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CAMBODIA ON THE VERGE OF LEAST DEVELOPED COUNTRY GRADUATION

According to the Asian Development Bank, some two decades after its inclusion on the list of the least developed countries, Cambodia met the graduation criteria for the first time in 2021, with plans to graduate as early as 2027

PLANS TO GRADUATE BY 2027



The ABD report, which was released last month, said, "This is a major achievement, as graduation from the least developed country status means that a country has achieved significant economic and social development goals."

"However, the least developed country graduation also presents challenges, including the loss of preferential trade benefits, including duty-free status and favourable "rules of origin."



The report continued that Cambodia, as one of the few least developed countries, has dramatically increased its exports to the European Union through preferential treatment and lenient rules of origin, allowing its products to enter Europe duty-free.

"If not carefully managed, the loss of these preferences may hurt Cambodia's export performance," it said.

The report said Cambodia has benefited from multilateral and bilateral free trade agreements (FTAs) such as the Regional Comprehensive Economic Partnership (RCEP), the Cambodia-China FTA, and the Cambodia-South Korea FTA.

“ Cambodia must work to ensure that alternative market access is available after graduation and further improve its competitiveness.” ”

It added that the Southeast Asian nation should consider forging new trade agreements with its major partners while improving the implementation and utilization of existing ones.

Cambodian Ministry of Commerce's undersecretary of state and spokesman Penn Sovicheat said the RCEP, together with other bilateral FTAs, has not only given a boost to the kingdom's sustainable trade growth, but also become a magnet to attract more foreign direct investments.

"This RCEP agreement will help Cambodia graduate from its least developed country status, likely by 2028 and to achieve its goals of becoming an upper-middle income country in 2030 and a high-income nation by 2050." [Read More](#)

CAMBODIA FORGING AHEAD WITH FTAS

Cambodia is continuing to negotiate trade partnership agreements with several countries in order to access new foreign markets and boost the Kingdom's self-reliance, according to Minister of Commerce Pan Sorasak.



Commerce minister Pan Sorasak visits
Kampong Cham last month

He shared the Kingdom's pride in several recent trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP), the Cambodia-China Free Trade Agreement (CCFTA), Cambodia-Korea Free Trade Agreement (CKFTA) and the Cambodia-United Arab Emirates Comprehensive Economic Partnership Agreement (CAM-UAE CEPA). He explained that further trade agreements are currently under negotiation and expected to be completed soon.

"We are negotiating to open additional markets as part of the government's vision to seize new market opportunities abroad and help make Cambodia self-reliant. This will ensure the sustainability of a robust economy, expanded product markets, higher living standards and more employment opportunities," he said.

With regards to the EU's "Everything But Arms" (EBA) preferential trade scheme, Ky Sereyvath, an economics researcher at the Royal Academy of Cambodia, said on June 18 that Cambodia must prepare itself as the same economic growth that is lifting the Kingdom out of poverty means the EBA will soon be withdrawn.

"Currently, we enjoy a Most-Favoured-Nation [MFN] treatment, so we are subject to reduced tariffs in many markets. We must examine ways to reduce production costs so we can remain competitive. Cambodian goods may become up to five per cent more expensive. Therefore, the Kingdom must strengthen itself by bringing costs down and increasing its trade volume."

Earlier this year, Prime Minister Hun Sen downplayed the effect of the EBA withdrawal. He disclosed that Cambodia had initiated discussions with China, Japan, South Korea, and the Asian Development Bank (ADB) to continue providing the Kingdom with preferential loans once it exits the LDC.

LIFESTYLE IN CAMBODIA

Here we round up the latest in lifestyle news in the Kingdom!

FARMERS SHARE HELPFUL AGRI-TIPS ONLINE

With an abundance of experience in crop cultivation and animal husbandry, Ny Buntha and his family are sharing their knowledge of agricultural techniques in a series of short instructional videos on their Facebook page for free. [Read more](#)



E-YACHT: NAVIGATING CAMBODIA IN ECO-FRIENDLY LUXURY



Just as electric vehicles have been celebrated as a more sustainable alternative, the world of yachting is also undergoing a transformation. Revolutionary concept of e-yachts, which prioritize environmental responsibility while offering a luxurious and sophisticated experience are now in demand. [Read more](#)

PERNOD RICARD CAMBODGE EYES CAMBODIAN RICE SPIRIT

MoU with Government aims to establish and enhance the standards and regulations for Cambodian rice spirit, also known as 'Sraa Sor.' This initiative is a significant move towards uplifting Cambodian heritage and ensuring consumer safety. [Read more](#)



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CAMBODIA'S ECONOMIC FUTURE AMID ROBUST ASEAN GROWTH AND PREVAILING US-CHINA TRADE DYNAMICS

As the world navigates the aftermath of the pandemic, Southeast Asia is emerging as a region of significant economic growth. However, the robustness and direction of this growth remain largely contingent upon the evolving geopolitical landscape, primarily the strategic rivalry between the United States and China. Amid these broader regional dynamics, the Kingdom of Cambodia presents a unique economic narrative, poised to benefit from regional growth while grappling with intricate international influences. This was the message given by William A. Heidt the former United States Ambassador to Cambodia at EuroCham Cambodia's Breakfast Talk



Sihanoukville Autonomous Port

Highlighting the opportunities for Cambodia, the former diplomat outlined the Kingdom's potential to continue thriving from the economic momentum of its neighbouring countries, specifically Vietnam and Thailand. Vietnam's accelerating growth trajectory, particularly in its manufacturing sector, underlines the country's remarkable economic transformation.

“ With a population nearing 100 million, Vietnam's increasing economic clout is viewed as an opportunity that Cambodia, with its burgeoning economy, can capitalise upon. ”

However, a critical caveat remains the geopolitics of trade. The US-China trade conflict, a tug of war ongoing since 2018, has already caused significant disruptions in global supply chains. ASEAN countries, including Cambodia, have felt these ripples given their substantial trade connections with both nations. Thus, the future of Cambodia's economic performance and its role within ASEAN will likely be influenced by how these two superpowers navigate their economic relationships.

ASEAN's economic future is bolstered by the enforcement of significant new trade agreements. For Cambodia, the RCEP offers an opportunity to diversify its trade and investment portfolio, thereby enhancing the resilience of its economy.

While the economic horizon for Cambodia appears promising amidst robust ASEAN growth, this outlook is not without challenges. The country's future remains intricately tied to the successful navigation of US-China trade tensions, the steady growth of its neighbours, regional stability, and the effective implementation of landmark trade agreements.

ECONOMISTS OPTIMISTIC ABOUT TARIFF ADJUSTMENTS IN CAMBODIA



A factory worker assembles a bicycle wheel. *Ministry of Information*

The Cambodian government's recent sub-decree on tariff rates, special taxes, and export tariffs has been hailed by the Cambodia Chamber of Commerce (CCC) and economists as a significant boost to the country's exports.

Effective from June 6, the sub-decree specifies reductions in tariffs, special taxes, and export tariffs for certain goods, while increasing them for others.

[Read more](#)

The adjustments primarily benefit the industrial, handicraft, and agricultural sectors, with reductions of 20 to 30 per cent, and even zero taxes on certain agricultural goods. On the other hand, the sub-decree imposes higher tariff rates on processed goods, equipment, machinery, and electronic equipment. These categories experience an increase of seven to eight per cent.

Notably, the special tariff rates for vehicles, particularly electric vehicles, have been reduced by five to 30 per cent. Conversely, the special tariff rates for rubber tire and metal products have increased by five to 15 per cent. The sub-decree also targets exports, reducing tariffs on raw materials in the health and agriculture sectors by 10 to 50 per cent. Conversely, mining and metal-related items face higher tariffs, increasing by five to 15 per cent.

“

Reducing the special tax for exports boosts the industry by lowering costs, meaning minimal impact from these adjustments

”

Lim Heng, the vice-president of CCC, emphasised the need for flexible tariff rates aligned with global economic trends and Cambodia's evolving exports and imports, explaining that adaptability supports the utilisation of local raw materials for processing and encourages maximum export potential, including tax exemptions.

Senior economist Ky Sereyvath from the Royal Academy of Cambodia views the tariff rate adjustments, particularly the reductions, as a strategy to promote the export of finished products.

CASHEW NUT INDUSTRY SEEKS AT LEAST \$300 MILLION IN WORKING CAPITAL



Cashew nuts on sales at a market

Silot Uon, Country Director, Cashew Nut Association of Cambodia (CAC) said the industry needs at least \$300 million a year as working capital for the cashew sector.

"If we get a \$100 million loan from an SME bank with a favourable interest rate, it will help us a lot. "Our non-farming members will use the loans to buy raw materials for stockpiling and processing for exports," he said.

The Cambodian government has already identified cashew as an agro-industrial crop and also one of the 12 priority crops and has been taking various steps to raise its output and competitiveness through economic diversification.

The government also enacted the National Policy on Cashew Nuts for 2022-27 which aims to increase production and value-added. It is aimed at increasing cashew production, improving the quality of the commodity, promoting the setting up of local processing and value-addition and increasing the domestic processing capacity to at least 25 percent by 2027 and 50 percent by 2032.

Uon also said that the lack of capital has been a long-standing issue for the industry.

"When we do not have working capital to buy cashew nuts, the raw cashew nuts would be sold abroad. This often results in the production lines being shut down for months at a time. Some companies are out of stock for three or eight months," he added.

Uon said the CAC is in talks with ARDB, JC Finance, and AMK to provide preferential interest rate loans to cashew farmers. [Read more](#)

A promotional banner for PhillipBank. On the left, it says "Return Like Never Before!" in orange and white text. In the center, there is a large orange number "8" with "Up to" above it and ".25%" below it, followed by "And A Chance to Win" in a blue box. To the right, two cars are shown: a white SUV and a dark SUV. The PhillipBank logo is in the top right corner, with the phone numbers "086 930 000" and "089 989 818" below it. At the bottom right, there is small text: "From 15 February until 31 December 2023" and "Terms and Conditions Apply".

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PRIVATE SECTOR'S ROLE IN CAMBODIA'S DIGITAL TRANSFORMATION HAILED



TechFin Future Conference 2023

While giving the keynote address at TechFin Future Conference 2023, organized by the Indian Chamber of Commerce (InCham) in Cambodia, Secretary of State, Ministry of Post and Telecommunications Sok Puthyvuth said the private sector is playing a key role in the digital transformation of the economy and society in Cambodia besides creating jobs. He also highlighted the huge potential of private-public partnerships in driving the digital economy ambitions.

According to Puthyvuth, National Council for Digital Economy and Society chaired by Prime Minister Hun Sen is the highest body giving direction to the policy implementation and coordinating relevant institutions. Under this, three committees have been envisaged – Digital Economy and Business Committee, Digital Government Committee and Digital Security Committee.

Meanwhile, the TechFin conference with the theme 'Emerging Technologies Shaping the Future of Financial Services,' brought together industry experts, thought leaders and innovators to deliberate the emerging technological developments in the financial services landscape.

The panel discussion, moderated by digital expert Niraj Gupta, was participated by leading experts in fin-tech, banking, telecommunication, payment service provider, and data analytics. This diverse array of perspectives enabled attendees to gain a comprehensive understanding of the multi-faceted changes underway.

Topics covered included the integration of artificial intelligence and machine learning in financial processes, the emergence of robo advisors in financial services, fin-tech collaboration and open banking, the rise of digital transformation of payments, and the role of current leaders in achieving digital transformation strategy.

One of the highlights was the deliberation on the potential of AI technology to revolutionise traditional financial systems. Speakers emphasised its ability to enhance security, transparency, and efficiency in transactions, offering numerous possibilities for streamlining processes and reducing costs.



NEW GOVERNMENT BODY TO REGULATE CAMBODIA'S GROWING DIGITAL ECONOMY

The Royal Government of Cambodia (RGC) has issued a sub-decree to establish the General Department of Digital Economy that will exclusively function under the Ministry of Economy and Finance (MEF) to direct, regulate and develop the digital economy in the country after the Deputy Prime Minister Aun Pornmoniroth made a proposal to Prime Minister Hun Sen.



Cambodia has taken steps to better regulate the digital economy

The RGC's sub-decree issued on Thursday last week pointed out that the new general department will function with support from three departments that will be composed of several bureaus each including the Department of General Affairs, the Department of Digital Economy's Infrastructure and the Department of Digital Economy Program.

MEF spokesman Meas Soksensan told Khmer Times yesterday that the creation of the new general department has been wisely calculated because of its importance that is indispensable for improving economy and good governance and to ensure the best functioning of the institution that will be located in the premise of the ministry.

“To participate in the preparation and implementation of policies, strategies, plans, projects, programs, action plans, laws and other regulations related to the digital economy”

The General Department of Digital Economy will also prepare and implement guidelines or technical standards to support the development of the digital economy in addition to conducting research, analysis, tracking and assessment of the evolution and trends of the digital economy in the regional and global context, according to the five-page sub-decree.

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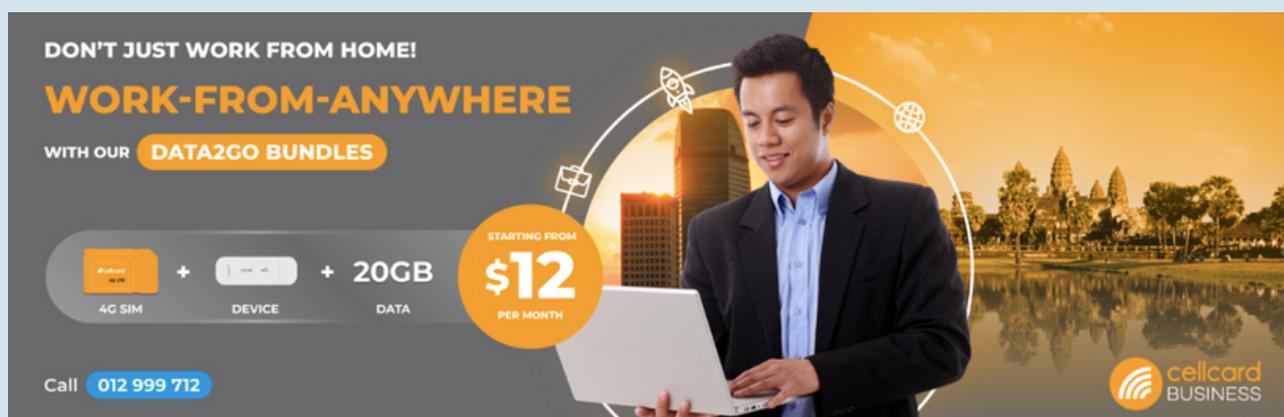
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CAKE EXPERIENTIAL & AQUARII PARTNER TO DELIVER VALUE-ADDED INTEGRATED MARKETING



At the signing ceremony last month

Cake Experiential, a digital-first experiential marketing agency, has announced a partnership with business and investment advisory company Aquarii BD to promote greater awareness in the value-added outcomes of integrated marketing and publicity services to meet the increasingly sophisticated demands of the Cambodian market.

[Read more](#)

Speaking on the partnership, Founder and CEO of Cake Experiential Andy Ong said, “Our partnership with Aquarii aligns perfectly with our mission to provide exceptional marketing solutions for businesses entering or operating in Cambodia.”

“Aquarii’s unique approach to advisory and facilitation services, combined with our creative and strategic expertise, sets the foundation for a dynamic collaboration,” he said.

“ This partnership allows us to extend our reach to new market entrants and segments while also enhancing our brand profile and value proposition within the local and international business communities ”

Michael Tan, CEO of Aquarii, said, “We are excited to partner with Cake Experiential. This collaboration will add value to our respective endeavors; Cake Experiential’s expertise in integrated marketing complements our market knowledge and insights, and will enable us to create more engaging and effective messaging approaches to help level up the sophistication of marketing in Cambodia.

Speaking about the future, Mr Ong said, “Our ambition at Cake Experiential extends beyond being a leading marketing agency, we are dedicated to transforming the industry by investing in our team and nurturing their growth.”



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PHILLIP BANK DIVERSIFIES SERVICES WITH AFFORDABLE INTERNATIONAL TRANSFER FEE



Phillip Bank new offer

Phillip Bank, Cambodia's only Singaporean owned commercial bank, has launched a new service to allow customers to conveniently send money abroad to their family and loved ones for just \$9 per transaction, available through Phillip Mobile app and the branch counter. [Read more](#)

Mr. Chan Mach, CEO of Phillip Bank, emphasised the benefits of this new service for customers and the bank's commitment to delivering value for money.

He said, "We are excited to launch this new service to our customers, making it easy and convenient for them to send money to their family and loved ones abroad. We understand that the need to send money overseas is important for many of our customers, and we are committed to providing a service that is both affordable and reliable.

"This new service is part of our ongoing commitment to deliver value for money to our customers," he added.

“ This new service is part of our ongoing commitment to deliver value for money to our customers ”

This service is available for customers who want to send money to 10 selected countries including Singapore, Philippines, Vietnam, Malaysia, South Korea, Thailand, Indonesia, Hong Kong SAR, with China, and Australia available at the counter only.

Phillip Bank continues to expand its offerings to meet the evolving needs of its customers and to provide them with convenient and affordable financial solutions. The bank's commitment to delivering value for money is evident in this new service, and it is expected to be well-received by customers who want hassle-free ways to send money.

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IN THE SPOTLIGHT...



The Cake team at the signing ceremony with AquariiBD

Cake Experiential Communications is an experiential marketing, communications & consulting agency specialized in developing personalized brand experiences that engage audiences with an authentic message through meaningful, relevant & innovative ways

A BRAND EXPERIENCE AGENCY

Andy Ong, Founder and CEO of Cake Experiential, said “Our ambition at Cake Experiential extends beyond being a leading marketing agency; we are dedicated to transforming the industry by investing in our team and nurturing their growth.”

“As we journey alongside Cambodia’s growth and development, we aim to expand our team’s skill set and also explore collaborations with local educators and institutions to engage Cambodian youths who are interested in getting into the industry, to elevate and create sustainable growth for the marketing landscape in the region.”

Ong also said that Cake is committed to investing more in data and technology, such as its proprietary CRM, lead generation, and chatbot platforms, enabling the company to deliver increasingly personalised, unique, and innovative experiences for its clients.

Indeed, the essence of Cake Experiential’s achievements lies in its commitment to customer satisfaction and staying ahead in the dynamic world of marketing. The agency’s management team brings together creativity and technology to create memorable brand experiences. [SEE MORE](#)

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