

# VISIONS of CAMBODIA

ISSUE EIGHT | AUGUST 2013

## INITIAL RESULTS OF CAMBODIA'S ELECTION COMMITTEE CONFIRM RULING PARTY WIN

The ruling Cambodian People's Party (CPP) of long-serving Prime Minister Hun Sen won a majority vote in the July 28 general election, according to the initial official results released by the National Election Committee (NEC) on 12 August 2013.



The committee's preliminary tally of the popular vote showed Prime Minister Hun Sen's party got 3,235,969 votes, it won 68 seats of the 123 parliamentary seats, while the CNRP, with its 2,946,176 votes, got the remaining 55 seats.

"Political parties can file complaints against a part of the results or the whole results to the NEC or the Constitutional Council," NEC's chairman Im Suosdey said in a statement during the release of the results.

The Constitutional Council, which is the final arbiter for resolving election complaints, is resolving 19 complaints including 9 complaints filed against the National Election Committee (NEC)'s decision to reject complaints against preliminary election results, according to the Constitutional Council said in a statement.

The Constitutional Council would take about two weeks to resolve those complaints so that the final election results would be released by September 8.

According to the constitution, a new parliament will be established no later than 60 days after the election. Also, a new government would be formed by a 50 percent plus one majority, or 63 lawmakers, in the new parliament.

## VISITING NEW ZEALAND GOVERNOR-GENERAL HAILS CAMBODIA FOR PEACEFUL ELECTION



Visiting New Zealand Governor-General Jerry Mateparae said during his four-day state visit in Cambodia that Cambodia held a peaceful general election on July 28.

During a meeting with Prime Minister Hun Sen, Mateparae said that New Zealand's ambassador to Cambodia Tony Lynch, an international observer in the election, evaluated that the poll had been conducted peacefully.

"I recognize that the July 28 election was held in a free, non-violent and peaceful atmosphere," Mateparae told the Premier.

The initial results of the election revealed that the ruling Cambodian People's Party (CPP) of long-serving Prime Minister Hun Sen won 68 of the 123 parliamentary seats, with the opposition Cambodia National Rescue Party (CNRP) led by Sam Rainsy taking the remaining 55 seats.

Mateparae said that his visit to Cambodia was to promote bilateral ties and to express New Zealand's interest in Cambodian banking sector.

Meanwhile, Prime Minister Hun Sen expressed his warm welcome to Mateparae and said his visit would further strengthen ties and cooperation between the two countries.

He also thanked New Zealand for providing assistance to Cambodia for human resources development.

Mateparae began his first visit to Cambodia in August at the invitation of His Majesty King Norodom Sihamoni.

During the four-day visit, he also met with President of the National Assembly and first Vice-President of the Senate.

## ECONOMY REMAINS STABLE AFTER THE ELECTION

### EXPORTS UP 29 PERCENT IN 7 MONTHS



Deputy Prime Minister and Finance Minister Keat Chhon affirmed recently that Cambodia's economy is stable despite the political tension between the ruling party (victor of the election) and the opposition party over the disputed election results.

"All trade and economic activities have worked as usual. I do believe that the political row will not affect the economy this year," said the Finance Minister.

The Minister has projected that the economy would grow by 7.6 percent this year thanks to the increases in garment exports, tourism, construction and real estate, and agriculture.

According to the figures reported by Ministry of Commerce in August, Cambodia has exported products in equivalent to \$3.83 billion in the first seven months of the year, up 29 percent from the \$2.97 billion at the same period last year.

"The inflows of new investment and economic diversification are among key elements to fuel the country's trade growth," the report stated.

Keat Chhon expressed his optimism that a new parliament and a new government will be formed as scheduled and called for the opposition to comply with the country's constitution and laws in effect.

"No one can prevent the implementation of Cambodia's constitution and laws," he said. "Any attempt to carry out democracy against Cambodian laws will lead to the destruction of individuals, parties and the nation."

## CAMBODIA-US TRADE UP 2% IN FIRST SEMESTER

Bilateral trade between Cambodia and the United States has amounted to 1.44 billion U.S. dollars in the first six months of the year, up 2 percent compared with 1.41 billion U.S. dollars over the same period last year, the figures of the U.S. Department of Commerce showed in August.

Cambodia's export to the U.S. was valued at 1.32 billion U.S. dollars during the January-June period this year, up 4 percent, while the country's import from the U.S. totaled 124 million U.S. dollars, up 3 percent, the figures said.

Kong Putheara, chief of the statistics and planning department at Cambodian Ministry of Commerce, said the growth reflected Cambodia's better economic performance and the U.S.'s economic recovery.

The United States is Cambodia's largest export destination. Main items Cambodia sold to the



U.S. are mostly garments and footwear, and key products the country imported from the U.S. are vehicles, machinery and medical equipment and supplies.

Last year, the two countries' trade volume was valued at 2.92 billion U.S. dollars, up 0.7 percent year-on-year.

## JAPAN-CAMBODIA TRADE VOLUME RISES 19 PERCENT



Trade volume between Cambodia and Japan had grown 19 per cent in the first six months of 2013 compared with the same period last year, figures from the Japan External Trade Organisation show.

Bilateral trade reached \$347 million in the first half, compared with \$291 million first six months of 2012.

"The economic relationship between Japan and Cambodia is growing steadily," said Takayoshi Kuromiya, counsellor for the Japanese embassy in Cambodia. "These kinds of trends are very welcome."

"More and more Japanese companies are interested in Cambodia," Kuromiya added.

Cambodian exports to Japan were up 31 percent in the first six months, with an estimated total of \$240 million, while imports from Japan dropped one per cent, to \$107 million. Agricultural and garment products made up a majority of the Cambodian exports. Japanese imports were mainly vehicles and electronics.

Compared with other regional countries, Cambodian exports to Japan saw the largest growth. Bangladeshi and Pakistani exports saw hikes of 22.2 per cent and 5.1 per cent, respectively.

Cambodian-Japanese trade volume totalled \$641 million during 2012.

In recent years, a number of Japanese companies have moved into Cambodia. Tokyo-based auto supplier Yazaki has invested \$24 million in an electronic parts plant in the Koh Kong Special Economic Zone. In September, AEON committed \$200 million to build a four-storey shopping mall in Phnom Penh.

## HYUNDAI'S CAMBODIA EXPANDS ITS PRODUCTION IN 2013



After two years of assembling Hyundai vehicles in Cambodia for the domestic market, South Korea-based Hyundai Motor Company is increasing its production to meet rising demand, aiming to reach 800 units in 2013, said Lim Visal, director of Hyundai's Cambodian assembler, Camko Motor Company.

He is confident that despite a shortage of parts from South Korea due to high global demand

for Hyundai vehicles, the company can continue to gain market share in Cambodia.

Located in the Koh Kong Special Economic Zone, about 370 kilometres southwest of Phnom Penh, Camko Motor Company is a joint venture between Hyundai distributor KH Motors and Cambodia's Ly Yong Phat Group. The operation currently employs about 30 people.

Camko Motor plans to build a new warehouse to accommodate more stock as well as expand its showroom.

In the domestic market, the company produces SUVs and 12-seater vans. Camko is also contemplating exporting the cars it assembles in Cambodia.

As production costs rise in countries such as China, Thailand and Vietnam, more companies could relocate to Cambodia where manufacturing is cheaper, industry observers have said.

The Cambodian automotive industry will expand after the Kingdom's integration into the Association of Southeast Asian Nations Economic Community in 2015, thanks to the free flow of goods within the bloc and Cambodia's competitive advantage as a low-cost manufacturer, according to Commerce Minister Cham Prasidh.

Speaking to reporters at the First Phnom Penh International Motor Show in March, the Minister said that many Japanese-based companies in Thailand and Vietnam are considering coming to Cambodia to operate assembling factories.

"Companies can import tires from Malaysia, the mirrors from Indonesia, or other spare parts from other countries and then assemble them in Cambodia where the production cost is cheaper," Prasidh said, highlighting Cambodia's low-cost labour advantage.

## RICE EXPORTS GAIN ITS MOMENTUM

Cambodia exported about 31,000 tonnes of rice in July, a 40 per cent seasonal increase from the average of 22,000 tonnes for first five months of this year. Official data showed that Cambodia exported 207,000 tonnes from January through July, an amount surpassing the 205,000 tonnes sent in all of 2012.

Rice exports peaked in March at more than 45,000 tonnes, but in April, May and June the numbers settled back into the 22,000-tonne range seen at the start of the year. Last month, demand drove volume up again.

Song Saran, chairman of Amru Rice Cambodia, the largest exporter in the first seven months, told that July and August are always the high season of the year for Cambodian rice exports, as global competitors are coming to the end of their stock.

"The amount of ordinary white rice exports is up in July," Saran said. "India and Pakistan, ordinary rice suppliers, are coming to the end of their export period so that is why demand of our rice is higher."



Most of the overseas shipments, or about 60 per cent, went to countries in the European Union, which grants Cambodia duty-free tariffs under its Everything But Arms agreement. Kim Savuth, president of the Khmer Food Company, the second-largest exporter, said the trade performance bodes well for the rest of 2013.

"The demand in international markets is on the rise, so our exports will increase the rest of the year," Savuth said. In August, Minister of Agriculture Chan Sarun said he is optimistic that Cambodia can export from roughly 350,000 to 400,000 tons of milled rice this year.

The Royal Government of Cambodia plans to export 500,000 tonnes in 2013, 50 per cent of its goal to ship out at least 1 million tonnes per year starting from 2015, according to a government strategy prepared by the Ministry of Economy and Finance.

# MAZDA TO OPEN IN CAMBODIA TO MEET SURGING DEMAND FOR NEW CARS

Japan's Mazda Motor Corp plans to establish a presence in Cambodia to ship the CX-5 sports utility vehicle and four other models from Thailand and Japan, the Nihon Keizai Shimbun reported.

The report said the move was part of the carmaker's goal of boosting annual sales in Association of Southeast Asian Nations member states by 50 percent to 150,000 units by fiscal 2015.

"As Mazda's official sales agent, Phnom Penh firm HGB Auto Co will open the Japanese carmaker's first Cambodian dealership in the capital as soon as later this year," said the report from Hiroshima, where Mazda is based.

The Japanese newspaper said the Mazda 3 subcompact and the BT-50 pickup truck would



be exported from a Thai joint factory with US carmaker Ford Motor Co. The CX-5 and CX-9 SUVs and the Mazda 6 will be shipped from Japan.

"Pre-orders are already being taken," the Nikkei said, noting that new-car sales are "surging

in Cambodia, where road networks are growing." Last year's sales were estimated at 1,550 vehicles, double the 2005 level, according to the International Organization of Motor Vehicle Manufacturers.

# INSURANCE INDUSTRY UP 25 PERCENT IN FIRST HALF

Cambodia's insurance sector earned a total premium of 22 million U.S. dollars in the first six months of the year, up 25 percent from the 17.6 million U.S. dollars it made over the same period last year, the industry's figures showed.

The premiums were from fire insurance of 32 percent, motor insurance of 18 percent, personal accident insurance of 23 percent, health insurance of 15 percent, construction engineering of 11 percent and transportation of one percent, said the report of the General Insurance Association of Cambodia (GIAC).

During January-June period this year, the total amount of claims paid out by local insurers was 6.3 million U.S. dollars, up 164 percent compared with the same period last year.



Ty Atith, assistant to GIAC's President, said "The remarkable rise in the sector is thanks to better economic situation and more public awareness of insurance advantages."

The Kingdom has nine insurers including six general insurance companies and three life insurers. The six general insurers are Forte Insurance, CAMINCO, Asia Insurance,

Campubank Lonpac, Infinity Insurance, and Cambodia-Vietnam Insurance, while the three life insurance companies are Cambodian Life Insurance Company, Canada-based Manulife and U.K.-based Prudential.

According to Cambodia's insurance law, to run an insurance company, the insurer must have the minimum capital of 7 million U. S. dollars.

## CAMBODIA ATTRACTS OVER 2 MILLION FOREIGN TOURISTS IN SIX MONTHS



Cambodia received 2.09 million international visitors in the first six months of the year, up 19 percent compared with the 1.75 million tourists over the same period last year, figures provided by the Ministry of Tourism in August.

During the January-June period of this year, Vietnam still topped the list among the 10 countries that sent the most visitors to Cambodia, followed by South Korea, China, Laos and Thailand.

About 48 percent of the visitors travelled to Cambodia by air, 49 percent by land and the rest by waterborne traffic.

Tourism is one of the sectors supporting the economy. Last year, the Kingdom received more than 3.5 million foreigners, earning more than 2 billion U.S. dollars.

Tourism Minister Thong Khon told that the sector was expected to greet 4 million foreign tourists this year, a 12 percent rise year-on-year.

In addition, tourism officials have revised their forecast upwards for foreign tourist arrivals from 7 million to 7.5 million a year by 2020.

In June, the Tourism Ministry unveiled its five-year strategic plan to attract at least 1.3 million Chinese visitors by 2018. Under the plan, the country would prepare entry-exit application forms and announcements at airports in Chinese language, write signs on main roads in Chinese,

conduct studies to establish China Towns and train more Chinese speaking tour guides.

Tourism Minister Thong Khon said it was vital to encourage owners of hotels, restaurants and tourism resorts to use three languages, Khmer, English and Chinese, on billboards, or promotional leaflets or brochures.

To reach both targets, the minister said the government had implemented strategies that also include plans to improve spend and length of stay.

“For example, the entrance ticket to the Angkor complex will be changed to a weekly pass and will not have fixed dates. Visitors can use the same pass during their entire stay in Cambodia.”

The Minister further re-assured that the general election on Sunday last week did not affect tourists thanks to the country’s full security and sound political stability.

The Kingdom is a destination for ecological and cultural tourism, and is well-known for its 12th century Angkor Wat Temple, a world heritage site, and the 11th century Preah Vihear Temple, another world heritage site.

In addition, the country has a pristine coastline, which boasts one of the world’s most beautiful bays. It stretches in the length of 450 kilometers through four provinces of Koh Kong, Preah Sihanouk, Kampot and Kep.

## CREDIT AT CAMBODIA'S BANKS GROWS BY 5.4 PCT IN FIRST SEMESTER

Lending at Cambodia’s commercial banks increased by 5.4 percent in the first six months of this year thanks to a better economic situation, a central bank official said.

Nguon Sokha, director general of the National Bank of Cambodia (NBC), said that the kingdom’s 34 commercial banks had lent a total of 6.2 billion U.S. dollars to customers by the end of June this year, up 5.4 percent from 5.88 billion U.S. dollars at the end of last year.

About 30 percent of the loan went to trade sector, 18 percent to agriculture, 9 percent to manufacturing, 7 percent to construction, 6 percent to hotels and restaurants, 6 percent to mortgages and the remaining amount went to financial institutions, real estate and personal borrowing.

On the deposit side, she said by June this year, the banks had received a total deposit of 6.75 billion U.S. dollars, up 9.5 percent from 6.16 billion U.S. dollars at the end of last year.

“Growth in loan and deposit reflects better economic situation and public confidence in banking sector and political stability,” she said.

Cambodia has the population of about 14.5 million with its banking sector serving about 1.6 million borrowers and 1.9 million depositors, the NBC said.



# THOUSANDS

EXPECTED TO VISIT "KEP SEA FESTIVAL"



At least 20,000 tourists and travellers are expected to participate in the so-called "Sea Festival" at the end of this year, officials at the Kep province tourism department said.

The two-day event, which started in 2011 as a tourism booster for the country's coasts and beaches, was cancelled last year due to the death of the late King Father Norodom Sihanouk in October.

According to the Kep province tourism department, the government decided to hold the "Kep Sea Festival" on 07-08 December

2013 in Kep, and it will include sporting activities, a trade fair, fashion shows and concerts.

The first sea festival, held in Preah Sihanouk province in 2011, attracted thousands of tourists.

At the same time of the sea festival, Cambodia will also host the meeting of the general assembly of the Most Beautiful Bay, a club headquartered in Paris that promotes beach destinations in 30 countries.

The whole Cambodian coastline was recognised as a member of the club on May 26, 2011.

Minister of Tourism Thong Khon said in May that ministers from all over the world will attend the meeting of the general assembly.

"It's a new opportunity to promote our beaches on an international stage."

The number of tourist arrivals increased by about 19 per cent in the first half of this year, reaching over two million tourists at the end of June, data from the Ministry of Tourism showed.

## FIRST PARK HYATT OPENS IN SIEM REAP



Hyatt Hotels has announced the official opening of Park Hyatt Siem Reap, the fourteenth Hyatt property in the Southeast Asia region and the first Hyatt hotel in Cambodia.

The Park Hyatt in Siem Reap located in downtown Siem Reap after a 14-month renovation by the award-winning interior designer Bill Bensley.

With its close proximity to the UNESCO world heritage site and the destination's recent growth, Park Hyatt Siem Reap creates a new standard for luxury hotels, offering an enriching, sophisticated and authentic style of service for a growing number of international visitors to the area.

"We are delighted to be opening the first Hyatt hotel in Cambodia and the first Park Hyatt in the Southeast Asia region, signifying our ongoing commitment to expansion in sought-after destinations where we know our guests are

travelling," said Larry Tchou, group president for Asia Pacific.

The hotel heralded a "new standard of luxury and brand loyalty in Southeast Asia."

General manager Sholto Smith said the hotel hoped to play a "central role in the growth and economic development" of Siem Reap including through the provision of sewing skills to women in collaboration with Life & Hope Association.

"We are dedicated to the positive growth of Siem Reap and finding new and unique ways to help the local community here thrive," he said.

The Chicago-based hotel operator said the Siem Reap property featured 108 guestrooms including 13 suites of which four had private plunge pools.

The company said it was operating 524 properties in 46 countries as of June 30.

Visions of Cambodia is produced by the Press and Information Unit, Royal Embassy of Cambodia

64 Brondesbury Park, Willesden Green, London NW6 7AT, United Kingdom Tel: +44(0)208 451 7850 www.cambodianembassy.org.uk

Editor: Strategic Diplomatic Communications Unit (SDCU) ■ Publisher: Norng Vannak. NOVA (info@novacambodia.com) ■ Design: Ly Sensonyla. www.novacambodia.com