most Expensive ASEAN City



Phnom Penh has emerged as the fourth most expensive city in Southeast Asia according to **Numbeo's 2025 Cost of Living Index**, highlighting a growing affordability crisis for local workers.

Singapore tops the regional rankings with an index of 79.1, followed by Phuket (38.1), Bangkok (37.1), and **Phnom Penh (36.9)**. Phnom Penh outranks Manila, Kuala Lumpur, Ho Chi Minh City, Jakarta, and Hanoi in living costs.

Housing drives much of the expense, with one-bedroom city center apartments averaging USD 400 monthly. Restaurant meals cost around USD 3, while Phnom Penh's rent index stands at 11.6, groceries at 43.9, and restaurant prices at 27.1.

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## External Drivers of Domestic Price Trends

Cambodia's reliance on imports contributes significantly to **higher living costs**. Most consumer goods are imported and subject to VAT and special taxes, pushing prices up for basic necessities.

Foreign investment and increasing tourist arrivals continue pushing prices higher, creating pressure on middle-class and low-income populations in Cambodia's rapidly developing capital.

Phnom Penh's rise as the fourth most expensive city in ASEAN underscores both the momentum of its economic development and the underlying structural challenges it faces. While the trend signals **opportunities in consumer goods** and **premium services**, it also raises concerns about **affordability, social inequality, and rising operational costs**.

For foreign businesses and investors, success will depend on navigating these dynamics strategically, balancing growth ambitions with cost management, workforce retention, and inclusive approaches that align with long-term sustainability.

*Source: Phnom Penh Ranks 4th Most Expensive ASEAN City | Khmer Times (khmertimeskh.com)*

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## Cambodia Sees 16% Surge in Investment Projects in Q1 2025

Cambodia's Council for the Development of Cambodia (CDC) **approved 172 investment projects** in the first quarter of 2025, marking a **16% increase** from 106 projects during the same period last year. The approved projects represent **USD 2.5 billion in total investment capital**, up **14% year-on-year**, and are expected to generate approximately 120,000 jobs for local workers.

**172**Projects Approved  
in Q1**2.5 Billion**Total Investment  
Capital**120**Jobs expected  
to be created**16%**Year-on-year  
growth

Of the 172 approved projects, 99 are located outside special economic zones while 73 operate within these designated areas. Key investments include **electronics manufacturing facilities, electric vehicle assembly plants, steel production, garment and textile factories, fruit processing facilities**, and **luxury hospitality developments**.

Chinese investors dominated foreign direct investment (FDI), accounting for 56% of total investments, followed by domestic Cambodian investors at 34%. Other significant contributors include Vietnamese and Singaporean investors, along with capital from the United States, Canada, Samoa, the United Kingdom, the Cayman Islands, and British Virgin Islands.

As potential trade tensions loom globally, the CDC is reviewing **additional reforms and incentives** to maintain Cambodia's investment attractiveness. The Q1 performance builds on 2024's success, when Cambodia attracted 414 investments worth USD 6.9 billion, representing a 40% increase from the previous year.

*Source: Kingdom approves \$2.5B fixed-asset investment projects in Q1 | Khmer Times ([khmertimeskh.com](http://khmertimeskh.com))*

# SSEZ Trade Hits USD 4.07B in 2024; Q1 2025 Investment in Sihanoukville Reaches USD 848M

The Sihanoukville Special Economic Zone (SSEZ), spanning 11.13 sq km, recorded its highest annual trade volume in 2024, reaching **USD 4.07 billion—a 21.3% increase** from the previous year. As of April 2025, 202 companies from China, Europe, the United States, ASEAN, and other regions have established operations within the zone, creating **over 32,000 jobs** and improving local workers' incomes and living conditions.

Strategically located 17 km from Sihanoukville, the zone offers easy access to major infrastructure: 12 km from the port, 3 km from the airport, and 4 km from the Phnom Penh–Sihanoukville Expressway.

## Strategic Role and Policy Support

SSEZ plays a role in Cambodia's long-term vision to develop Preah Sihanouk province into an industrial and logistics hub by 2030. In support of this objective, the Royal Government has introduced the **"Special Program to Promote Investment in Preah Sihanouk Province 2024,"** which includes property tax exemptions for dormant construction projects through 2028.



In Q1 2025, authorities approved **74 investment** projects totaling USD 848 million. These include **18 new projects** valued at **USD 205 million**, projected to generate **about 3,000 jobs** across a range of sectors. At the 16th Working Group meeting, **an additional 10 projects** worth USD **154 million** were approved, with a combined employment potential of **1,187 jobs** in manufacturing, commercial, hospitality, and residential developments.

Since the program's inception in 2024, a total of **297 projects** have been approved, representing USD **7.03 billion** in committed investment and the potential to create **over 53,000 jobs**. The government continues to promote investor participation by offering a combination of fiscal incentives, administrative facilitation, and procedural streamlining.

Source:

- [Tax exemptions for stalled projects in Preah Sihanouk extended until 2028 | Khmer Times \(khmertimeskh.com\).](#)
- [Sihanoukville investment landscape shows progress | Khmer Times \(khmertimeskh.com\).](#)

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# Cambodia Explores Role as Regional Film Production Hub through U.S. Partnership

Cambodia is taking steps to establish itself as a regional center for film and television production, following the signing of a Memorandum of Understanding (MoU) between **Camwood Studios** and U.S.-based company **The Studio**. The agreement outlines plans to co-produce up to ten international projects.

Signed in May 2025, the MoU sets the framework for developing content intended for major streaming platforms such as Amazon Prime Video, Netflix, Shahid, and HBO Max.



As part of the collaboration, The Studio will contribute international actors and production personnel, while also committing investment into Cambodia's media sector. Camwood Studios—a division of Cambodian Broadcasting Service (CBS)—will offer production services across its six facilities, including crew support and post-production work. The arrangement is expected to create employment opportunities, facilitate skill transfer, and present aspects of Cambodia's cultural and geographic landscape to international audiences.

## Sector Implications

The agreement reflects an effort to link Cambodia with the global film production ecosystem and is seen as a step toward supporting local industry development through skill-building and use of existing production infrastructure.

The move comes amid growing interest in Cambodia's media sector. In 2024, MasterChef Cambodia received an International Emmy Award nomination—the first such recognition for a Cambodian-produced program—highlighting increasing engagement with global production standards.

Emerging sectors such as media, digital services, and tourism have been identified as areas with growth potential. The Camwood–Studio partnership is viewed as a possible avenue for attracting further investment, strengthening technical capabilities, and expanding Cambodia's visibility in international content markets.

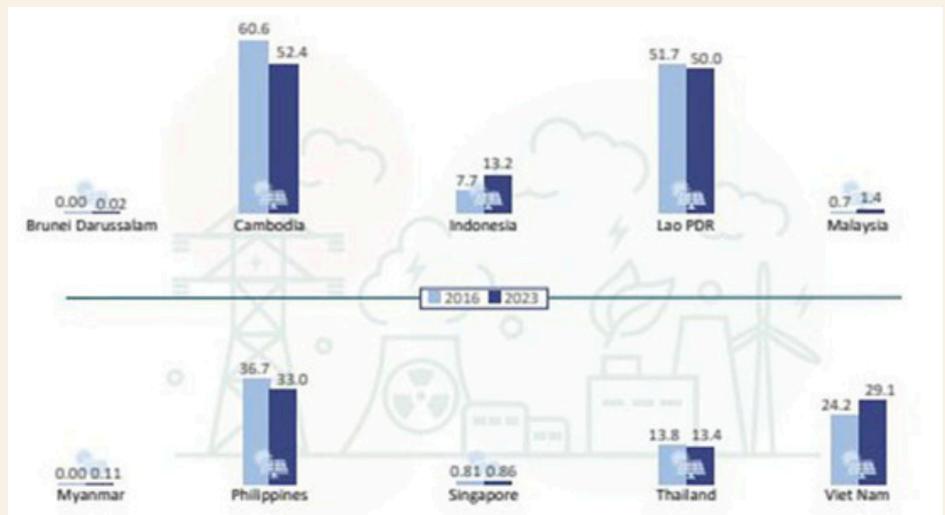
Source: CBS and The Studio Sign Deal to Launch International Film and TV Productions in Cambodia | Cambodia Investment Review ([cambodiainvestmentreview.com](http://cambodiainvestmentreview.com))

# Cambodia's Renewable Energy Grows, but Share Declines

Cambodia's share of renewables in final energy consumption (FEC) has dropped from 60.6% in 2016 to 52.4% by end-2023, despite substantial increases in green energy generation, according to an ASEAN Secretariat report.

Cambodia maintains the **highest renewable energy share** among ASEAN member states, alongside Laos PDR at 50%. Other regional countries lag significantly, with Malaysia (1.4%), Singapore (0.86%), Myanmar (0.11%), and Brunei (0.02%). Most ASEAN nations report renewable usage between 13.2% and 33%.

The decline in Cambodia's renewable share occurs as **total energy consumption grows faster than renewable capacity additions**, indicating increasing reliance on conventional energy sources to meet rising demand.



## Government Targets and Investment

The Ministry of Mines and Energy (MME) aims to achieve **70% renewable power generation by 2030**. Cambodia's Power Development Plan (2022–2040) outlines substantial renewable expansion aligned with the country's **carbon neutrality commitment by 2050**.

Solar power capacity is projected to increase dramatically from 432MW in 2022 to 1,000MW by 2030 and 3,155MW by 2040—an 800% increase. This would make solar the largest renewable source, surpassing hydropower which currently dominates at 45% of the energy mix. Hydropower capacity will expand from 1,330MW to 3,000MW by 2040, while renewable biomass will grow from 27MW to 198MW over the same period.

## Development Challenges

The slight decline in Cambodia's renewable energy share reflects a broader trend seen in many developing economies, where rapid growth in energy demand can temporarily outpace the expansion of renewable capacity. Although Cambodia continues to generate more green energy than before, conventional sources are still needed to meet the rising consumption. Achieving the 2030 renewable targets will hinge on accelerating deployment while managing the pressures of economic growth. Continued private sector engagement and support from development partners will play a key role in closing the investment gap and advancing the country's energy transition.

Source: Cambodia's share of renewables in FEC declines | Khmer Times (khmertimeskh.com)



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# Cambodia Records USD 25.29 Billion in Trade from January to May 2025

Cambodia's international trade from January to May of 2025 reached **USD 25.29 billion**, reflecting a **year-on-year (YoY) growth of 18.5%**, according to the General Department of Customs and Excise (GDCE).



## Major Export Destinations

- United States – USD 4.35 billion (+27% YoY)
- Vietnam – USD 2.04 billion (+8.3% YoY)
- European Union – USD 1.63 billion (+20.7% YoY)

## Major Import Destinations

- China – USD 7.00 billion (+31.4% YoY)
- Vietnam – USD 1.80 billion (+7.8% YoY)
- Thailand – USD 1.48 billion (+10.4% YoY)

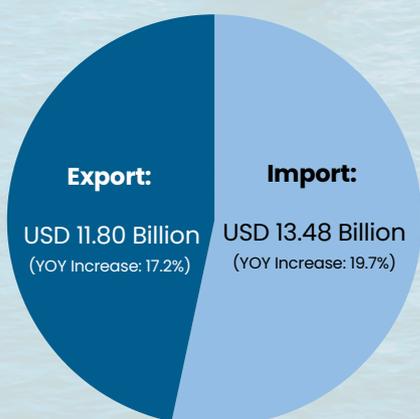
## Key Export Products

- Garments, Footwear, and Travel Goods (GFT)
- Electrical Machinery and Equipment Parts (e.g., bicycles, car tyres)
- Rubbers and Others Agriculture Products (e.g., rice, rubber, cashews, cassava, bananas, mangoes, longans)

## Key Import Products

- Mineral Fuels, Mineral Oils
- Knitted Fabrics
- Electrical Machinery Equipment

Source: [General Department of Customs and Excise](#)



**Trade Volume (Jan - May 2025)**

**USD 25.29 Billion**  
**(YoY Increase: 18.5%)**

# Apparel and Tyre Exports: Continued Growth in Q1 2025

## Cambodia Rises to Third-Largest Apparel Supplier to Japan



Cambodia became **Japan's third-largest apparel supplier** in the first quarter of 2025, up from fifth in 2022. Japan imported **USD 433.63 million** worth of apparel from Cambodia during this period, a **24.06% YoY increase**, accounting for 7.23% of its total apparel imports.

This development coincides with ongoing efforts to deepen bilateral ties through the **Cambodia-Japan Economic Co-Creation Package**.

For the first five months of 2025, total trade between the two countries reached **USD 1.02 billion, up 28%** compared to the same period in 2024. Cambodian exports to Japan were valued at USD 635 million (+19.2%), while imports from Japan rose to **USD 388 million, making a 45.6% YoY increase**.

Cambodia's key exports to Japan include garments, bags, footwear, furniture, cosmetics, paper and office supplies, and leather goods. Imports from Japan mainly comprise machinery, automobiles, electronics, furniture, fabrics, and plastics.

## Tyre and Rubber Output Exports



Cambodia exported **USD 437 million** worth of car tyres in the first four months of 2025, a **76% increase** from the same period last year, supported by continued investment in tyre manufacturing.

As of early 2025, there are six tyre production projects located in various special economic zones across the country. Among them is the **Wanli Tyre** project, a **USD 500 million** investment by a Chinese firm. The facility, now under construction in the SIN Bavet Special Economic Zone in Svay Rieng province, spans approximately 32 hectares and is expected to generate around 1,000 jobs once operational.

Cambodia's rubber outputs and processed rubber goods continue to support both domestic processing and export markets. In the first quarter of 2025, the country exported over **USD 754 million** worth of rubber and rubber products, representing a **51.8% YoY increase**.

As of the end of 2024, Cambodia's rubber plantation area stood at over 420,000 hectares, with 330,000 hectares under active harvest.

Source:

- [Cambodia now third largest apparel supplier to Japan | Khmer Times \(khmertimeskh.com\)](#)
- [Car tyre exports surge by 76 percent | Khmer Times \(khmertimeskh.com\)](#)

# Cambodia's Rubber and Rice Q1 2025 Export Results

In the first quarter of 2025, Cambodia recorded increases in export revenue from both rubber and rice, driven primarily by pricing factors and continued demand in key markets.

## Rubber Exports

According to the General Directorate of Rubber under the Ministry of Agriculture, Forestry, and Fisheries (MAFF), Cambodia earned **USD 116.26 million from rubber product exports** in Q1 2025, a **15% increase** compared to the same period in 2024. Of this, **USD 114.94 million came from rubber latex**, while **USD 1.33 million was from rubberwood exports**. Rubberwood was priced at an average of USD 233 per cubic meter in March 2025.



Although export volume declined by 13.8%, from 69,322 tonnes in Q1 2024 to 59,754 tonnes in Q1 2025, the **average selling price rose by 32.7%** to USD 1,923 per tonne, up from USD 1,450 in the previous year. The drop in export volume is attributed to increased domestic demand from Cambodia's growing tire manufacturing industry, which has led to more rubber being retained for local processing and reduced availability for export.

## Rice Exports

Data from the Cambodia Rice Federation (CRF) show that **211,058 tonnes of milled rice** were exported between January and March 2025, generating **USD 160.5 million** in revenue. A total of 47 companies exported rice to 55 countries and regions. China remained a significant market, accounting for 37,821 tonnes valued at USD 22.6 million. Export composition for milled rice in Q1 2025 was as follows:

- Fragrant rice: 81.38%
- White rice: 13.6%
- Japonica rice: 2.6%
- Parboiled rice: 1.93%
- Organic rice: 0.49%



Both sectors saw revenue increases despite varying changes in volume, reflecting ongoing shifts in international pricing and market dynamics.

### Source:

- [Cambodia earns over \\$100M from rubber exports in Q1 | Khmer Times \(khmertimeskh.com\)](#)
- [Cambodia makes \\$160.5 mln from milled rice export in Q1 | Khmer Times \(khmertimeskh.com\)](#)

# Cambodia–Thailand: Border Tensions and Trade Developments

On May 28, a fatal border skirmish between Cambodian and Thai troops in Preah Vihear province renewed long-standing territorial tensions. The confrontation, which took place in Techo Morakot village, led to the death of a Cambodian soldier and temporarily heightened military alertness on both sides of the border. While Cambodia accused Thai forces of firing first, Thailand claimed it attempted negotiations before Cambodia responded with gunfire.

Several border checkpoints were either closed or had their operating hours reduced as a precaution. Military leaders from both countries met on May 29 and agreed to redeploy troops to their pre-incident (2024) positions in a bid to de-escalate. A meeting of the Thailand–Cambodia Joint Boundary Committee is scheduled for June 14 to further address unresolved issues.



## Cambodia's Intention to Bring Dispute to ICJ

In a parallel move, Cambodia's National Assembly voted in favor of bringing the border dispute to the **International Court of Justice (ICJ)**. In a letter dated **June 6**, Deputy Prime Minister and Minister of Foreign Affairs **Prak Sokhonn** invited the Thai counterpart **Maris Sangiampongsa** to join Cambodia in submitting the cases of **Mom Bei, Ta Moan Thom, Ta Moan Tauch, and Ta Krabei Temples** to the ICJ for adjudication.

Citing decades of unresolved claims and recent violence, Cambodia stated that bilateral dialogue alone may no longer be sufficient, and that a ruling based on international law could provide a clear and lasting resolution. DPM Sokhonn said the ICJ route would reflect both countries' commitment to peace, stability, and ASEAN unity. Prime Minister Hun Manet reiterated that while some areas would continue to be resolved bilaterally under the 2000 MoU, others—such as the recent flashpoint zones—require legal adjudication.

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## Key Outcomes from the June JBC Meeting

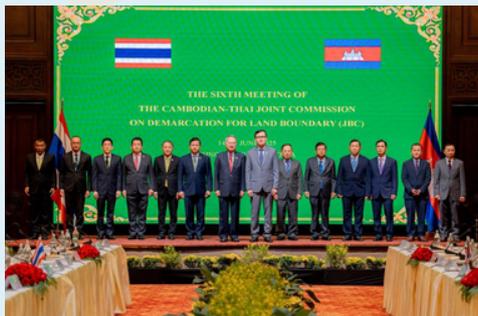
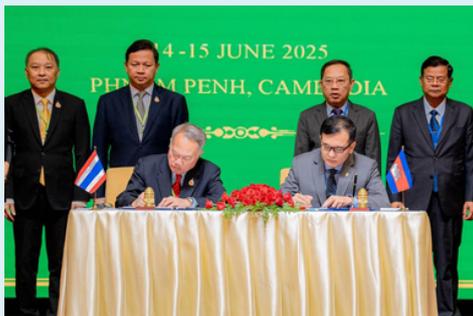
**The Cambodia–Thailand Joint Boundary Committee (JBC)** convened on 14–15 June to address unresolved border issues, following heightened tensions from a fatal skirmish on 28 May. Despite recent friction, the meeting proceeded in a constructive atmosphere.

Key outcomes included agreement to:

- Approve the minutes of the 4th Cambodia–Thailand–Cambodia Joint Technical Sub-Committee (JTSC) meeting held on 14 July 2024 in Siem Reap.
- Review proposed revisions to the 2003 Terms of Reference (TOR) concerning orthophoto map production.
- Deploy a joint survey team to demarcate sections of the border between agreed posts.
- Discuss technical guidelines for surveying Sector 6, based on previous JBC discussions.

Cambodian JBC head Lam Chea reiterated Cambodia's request for both sides to refer the temple areas of Mom Bei, Ta Moan Thom, Ta Moan Toch, and Ta Krabei to the ICJ. He confirmed Cambodia will proceed unilaterally if Thailand continues to reject the court's jurisdiction and that these areas are now excluded from JBC discussions.

At the same time, Cambodia reaffirmed its commitment to resolving other sections bilaterally under the 2000 MoU, based on agreed legal documents and 1:200,000 scale maps from the 1904 and 1907 Franco–Siamese Conventions. Cambodia rejected Thailand's use of unilateral maps, calling them a continuing source of dispute.

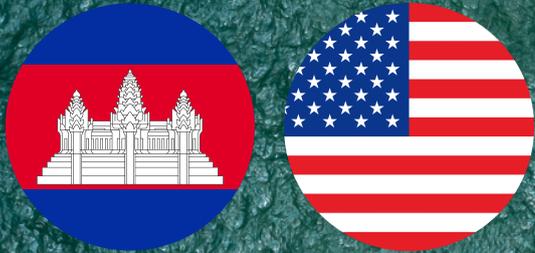


## Economic Ties

Despite these tensions, economic activity between the two nations appears unaffected in the short term. Bilateral trade between Cambodia and Thailand reached USD 1.87 billion in the first five months of 2025, up 8.3% from the same period in 2024, according to the General Department of Customs and Excise (GDCE).

Source:

- [Cambodia Stands Firm with ICJ Case, Border Temple Disputes Off JBC Agenda | Kiri Post \(kiripost.com\)](#)
- [Foreign minister clarifies Kingdom's position to Thai counterpart | The Phnom Penh Post \(phnompenhpost.com\)](#)
- [Cambodia presents official results of the Cambodia–Thailand Joint Boundary and Demarcation Committee \(JBC\) meeting | Khmer Times \(khmertimeskh.com\)](#)



## Cambodia-US Trade Relations: Key Developments and Negotiations

### Industry Impact

Cambodia's exports to the US surged 27.5% to USD 4.47 billion in the first four months of 2025, with **total bilateral trade reaching USD 3.29 billion** (up 22.6% year-on-year). The US remains Cambodia's largest export market, while US imports to Cambodia increased 34.8% to USD 97.8 million.

Cambodia faced a 49% US tariff in April 2025 due to alleged unfair trade practices, making it the hardest-hit ASEAN country under Trump's tariff policy (***refer to Page 3, Aquarii's Connecting Dots February - March 2025 Edition***). The tariffs were later suspended for 90 days and reduced to 10% until July for non-retaliating countries.

### High-Stakes Negotiations

Following Prime Minister Hun Manet's letter to President Trump, Cambodia and the US engaged in Trade and Investment Framework Agreement (TIFA) negotiations in Washington D.C. on 13-15 May 2025. A 19-member Cambodian delegation led by Deputy PM Sun Chanthol addressed key issues, including:

- Trade imbalance and concentration risk
- Transshipment prevention (Chinese goods evading US tariffs)
- Supply chain integrity and origin fraud
- National security concerns (Ream Naval Base)
- Regional stability and diplomatic cooperation

Cambodia has taken proactive steps to address US concerns:

- Issued regulations (Ministry of Commerce Prakas No. 047 and Inter-Ministerial Prakas No. 379) to combat origin fraud
- Reduced import duties on 19+ US products from 35% to as low as 5% or zero
- Opened Ream Naval Base to international partners (Japan, Philippines, Vietnam, China, Russia)

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## Economic Risks and Diversification Strategy

Currently, the USD 12 billion US export relationship represents 44.6% of Cambodia's total exports, creating dangerous over-dependence. Experts warn that losing US market access would trigger severe macroeconomic consequences, including export revenue collapse, garment sector contraction affecting 1.8 million workers, currency pressure on the Riel, and depletion of foreign reserves.

### Alternative Market Development

Cambodia is pursuing trade diversification to reduce US dependency through:

#### 1) Regional Integration:

##### Deepening ASEAN and RCEP partnerships for broader market access.

The Regional Comprehensive Economic Partnership (RCEP), comprising 15 Asia-Pacific countries – the 10 ASEAN countries and their five trading partners, namely China, Japan, South Korea, Australia and New Zealand – is a vast market with significant purchasing power, as its combined population exceeds 2.3 billion people. RCEP exports reached **USD 9.06 billion** in 2024 (up 12.8%), representing **33.9%** of Cambodia's total exports to the 15-member bloc's **2.3 billion** consumer market. The agreement eliminates 90% of intra-regional duties, providing a stabilizing force against US protectionism.

#### 2) Zero-Tariff Markets:

##### Leveraging preferential access to EU, Japan, Canada, Australia, and UK.

#### 3) Infrastructure Enhancement:

##### Completing Techo International Airport, Funan Techno Canal and China's BRI railway projects to reduce logistics costs.

#### 4) Sectoral Modernization:

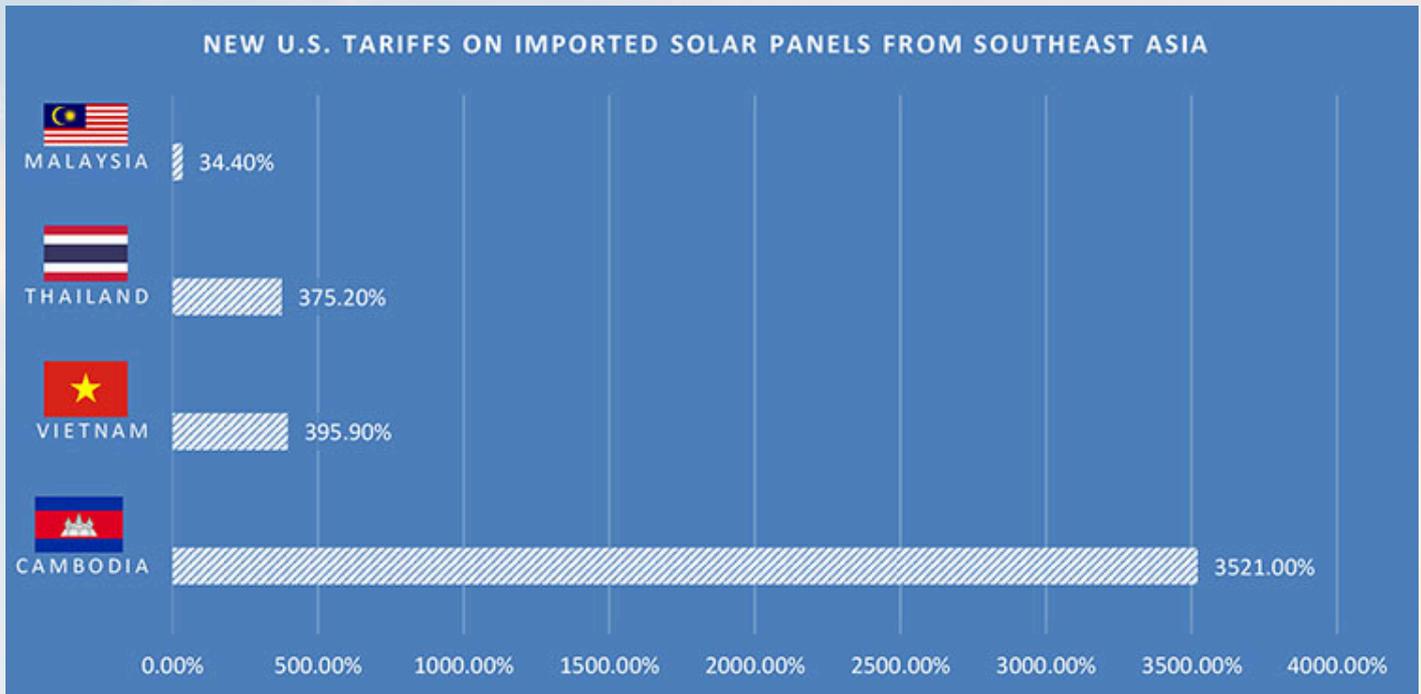
Chinese investment in agriculture and electric vehicle manufacturing, supported by expanding China-Cambodia trade that reached USD 7.63 billion in the first four months of 2025 (up 27.5%). The Cambodia-China Free Trade Agreement (CCFTA) has facilitated this growth, enabling Cambodia to export agricultural products like rice, cashews, and cassava while importing essential raw materials and industrial equipment.

However, this deepening relationship creates new dependencies, as Cambodia's manufacturing sectors—particularly garments and footwear—rely heavily on Chinese inputs. Trade experts warn this could pose long-term vulnerabilities and recommend developing local supply chains for materials like fabric, zippers, and buttons to reduce import dependence and achieve greater economic balance.

Source:

- [Cambodia-US tariff talks, experts are cautiously optimistic | Khmer Times \(khmertimeskh.com\)](#)
- [US's flip-flop policy, what should Cambodia do next? | Khmer Times \(khmertimeskh.com\)](#)
- [Cambodian official stresses significance of RCEP amidst U.S. tariff hikes | Khmer Times \(khmertimeskh.com\)](#)

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## US Imposes 3,521% Solar Tariffs on Cambodia

The US imposed tariffs as high as **3,521%** on **Cambodian solar exports**—the highest among four Southeast Asian nations. Specific company rates include 125.37% anti-dumping duties for Hounen Solar and Solar Long PV Tech, while countervailing duties reach 534.67% for Solarspace and 3,403.96% for Jintek, Hounen Solar, Solar Long PV Tech and ISC Cambodia.

Economic researchers predict minimal disruption to Cambodia's solar sector despite the steep tariffs. Cambodia exported USD 830 million worth of solar products in 2024, but the sector remains small compared to the USD 11 billion garment industry. Solar exports represent a minor portion of Cambodia's overall trade profile.

As such, Chinese-owned solar companies have relocated operations from Cambodia to Indonesia and Laos, which remain exempt from the new tariffs, to maintain export access to US and European markets.

Source:

- [US Slaps 3,521% Tariffs on Cambodian Solar Exports, But Minimal Impact Predicted | Kiripost \(kiripost.com\)](https://kiripost.com)
- [Chinese solar industries relocate to Indonesia, Laos to dodge US tariffs | Khmer Times \(khmertimeskh.com\)](https://khmertimeskh.com)

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## Cambodia Strengthens Payment Connectivity through RPC, Malaysia, and Japan Partnerships

The National Bank of Cambodia (NBC) has joined the **Regional Payment Connectivity (RPC)** initiative, bringing the total number of ASEAN central bank signatories to nine: Brunei, Malaysia, Cambodia, Laos, Thailand, Singapore, Philippines, Vietnam, and Indonesia. The RPC aims to enable faster, cheaper, more transparent, and inclusive cross-border payments, supporting SMEs, trade, and remittances across member countries. For Cambodia, this strengthens financial integration in the region and expands access for local users and businesses.

### Cambodia-Malaysia Cross-Border QR Collaboration

As part of this effort, NBC and Bank Negara Malaysia have launched Phase 2 of the cross-border QR payment linkage. Malaysian travellers can now **scan KHQR to pay Cambodian merchants** using mobile apps like DuitNow and Bakong. (Phase 1 details in *Aquarii's Connecting Dots, September 2024 Edition*). In parallel, Malaysia's TNG Digital has expanded its TNG eWallet to enable payments by Cambodian tourists in Malaysia.

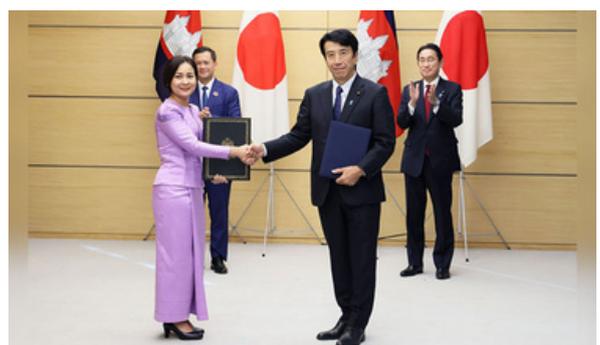
Cambodians can also make **cross-border payments** in Thailand, Vietnam and Laos by scanning QR codes in Khmer Riel (KHR), without needing to convert to US dollars. This supports NBC's efforts to promote use of the national currency regionally and reduce transaction costs.

### Cambodia-Japan to Launch Cross-Border QR Payment Linkage

Separately, NBC has signed an MoU with Japan's Payments Japan Association (PJA) to enable **QR payments between KHQR and JPQR**, following a two-phase rollout similar to Malaysia's:

- **Phase 1:** April 13 to October 13, 2025
- **Phase 2:** By the end of 2025

This initiative will enhance Cambodia-Japan financial cooperation and is expected to promote trade, investment, and tourism, supporting economic growth in both countries.



Source:  
 • [Cambodia's central bank joins regional payment connectivity initiative | Khmer Times \(khmertimeskh.com\)](#)  
 • [Cambodian, Malaysian travellers can now make payments via QR scan | Khmer Times \(khmertimeskh.com\)](#)  
 • [Cambodia, Japan launch cross-border payment collaboration | Khmer Times \(khmertimeskh.com\)](#)

# Cambodia Pioneers AI-Blockchain Financial System for SMEs



Cambodia has partnered with Swiss fintech WebAccountPlus to launch an AI-driven, blockchain-secured financial platform for Small and Medium Enterprises, becoming the first country globally to implement the company's patented OpenEco Liberty concept.

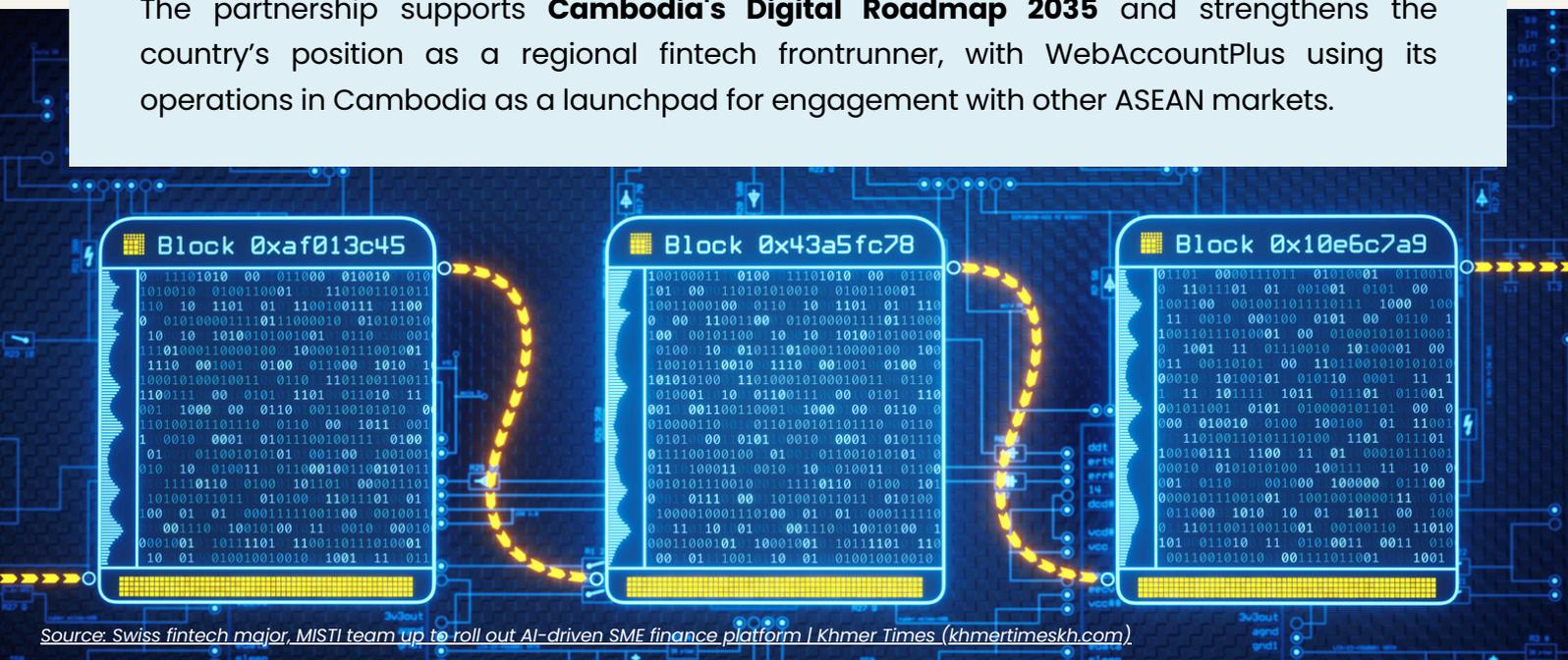
The Ministry of Industry, Science, Technology and Innovation (MISTI) will roll out the system to **500-1,500 SMEs in the pilot phase**, with plans to **onboard Cambodia's approximately 750,000 SMEs within three years**. The pilot includes accounting firms, banks, insurance companies, and microfinance institutions.

The OpenEco Liberty concept replaces traditional Open Banking by transferring data ownership from financial institutions directly to users and SMEs through "user-centric data democratization".

## Economic Impact

The pilot programme marks another step for Cambodia's digital economy, with the WebAccountPlus platform designed to give SMEs **faster and more efficient access to financing**, thereby expanding the impact and reach of microfinance. The platform delivers **real-time economic data** to Cambodia's Central Bank and government authorities, allowing for **immediate, sector-specific policy adjustments**. By using anonymised performance indicators, it supports more **precise economic governance** and faster response to evolving market conditions.

The partnership supports **Cambodia's Digital Roadmap 2035** and strengthens the country's position as a regional fintech frontrunner, with WebAccountPlus using its operations in Cambodia as a launchpad for engagement with other ASEAN markets.



Source: Swiss fintech major, MISTI team up to roll out AI-driven SME finance platform | Khmer Times (khmertimeskh.com)



# New Strategy Aims for 80% Digitalization of Business Services by 2028

Cambodia's government has launched its **"Strategy for the Development of E-Services for Business 2025-2028"**, building on the success of the **Online Business Registration (OBR)** system launched in June 2020. The OBR has facilitated over 42,000 business registrations representing USD 15.6 billion in investment capital, with 28,000+ licenses and permits issued digitally.



The strategy **targets 80% digitization of prioritized business services by 2028**. Three oversight bodies manage implementation: the Digital Economy and Business Committee, Digital Government Committee, and Public Administration Reform Committee.

The government will streamline services by adjusting fees, removing redundant procedures, and adopting shared digital standards via the CamDX platform to enable cross-ministry interoperability. Officials will be trained, and public campaigns will support business adoption. A dedicated subcommittee will oversee service data updates and track digital transformation progress.

## Policy Alignment

The strategy aligns with key national frameworks, including the **Pentagonal Strategy Phase 1**, the **Digital Economy and Society Policy Framework 2021-2035**, the **Digital Government Policy 2022-2035**, and **Vision 2050**. It promotes a whole-of-government approach to digital transformation, encouraging institutional mindset shifts and operational improvements across stakeholders. The overarching objective is to build a more capable, resilient, and transparent public administration that enhances Cambodia's appeal as an investment destination.

### Key Performance Indicators:

**42,000+**  
businesses  
registered through  
digital platforms

**USD 15.6**  
**billion**  
in processed  
investment capital

**28,000+**  
licenses issued via  
integrated systems

**80%**  
digitization target by  
2028

Source: Cambodia's new e-service strategy to revamp biz landscape | Khmer Times (khmertimeskh.com)

# Cambodia's E-Commerce Landscape: Social Media as a Key Driver

Cambodia's e-commerce market is expanding, with the Ministry of Commerce projecting it to reach **USD 1.78 billion** in 2025, up from **USD 1.51 billion** in 2024. This reflects a compound annual growth rate of **17.88%**.

## Role of Social Media in Digital Adoption

Over 72% of Cambodians actively use social media platforms, which serve as the main point of internet access for many. Facebook remains the most widely used platform, with **11.65 million users** and a **10.3% increase** in potential advertising reach between January 2024 and 2025. TikTok has **10.7 million users**, aged 18 and above, while Instagram and LinkedIn report **1.65 million** and **780,000 users**, respectively.

Platforms such as Facebook, TikTok, and Telegram are commonly used for online selling. This approach has gained traction in part due to the limited development of formal e-commerce infrastructure.

## Digital Payments and Spending Trends

QR code payments now account for **47.15%** of transactions, followed by cash (26.5%) and mobile money (13.3%).

ABA Bank holds the largest share in digital payment usage at 46.89%, followed by ACLEDA Bank (30.90%) and Wing Bank (17.02%).

Most consumer transactions fall within the USD 11–50 range. Fashion products represent the largest share of purchases (23%), followed by food and beverages (20%), beauty and personal care (19%), and electronics (14%).

## Infrastructure and Government Support

The country recorded **21.9 million** mobile subscriptions and the same number of internet users in 2024, reflecting high connectivity levels. Government initiatives such as the **Cambodia Digital Economy and Society Policy Framework (2021–2035)**, e-commerce legislation, and simplified VAT registration processes are in place to support the sector's development.

## Ongoing Challenges and Emerging Opportunities

Despite growth, Cambodia's e-commerce sector remains relatively early in its development. Many consumers continue to shop from international platforms such as Taobao and Lazada, with fewer purchases made through local providers.

This has contributed to increased activity in the delivery and logistics sector, with local operators such as Loda and ZTO expanding services. E-commerce currently contributes 6.68% to Cambodia's GDP and holds a 1.3% share of the ASEAN e-commerce market, which is projected to grow from USD 116.36 billion in 2024 to USD 137.24 billion by 2025.

Broader smartphone adoption and the increasing use of "Buy Now, Pay Later" services are expected to support further development, alongside the role of financial institutions and continued implementation of digital policies.

Source:

- [Over 72% of Cambodians active on social media platforms | Khmer Times \(khmertimeskh.com\)](#)
- [Cambodia's e-commerce market set to hit \\$1.78 billion in 2025 | Khmer Times \(khmertimeskh.com\)](#)



## Government to Provide Special Incentives for the Cashew Industry

### Kampong Thom Cashew Agro-Industrial Zone

The Kampong Thom Cashew Agro-Industrial Park will receive both fiscal and non-fiscal incentives under investment law, plus additional special benefits, announced **Chea Vuthy, Secretary General of the Cambodian Investment Board (CIB)**, during a meeting with Chinese company Sinomach Hainan Development Co., Ltd.

Prime Minister Hun Manet's government has prioritized cashew industry development, establishing a dedicated cashew agro-industrial zone to support the complete value chain from planting to processing finished products.

### Production Success and Market Outlook

Cambodia's modern farming communities have shown promising results. After seven months of collaboration, Kampong Thom's modern farming community successfully harvested its first cashew batch, with **plans to harvest 1.5-2 tonnes per hectare**. The transition to modern agriculture has enabled more effective use of chemicals and fertilizers, leading to faster blooming, fruiting, and higher-priced sales.

MAFF Undersecretary Khim Finan indicated that 2025 cashew yields could **remain stable or increase compared to 2024**. Three modern farming communities in Kampong Thom have already secured **contracts worth over USD 1 million**, supplying 400 tonnes to Japanese company MIRARTH Agri Tech (USD 650,000) and 300 tonnes to Santana Agro Products (USD 400,000). Cambodia has a significant unused processing capacity of 50,000 tonnes and can easily supply 3,000 tonnes of processed cashews annually to private companies. In 2024, Cambodia **produced nearly 900,000 tonnes** of fresh cashew nuts, **exported over 30,000 tonnes** of processed cashews, and **exported 588,546 tonnes** of raw cashews to 14 countries, including Vietnam, Thailand, China, India, and European markets.

Source: [Govt to provide special incentives to cashew industry | Khmer Times \(khmertimeskh.com\)](https://www.khmertimeskh.com)



**Connecting Dots** is a monthly compilation of salient local developments in Cambodia.

In this publication, our focus is to help businesses and investors connect the dots on the recent market and economic events in Cambodia, providing a clear overview of what has occurred in the preceding month.

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