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MONTHLY

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WB: 5.5% GROWTH IN 2023

The World Bank has attributed the expected growth to the expanding agricultural sector along with improved access to regional markets. This news comes as the UN Organisation launched the 'Cambodia Economic Update 2023' at Raffles Hotel Le Royal, Phnom Penh.

POSITIVE NEWS FROM INTERNATIONAL REPORTS



The 20th edition of the biannual report maintains a special focus, which is 'From Spending More to Spending Better – Towards Improved Human Development Outcomes'.

The report says that Cambodia's economic recovery solidified in 2022 with real growth accelerating to 5.2 percent and that the economy is firmly on a path to recovery. [Read more](#)



Speaking at the launch, Maryam Salim, Country Manager for Cambodia, World Bank, said that the agriculture sector is benefitting from improved access to regional markets, attributing it to the newly ratified bilateral and regional free trade agreements.

“Cambodia’s real growth for 2023 is projected to accelerate further, reaching 5.5 percent. The outlook is, however, subject to downside risks. An extended slowdown in external demand could weaken Cambodia’s export-oriented manufacturing, which generates about 40 percent of total employment in the industrial sector. Continued global financial tightening could affect the highly leveraged financial sector. Domestically, concentration of domestic credit in the construction sector remains a key risk to financial stability. Therefore, Cambodia’s macroeconomic policy must continue to support growth and employment.”

“To enhance the long-term resilience and competitiveness of the economy, efforts are needed to further promote export product diversification.”

Sodeth Ly, Senior Economist, Macroeconomics, Trade and Investment Global Practice at The World Bank, said that there are high signs that Cambodia will return to seven percent growth in the coming years. “Tourism will be the major driver of the economy. Rise in tourism numbers will trickle down into other sectors, making the post-pandemic recovery intense.”

He said that Cambodia fortunately has overcome the global inflationary pressure. “Foreign Direct Investments are improving during the post-pandemic period. And Cambodia will also improve from supply chain reconfiguration. The infrastructure growth within Cambodia will contribute to growth.”

“The support issued by other nations and multilateral agencies provided a great relief for Cambodia during the Covid time. It helped in filling the financial gap.”

LIFESTYLE IN CAMBODIA

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

SKYFEST 2023 ATTRACTS OVER 10K VISITORS

The first-ever SkyFest 2023, a landmark international kite festival, has marked a notable breakthrough in the Cambodian business and investment sector, attracting over 10,000 enthusiasts to the [Bay Of Lights](#).



VESPA LAUNCHES LIMITED EDITION PRIMAVERA COLOR VIBE



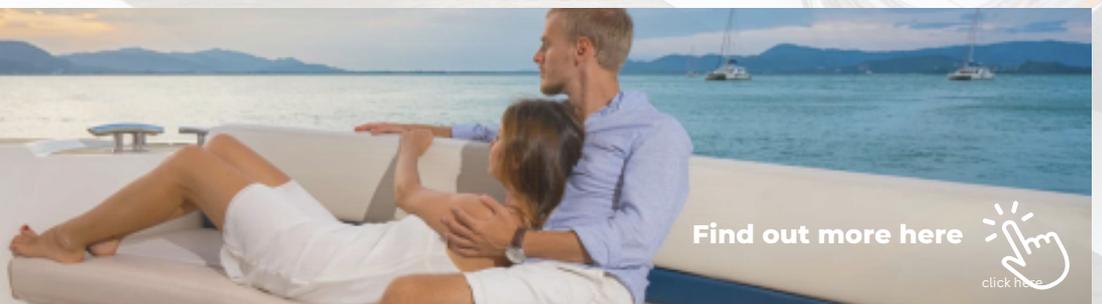
Vespa Cambodia's Rindeth Long said since 2012, Vespa Cambodia has been dedicated to enriching and expanding the Vespa Community in Cambodia and proud to have played a part in bringing people together through our shared love of [Vespa](#),

INTERNATIONS HOSTS 'MOST DIVERSE EVENT IN KINGDOM'

Phnom Penh's latest monthly networking social event was hailed as one of the most diverse gatherings in Cambodia. Hosted by InterNations Ambassador Tom Starkey, the event was attended by an impressive count of 55 guests from 28 different countries, setting a record for the [group](#).



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CAMBODIA STRENGTHENS INVESTMENT CLIMATE WITH NEW TAX LAW

In a move that underscores Cambodia's commitment to fostering a favourable investment climate, the new investment tax law - which comprises some 20 chapters - was approved this month



President of the National Assembly
Heng Samrin

The implementation of the new tax law is poised to make significant contributions to the growth and enhancement of Cambodia's business sector. By nurturing a more favorable investment environment, it will attract increased private investment, bolster fiscal compliance, foster fair competition, and empower the nation's economic progress.

[Read more](#)

Under the guidance of Samdech Heng Samrin, President of the National Assembly, the ninth session of the National Assembly of the sixth legislature convened on Wednesday, 19th April.

During this auspicious gathering, three draft laws were discussed and approved, including the draft law on public procurement and the draft law on the approval of the border trade agreement between Cambodia and Vietnam. These legislative measures hold immense significance in advancing the nation's development, bolstering trade, economy, and society, as well as nurturing cooperation with neighboring countries.

The new draft tax law stands as a testament to Cambodia's progressive approach in aligning its legal framework with evolving socio-economic dynamics. By streamlining processes, reinforcing fiscal compliance, and promoting a conducive investment climate, Cambodia demonstrates its unwavering commitment to driving sustainable growth and fostering prosperous business opportunities for both local and international investors.

Coinciding with this pivotal moment, the Public Procurement Law has also been enacted, featuring 15 chapters and 87 articles. This landmark legislation establishes crucial principles for the clear delineation of roles and responsibilities between the procurement management and enforcement bodies.

NEW AEO TRADE INITIATIVE SET TO DRAW MORE PLAYERS TO CAMBODIA

Cambodia's new AEO (authorised economic operator) programme – and implementation thereof by Customs (GDCE) – will make life more convenient for investors and support initiatives to attract additional players to the Cambodian market, observers have claimed.

The GDCE late last month said that the AEO programme would be rolled out on May 1, in a bid to ensure Cambodia's compliance with the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA), as well as to bring the local business community into conformity with the Kingdom's international trade policy. [Read more](#)



A special truck loads cargo at a port in Cambodia

Cambodia Chamber of Commerce (CCC) vice-president Lim Heng commented to The Post on May 17 that the government's pursuits over the past few years to modernise procedures, systems and other tools involving taxation and international trade in goods have been key in attracting local and foreign investment to the Kingdom.

“ The private sector has long wanted [this programme]; it is in line with global standards in terms of customs duties and international freight forwarding ”

He stressed that streamlining complicated procedures saves time and reduces informal costs as well, adding that major improvements in global economic growth and political stability around the world could drastically boost overseas sales of Cambodian goods, supplemented by a lot of hard work put in by public and private sector actors over the years.

“Cambodia's international trade activity will expand as border procedures become simpler,” Heng added.

Provisional GDCE statistics show that Cambodia's international trade volume hit \$15.161 billion in the first four months of the year, falling by 14.10 per cent year-on-year. The Kingdom's exports and imports totalled \$7.234 billion and \$7.927 billion, respectively, down 4.89 per cent and down 21.07 per cent year-on-year, narrowing its trade deficit by 71.57 per cent on an annual basis to \$692.796 million in the January-April period.

FORMAL REAL ESTATE INVESTMENT TRUST MARKET EXPECTED IN 2023



High rise buildings under construction in Phnom Penh

The Securities and Exchange Regulator of Cambodia (SERC) expects to formally authorise real estate investment trusts (REIT) within the year, in a move to boost the real estate and construction sectors, which have attracted a flurry of investment in recent years, according to its director-general Sou Socheat.

Socheat said that he expects the REIT market to be rolled out within the year.

[Read more](#)

A REIT is an investment vehicle that operates similar to a mutual fund by pooling the capital of individual investors to purchase – and often to manage as well – income-generating real estate properties such as apartment complexes, hospitals, warehouses, hotels and shopping malls.

Socheat told The Post that the SERC has approved licences for “some” fund management firms ahead of the establishment of the formal REIT regime.

“The REIT market will be rolled out within this year, and will offer new financial products created by the fund management companies, to collect funds to develop the real estate sector and generate profits to investors,” he said.

“

We’ll work with the fund management firms to establish and ensure that the industry runs smoothly.

”

Century 21 Mekong CEO Chrek Soknim lauded the initiative, which he believes will deliver a powerful boost to the real estate industry and ensure sustainable growth.

“We think the launch of the REIT market will be a great move, better enabling real estate industry players to raise funds from the public. REITs, supervised by the SERC, will build trust among public investors and other relevant players who may want to invest in the sector in Cambodia,” he said.

ADB CONTINUES TO SUPPORT CAMBODIA THROUGH \$4.6 BILLION INVESTMENT



Cambodian workers load rice in Kampong Speu. KT/Chor Sukunthea

The Asian Development Bank (ADB) has been a strong partner in Cambodia's development journey, with a total investment of US\$4.6 billion for 331 public sector projects in the form of loans, grants, and technical assistance.

The news of the latest investment was revealed in the ADB Member Fact Sheet 2022, released in April. [Read more](#)

In 2022, ADB has committed to providing US\$373 million in loans to Cambodia to support various initiatives. These include:

- Strengthening the health system, including access to vaccines and the health of migrant workers
- Promoting science, technology, engineering, and mathematics education,
- Promoting climate resilience, and coastal and livestock fisheries in Cambodia
- Accelerating sustainable energy transfer
- Promoting international competition

ADB will also provide US\$52.25 million in total, including US\$12.7 million in co-financing, to help Cambodia achieve sustainable development goals, accelerate clean energy transfers, and promote gender equality. Moreover, ADB has approved US\$3.1 million in technical assistance for political reform, capacity development, project planning, and implementation by 2022.

The continued support of ADB is crucial for Cambodia's economic growth and development. The investments in various sectors will not only create more opportunities but also enhance the quality of life for Cambodians.

An advertisement for PhillipBank featuring a car promotion. The background shows a city skyline at night. In the foreground, there are two cars, a white SUV and a black SUV, parked on a road. A large number '8' is prominently displayed in the center, with 'Up to' above it and '25%' below it. To the left of the '8' is the text 'Return Like Never Before!' and below it 'And A Chance to Win'. To the right of the cars is the PhillipBank logo and the text 'PhillipBank'. Below the logo are the phone numbers '086 930 000' and '089 989 818'. At the bottom right, there is a small text: 'From 15 February until 31 December 2023. Terms and Conditions Apply.'

GDT SET TO COLLECT CAPITAL GAINS TAXES



The GDT building in Phnom Penh

The General Department of Taxation (GDT) has instructed its officials across the country to continue to educate the public about updates to laws and regulations concerning capital gains tax. Officials should be preparing themselves to begin collecting these taxes early next year.

In an online workshop organised by the GDT, deputy director Ken Sambath also said that tax reforms have led the GDT to be considered a leading public institution.

Sambath said, "The GDT pays close attention to the government's reform of the tax sector. In line with its public financial reform programme and revenue collection strategies, we aim to meet the annual tax collection plan, and contribute to the operating expenses of the Kingdom's ministries and other state institutions," he said.

He added that once ministries and institutions have enough money for operations, they can provide better public services.

The funds generated by the government's various reforms will assist the Kingdom to become an upper middle-income country by 2030 and join the high-income group by 2050, in line with the vision set out in phase IV of the government's Rectangular Strategy.

Dy Chanthy, head of the GDT's Capital Gains Tax Bureau 2, said at the conference that it is the duty of every citizen to contribute to the government budget for its operational expenses through taxes.

"The expenditure generated by the reforms will enable the government to offer improved public services, increase people's living standards and boost socio-economic development."

"Every citizen has to pay taxes. Every country is composed of its citizens, with the government acting as an engine that drives the country forward. In managing and leading the country, the government has several important roles and responsibilities that ensure the country runs smoothly and successfully," she said. [Read more](#)



FOURTH INDUSTRIAL REVOLUTION TO DRIVE ASEAN GROWTH AMID NEW CHALLENGES

The Fourth Industrial Revolution will drive Asean economies and societies to new levels of growth and prosperity although many challenges persist, observed eminent subject experts while speaking at a public lecture organised by German think tank Konrad Adenauer Stiftung along with Cambodian Institute for Cooperation and Peace



Pou Sothirak talks the Fourth Industrial Revolution. KT/Pierre Roussel

The Fourth Industrial Revolution or 4IR is the term used for the next phase in the digitisation of all sectors of the economy, driven by disruptive trends including the rise of data and connectivity, analytics, human-machine interaction, and improvements in robotics.

Speaking at the event, Pou Sothirak, Executive Director, Cambodian Institute for Cooperation and Peace, and Former Minister for Industry, Mines and Energy, said that 4IR will be of great importance to the Association of Southeast Asian Nations (Asean) communities.

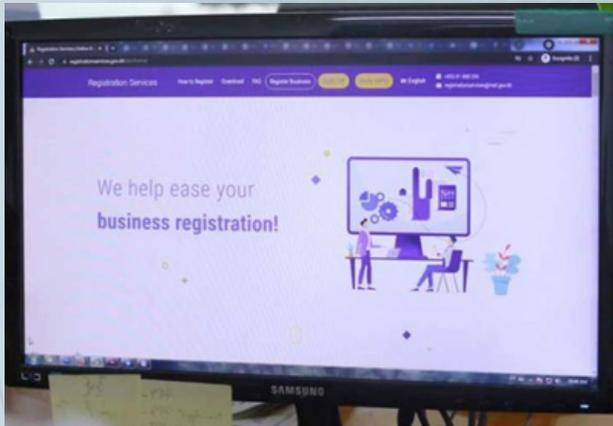
“ It definitely offers a boon. 4IR will certainly change the lives of people more than any of the paradigm shifts in the history of humans. ”

The technocrat said that the birth of new economic sectors coupled with improved productivity fuelled by advanced technologies would definitely drive growth in the Asean region. “Asean is taking the advent of 4IR very seriously along with our peers the US, China, Japan, South Korea and the European Union.

“The Consolidated Strategy on The Fourth Industrial Revolution in Asean adopted in 2021 puts the focus on three core areas: technological governance and cybersecurity, digital economy and digital transformation in societies.

An advertisement for Cellcard Business. The background shows a man in a suit working on a laptop in front of a sunset cityscape with Angkor Wat in the distance. The text reads: 'DON'T JUST WORK FROM HOME! WORK-FROM-ANYWHERE WITH OUR DATA2GO BUNDLES'. Below this, it lists '4G SIM + DEVICE + 20GB' and 'STARTING FROM \$12 PER MONTH'. At the bottom left, it says 'Call 012 999 712' and at the bottom right is the 'cellcard BUSINESS' logo.

ONLINE BUSINESS REGISTRATION SERVICE: OVER 4K FIRMS ADDED TO SINGLE PORTAL



The online portal has been well received by businesses

A total of 25,212 companies, with cumulative “registered share capital” of \$7.51 billion, were successfully registered on the “Phase I” component of the Online Business Registration Platform – also known as the “Single Portal” – in its 1,066 days of existence as of May 16 at 2pm, according to the Online Business Registration Service (“OBRS”).

[Read more](#)

These figures respectively represent increases of 22 per cent and 29 per cent from 20,693 firms and \$5.81 billion in total “registered share capital” reported by the OBRS – a unit under the Ministry of Economy and Finance – for January 2 at 2pm, just 134 days earlier. Building construction accounted for the lion’s share at \$1.05 billion, followed by accommodation services (\$888M), real estate activities involving the use of one’s own, or leased properties (\$777M), management consulting (\$364M) and “manufacture of wearing apparel, except fur apparel” (\$338M). “Others” encompassed \$4.09 billion.

“

“The business community applauds the government for cutting the amount of time spent processing paperwork and reducing total fees.

”

Cambodia Chamber of Commerce (CCC) director-general Nguon Meng Tech sees the Single Portal as a symbol of the government’s commitment to creating a conducive business environment, and says that the platform has garnered much support from the private sector.

Royal Academy of Cambodia economics researcher Ky Sereyvath said that the rise in registrations on the Single Portal reflects the confidence and trust that the business community has in the platform. He added that the community appreciates the move to modernise online business registration and inspire trust by decreasing processing times and fees and eliminating certain unnecessary expenses,” he said.



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RG & CIR START-UP AND INNOVATION FESTIVAL HIGHLIGHTS STARTUP FUNDING OPTIONS



The Real Estate sector remained stable through COVID-19

Rising Giants (RG) and Cambodia Investment Review's (CIR) saw a panel discussion on "The Best Ways to Raise Startup Funding in Cambodia", which featured Vireak Chea from PillTech, Buntongyi Nit from MeetDoctor, Jolyda Sou from Prestige Consulting, and Chankiroth Sim from BhanJi.

The conversation began with a question on what qualities make startup founders good investment prospects. Jolyda, a seasoned business management consultant in Phnom Penh, detailed the crucial factors.

She outlined, "Firstly, the team – you need a good team to execute your plan. Secondly, the business model – it should sustain itself and deliver returns. Thirdly, profitability & scalability – whether the business can grow bigger in the market. Fourthly, synergy – a two-way benefit for us as investors, and fifthly, risk & opportunity – for example, cryptocurrency, we are very bullish on, but the regulatory framework is too grey. Lastly, valuation – sometimes all these boxes are ticked, but the deal is far overvalued."

“ We often discover many companies through the press. But it's about more than just having an online presence. In-person networking is also vital. ”

Dom Kalousek then asked a challenging question about juggling business operations and capital raising. "How can startups effectively focus on their businesses while also undergoing full-time capital raising?"

Vireak, CEO and co-founder of PillTech, Cambodia's pioneering healthtech startup, highlighted the task's complexity. "Focus on caring for your health can help your startup to go along way. In the early stages, you must do everything yourself. You need to find the work-life balance and dig deep to solve real pain points of your customers."

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VISA STUDY SHOWS GROWING DIGITAL PAYMENT TRENDS

A 2023 Visa Consumer Payment Attitudes Study has revealed a growing trend towards cashless payments among Cambodians, despite a significant preference for cash. The study, conducted across seven Southeast Asian nations, highlighted that 86% of Cambodian respondents still use cash for payments in 2022, a return to 2020 levels from a 64% dip in 2021.



Tourists enjoy Angkor Wat

However, the study also unearthed increasing adoption and acceptance of digital payment methods. QR codes, for example, saw usage rise to 68% in 2022, a significant leap from 36% in 2021 and 12% in 2020. Of the respondents, 68% reported using QR codes for purchases at least once a week, up from 49% in 2020.

“There’s a clear shift towards digital payments occurring,” explained Ms. Ivana Tranchini, Visa Country Manager for Cambodia. “Cambodians are embracing the ease and efficiency of cashless transactions, especially through QR code payments, even while cash remains an important part of the payment ecosystem.”

Interestingly, the study also indicated a growing interest in contactless cards, with a rise from 42% in 2021 to 58% in 2022. Meanwhile, the aspiration for a cashless economy by 2030 was voiced by 46% of the respondents, indicating the progressive attitude towards digitalization.

Notably, it was Gen Z respondents who reported the highest preference for cash usage among all the demographics.

A key insight from the study was the crucial role of Small and Medium-sized Enterprises (SMEs) in the digitalization drive. A vast majority of respondents, 76%, reported shopping at SMEs at least once a week, with 66% paying in cash and just 11% opting for QR codes. This indicates an untapped potential for the expansion of digital payment systems in the SME sector.

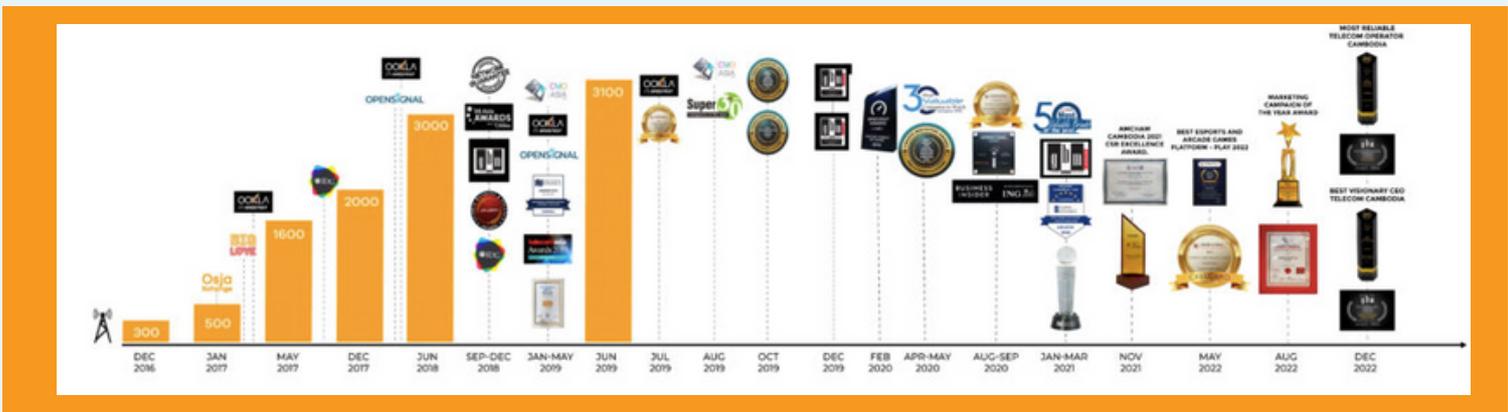


IN THE SPOTLIGHT...



Launched in 1997, Cellcard is Cambodia's longest-serving and only 100% Cambodian-owned operator, reputed for its long history of first-to-market innovations, outstanding customer service and the fastest, most reliable mobile network. Considered as one of the biggest telco companies in Cambodia, Cellcard services over four million customers with nationwide coverage and an expansive dealer and distribution network.

DIGITISATION AND INNOVATION EXPERTS



With a vision towards providing connectivity for all and enhancing the way customers live, work and play, Cellcard's portfolio continues to expand to accommodate and build the esports and gaming community, provide digital entertainment services to address the need for real-time and on-demand content, and offer innovative and insightful enterprise solutions to support businesses.

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