

VISIONS of CAMBODIA

ISSUE FOUR | MAY 2014

CAMBODIA DISPATCHES TROOPS TO SOUTH SUDAN FOR UN PEACE-KEEPING OPERATION

Cambodia has deployed the third batch of troops up to 152 personnel to participate in the peacekeeping mission under the UN umbrella in South Sudan.

The send-off ceremony was held this morning under the presidency of H.E. Gen. Tea Banh, Deputy Prime Minister and Minister of National Defense, and H.E. Ms. Claire Van der Vaeren, UN Resident Coordinator in Cambodia.

The troops consist of 73 personnel of the Royal Gendarmerie Company 117 and 79 personnel of Level-2 Hospital Company 809, which were sent to replace their colleagues who have finished successfully their mission in South Sudan and returned home on May 19.



CAMBODIA MARKS THE 61ST ROYAL BIRTHDAY OF HIS MAJESTY KING NORODOM SIHAMONI



Fireworks were shot into the sky across Tonle Sap River in front of the Royal Palace to celebrate the 61st Birthday of the nation's King Norodom Sihamoni, which was held from 14 to 16 May 2014.

The fireworks had been fired for about 20 minutes and their coloured explosions had caught the eyes of throngs of local and foreign strollers along the river.

Blessing messages from the heads of the Senate, the National Assembly, the government and ministries have been read on televisions and radios, and printed in newspapers or posted on news websites.

"On the occasion of His Majesty the King's birthday, I'd like to bless him good health, strength, wisdom, and longevity in order to stay as the cold shade for the Cambodian peoples," Prime Minister Hun Sen said in a public speech last week.

Usually, the King does not host any lavishly celebratory event on his birthday, but a Buddhist ceremony at the Royal Palace.

As part of the celebration, the country has launched a new 50,000-riel banknote (in equivalent to 12.5 U.S. dollars) to mark the King's birthday.

REPORT SEES INCREASING FOREIGN INVESTMENT IN INDUSTRIAL SECTOR



"Cambodia remains an attractive destination for industrial work and operations, with low inflation rates of 2.9 percent and comparatively low minimum wages," says the April report of the latest CB Richard Ellis Cambodia Market View.

"Cambodia's industrial output grew by 9.5 percent over the course 2013, the 17th highest industrial growth rate globally and above the wider Cambodian GDP of 7.3 percent."

"Cambodia's becoming an attractive proposition, and more investors in the industrial sector are looking at it as a viable alternative," says the report.

The report notes that the country's principle exports are "clothing, timber, tobacco, cassava, fish and rice", with a total export value of \$6.8 billion in 2013, up from \$6.0 billion in 2012.

Meanwhile, as factory rents continued to see steady gains in China, rents in Cambodia have remained stable, commanding an average of \$2.50 per square metre in prime industrial

zones, and an average of \$2 per square metre in less developed industrial zones.

According to the government Council for the Development of Cambodia, countrywide there are currently some 22 SEZs either in use or under development, but most are still only under consideration, and only a limited number are operational and attractive to foreign investors.

Meanwhile, the CBRE report also notes that rising labour costs in China are putting cost pressure on manufacturers there and making Cambodia, look more attractive to Japanese, and even Chinese manufacturers.

"In addition ... increased minimum wages for factory workers in Thailand may in the future prompt cross-border relocations into established industrial zones in the north and west of Cambodia."

According to the report, major automotive businesses are already increasingly manufacturing parts in Cambodia for assembly in Thailand, a

trend that is likely to continue to gain traction, given the political impasse in Thailand.

Cambodia's SEZs, as a result, are already seeing significantly increased numbers of Japanese and Chinese tenants, according to CBRE, which notes that Sihanouville is particularly well placed as an alternative to Thailand.

"The opportunities to relocate to Cambodia in search of better production prospects are supported by the improving infrastructure, in particular the deep-sea port of Sihanouville and its neighbouring economic zone. Sihanouville also has the perceived advantage of being outside of any future political unrest in the capital," the report says.

"The supply of industrial units will be a key influential factor in the growth of Cambodia's economy, ensuring that foreign direct investment can continue to drive the markets."

Meanwhile, the gradual shift of production to Cambodia is already having an impact on the office and residential property sectors.

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CAMBODIA DISPATCHES...

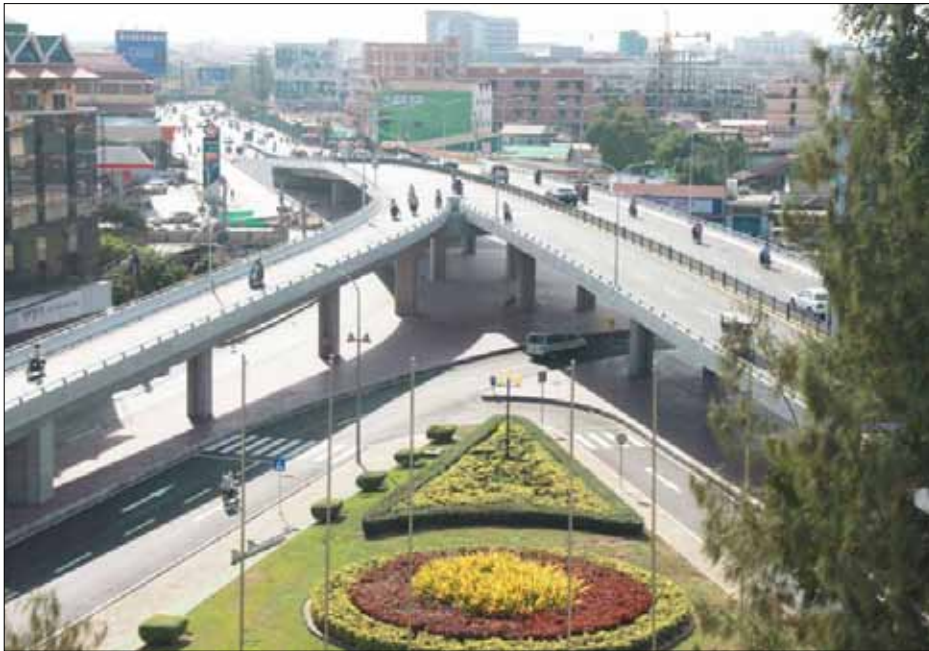
The peacekeeping operation is a strong determination of the Royal Government of Cambodia. It is part of enlarging international relations and cooperation, the Deputy Prime Minister said.

For her part, H.E. Ms. Claire Van der Vaeren expressed gratitude to the Royal Government and people of Cambodia for their commitment

in contributing to the world peace and humanitarian operations under the UN umbrella.

Since 2006, Cambodia has sent a total of 2,110 personnel to the UN peacekeeping missions in Sudan, Central Africa, Chad, Lebanon, Syria, South Sudan, Cyprus and Mali.

FLYOVERS, SUBWAY ON THE DRAWING BOARD FOR PHNOM PENH



The Overseas Cambodia Investment Corporation (OCIC) and Phnom Penh municipality are cooperating to undertake a study on major new projects for the city – two flyovers and a subway, each of which it is hoped would ease the city’s ever worsening traffic congestion.

The company and the municipal authorities were currently examining the feasibility of the two flyovers. The first one would be at the intersection of Mao Tse-tung and Russian boulevards (close to the Institute of Technology of Cambodia) and the second would be at the intersection of Hanoi Road and Russian Boulevard.

The subway under consideration would run from the intersection of Monivong and Russian boulevards to Street 114.



According to OCIC, the studies are in the preliminary phases, and a blueprint has only been drafted for one of the flyovers so far, adding that the flyover at Mao Tse-tung and Russian boulevards would be prioritised and built first.

It was expected that the first flyover would cost about \$10 million, while the subway would cost just \$3 million to \$4 million because, according to the current plan, it would only extend 300 metres.

The budget for the flyover and subway projects was anticipated to come from leasing government land in Chroy Changvar, he added.

Meanwhile, according to Phnom Penh Municipal Hall, it was studying both the projects but had yet put a proposal to the government because further study of the effects was required. It added that the budget needed to be examined further before a formal proposal was submitted.

The proposed flyovers would be the fourth and fifth flyovers in greater Phnom Penh.

Stung Meanchey Bridge, the city’s third flyover, saw investment of \$19 million, the 7 Makara Bridge involved an investment of \$8 million and was inaugurated in January 2012, while the Kbal Thnol Bridge saw investment of \$6 million before being inaugurated for use in June 2010.

STRONG GROWTH IN FOREIGN CURRENCY DEPOSITS

Foreign currency deposits grew briskly during the first four months of the year, a sign that public confidence in Cambodia’s financial institutions is high despite the uncertainty after last year’s disputed national election, bankers said.

According to Acleda Bank Plc., one of the Cambodian largest banks, the bank’s foreign currency deposits increased more than 85 percent year-on-year from \$120 million in the first four months of 2013 to \$225 million during the same period this year. The main currencies being deposited are U.S. dollars and Thai baht.

The surge in deposits shows that customers have regained their confidence in the Kingdom’s banking system after mass withdrawals during the national election, it said.

The deposits in Cambodian riel have also grown, but at a more moderate pace, from \$24 million in the first four months of 2013 to \$30 million in 2014.

At Malaysian-owned CIMB Cambodia Bank, foreign currency deposits grew from \$153 million in the first four months of 2013 to \$221 million in the first four months of this year, according to the bank’s head of strategy and finance. It also attributed the strong growth in deposits to increased confidence in the banking system.

In the microfinance industry, a similar boom in foreign currency deposits has occurred amid overall deposit growth of 54 percent to \$536 million during the first quarter of this year. Loan disbursements in the same period rose by 14 percent to \$200 million.

The MFI saw a 27.5 percent increase in the first four months from \$80 million in 2013 to \$102 million in 2014.

According to a lead economist at the Asia Development Bank’s regional economic integration office, an increase in foreign currency deposits can be beneficial for the economy if properly monitored.



RICE EXPORT INCREASES IN 4 MONTHS OF 2014



Cambodia had exported 120,300 tons of milled rice in the first four months of this year, up 1.5 percent from 118,500 tons over the same period last year, an official report said.

Sixty-three firms have exported Cambodian rice to 46 countries around the world, said the report compiled by the Secretariat of One Window Service for Rice Export. Major buyers are France, Poland, the Netherlands, Malaysia, Czech, and China.

The Kingdom produced about 9.4 million tons of paddy rice last year. Of this amount, besides local consumption, the country has more than 3 million tons of milled rice left over for exports this year.

The country is expected to export 1 million tons of milled rice a year from 2015. Last year, it exported some 379,000 tons of milled rice, up 84 percent year-on-year.

CONDOMINIUM SALES TO FOREIGNERS ON THE RISE



Foreign homebuyers have purchased about 1,200 condominium units so far this year, a 10 to 15 percent increase compared with the same period last year. Most of the buyers were from Singapore, Malaysia, China and Japan.

According to the real estate insider, revisions to the laws on foreign ownership of properties are helping to boost development in the property sector.

"The ownership regulations are making foreigners more confident about buying properties in Cambodia, because the rules allow them to own property with a hard title issued by Ministry of Land Management, Urban Planning and Construction."

Condominiums in central Phnom Penh average at between \$1,500 and \$2,800 per square metre, while prices on the city outskirts averaged at between \$700 and \$1,000 per square metre.

Kuy Vat, president and CEO of Vtrust Group, agreed that the condominium market in Cambodia was gradually acquiring traction due to the interest of overseas investors. Japanese and Chinese buyers in particular, he said, were interested in condominiums because prices in central Phnom Penh were about a sixth of those in first-tier cities in Japan and China.

"The turning point will be when land for sale becomes scarce or too expensive, forcing local people to consider condominiums," he said, adding that more major condominium projects were expected to come on tap with the Asean economic integration late next year.

The general manager of Cam Top Property Group, Khat Sovann, concurred that most foreigners who were buying condominiums in Cambodia were from China, Malaysia, Singapore and South Korea. He said some bought them to live in, while others bought them to lease out and sell in the future. Most local buyers, he said, purchased condominiums to lease out and make income on rent.

"Cambodia's not suffering from oversupply of condos, even though there are a number of big projects under way, because we're expecting increased numbers of foreigners to come here between 2016 and 2018," he said. "I think that the market will be performing very well by 2018-2020 because a lot of major projects will be completed by that time."

MOBILE PHONE USERS TOP 20 MILLION



The number of mobile subscribers in Cambodia topped 20 million last year, surpassing the country's population by about 5 million. Internet users also jumped, according to a report released by the Ministry of Posts and Telecommunications.

The report states that mobile phone subscribers increased in one year from 19.1 million to 20.2 million. The [number] of people using mobile

phones has increased because mobile phones have many functions that are very beneficial and are [sold at] a low price in Cambodia.

Cambodia currently has seven mobile phone operators. Many Cambodians purchase more than one SIM card to take advantage of deals offered by operators competing for a greater share of the country's mobile market.

CAMBODIA-U.S. TRADE UP 11 PERCENT

Bilateral trade volume between Cambodia and the United States had amounted to 845 million U.S. dollars in the first three months of 2014.

The number saw a 11-percent rise from 758 million U.S. dollars over the same period last year, figures release by the U.S. Department of Commerce showed.

U.S is Cambodia's second largest export market after Europe.

During the January-March period this year, Cambodia's export to the U.S. was valued at 771 million U.S. dollars, seeing a year-on- year increase of 11 percent.

Meanwhile, the country's import from the U. S. was worth 74 million U.S. dollars, up 17 percent. Main products Cambodia sold to the U.S. were garments and footwear. In return, it bought vehicles, machinery and medical equipment and supplies.

According to the Ministry of Commerce, the surge in the bilateral trade was thanks to good relations and cooperation between the two countries.

Last year, the bilateral trade volume was valued at 3.01 billion U.S. dollars, up 3 percent year-on-year.

BIG JUMP IN CONSTRUCTION INVESTMENT IN FIRST QUARTER

Cambodia's construction sector received a total investment of 851 million U.S. dollars in the first three months of 2014, up 311 percent compared with 207 million U.S. dollars over the same period last year, the official figures showed in May.

During the January-March period this year, the Ministry of Land Management, Urban Planning and Construction provided licenses to 50 construction projects, up 39 percent from 36 projects over the same period last year.

Construction projects included condominiums, residential units, commercial buildings, hotels, and factories.

The Ministry attributed the remarkable growth to the country's economic and political stability and favourable business climate for investors.

Top 10 countries and regions investing in the country's real estate and construction are South Korea, China, Britain, Thailand, Russia, Japan, Malaysia, China's Taiwan, India and Vietnam.

Construction is one of the four pillars supporting the economy. The sector attracted the investment of 2.77 billion U.S. dollars last year.



CAMBODIA WELCOMES

1.27 MILLION
FOREIGN
TOURISTS IN
1ST QUARTER



Cambodia welcomed some 1.27 million international visitors in the first three months of 2014, an 8 percent rise from 1.17 million recorded the same period last year, official data showed in May.

During the January-March period, Vietnam topped the chart among the top ten markets of tourists to Cambodia with 189,800 tourists, up 4 percent as compared with the same period last year, followed by South Korea with 177,700, up 10 percent, and China with 162,900, up 18 percent.

Laos ranked the fourth with 99,000 tourists to Cambodia, up 7 percent, while Japan ranked the fifth with 66,900, up 12 percent.

The Kingdom is renowned for two cultural sites on the UNESCO's World Heritage List. One is the 12th century Angkor Wat Temple in Siem

Reap province and the other is the 11th century Preah Vihear Temple in Preah Vihear province.

In addition, it has a pristine coastline, which is one of the World's Most Beautiful Bays, stretching over 450 km in four southwestern provinces of Preah Sihanouk, Kampot, Kep and Koh Kong.

Tourism is one of the four sectors supporting the economy. Tourism Minister Thong Khon has said that the country received 4.2 million foreigners in 2013, earning 2.5 billion U.S. dollars.

The Minister predicted that the country is expected to greet 4.7 million international visitors this year.

ANCIENT STATUE RETURNS HOME FROM U.S.

A 10th century statue of warrior Bhima arrived in Phnom Penh, the capital of Cambodia, late-May after years on public display in the Norton Simon Museum in California, the United States.

Cambodian officials held a Buddhist ceremony to welcome the arrival of the 1.4-ton-sandstone artifact at Phnom Penh International Airport.

According to the Secretary of State at the Ministry of Culture and Fine Arts, the other two looted Khmer statues will also arrive in Cambodia from the U.S. in coming days.

Another 10th century statue, that of Hindu warrior Duryodhana will arrive in Phnom Penh from the action house Sotheby's in New York and a 10th-century sandstone depiction of a mythological figure, known as Pandava, will be

airlifted to Cambodia from the auction house Christie's by the end of May.

The three statues had been stolen from the Prasat Chen monument of Koh Ker temple complex in northern Cambodia at the time of Cambodia's civil war in the 1970s.

Norton Simon Museum and Christie's had voluntarily agreed to return the statues to Cambodia. The Sotheby's agreed to repatriate the statue to Cambodia after a two-year legal battle.

In June last year, the Metropolitan Museum of Art (Met) in New York voluntarily returned two 10th century statues of "Kneeling Attendants" to Cambodia after nearly 20 years on public display there.



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