

**Commercial Section
Embassy of India
Phnom Penh**

India-Cambodia Economic and Commercial Relations

Cambodia has seen steady growth of its GDP averaging around 7% per annum over the last two decades (the exception being 2008-09). There was 61% increase in GDP per capita from US\$ 786 in 2010 to US\$ 1270 in 2016. GDP per capita grew at an average of 5.4% between 2011 and 2016. Cambodia joined the ASEAN in 1999 and WTO in 2004. Cambodia's activism in negotiation of regional and global trade structures is somewhat muted, as it finds it more advantageous to subsume its role within the overall ASEAN positions. As part of WTO, Cambodia's harmonizes its domestic trade policy and structure with WTO's requirements. Government of Cambodia considers free trade areas and investment zones of immediate value to its own development. Cambodia advocates 'aid for trade' as an effective measure for the purpose. In 2016, ASEAN was the largest investor group in Cambodia accounting for 28% of FDI inflows followed by China at 22%. Governments of India and Cambodia enjoy friendly bilateral relationship which dates back to history. The two countries also share close religious and cultural ties dating back to the first century AD. The two countries have been undertaking efforts to increase bilateral trade and investment flows. Cambodia is a priority country under the Government of India's Act East Policy focusing on Cambodia, Laos, Myanmar and Vietnam (CLMV). The Government of India plans to create a Special Purpose Vehicle for INR 500 crore fund to increase Indian economic presence in CLMV. Additionally, India-Cambodia Bilateral Investment Treaty is being discussed. Cambodia and India have signed agreements on cooperation in the areas of but not limited to agriculture, scientific and technological cooperation, entrepreneurship development and tourism. The economic relations between the countries are also facilitated by the Mekong-Ganga Cooperation and the ASEAN-India Free Trade Agreement.

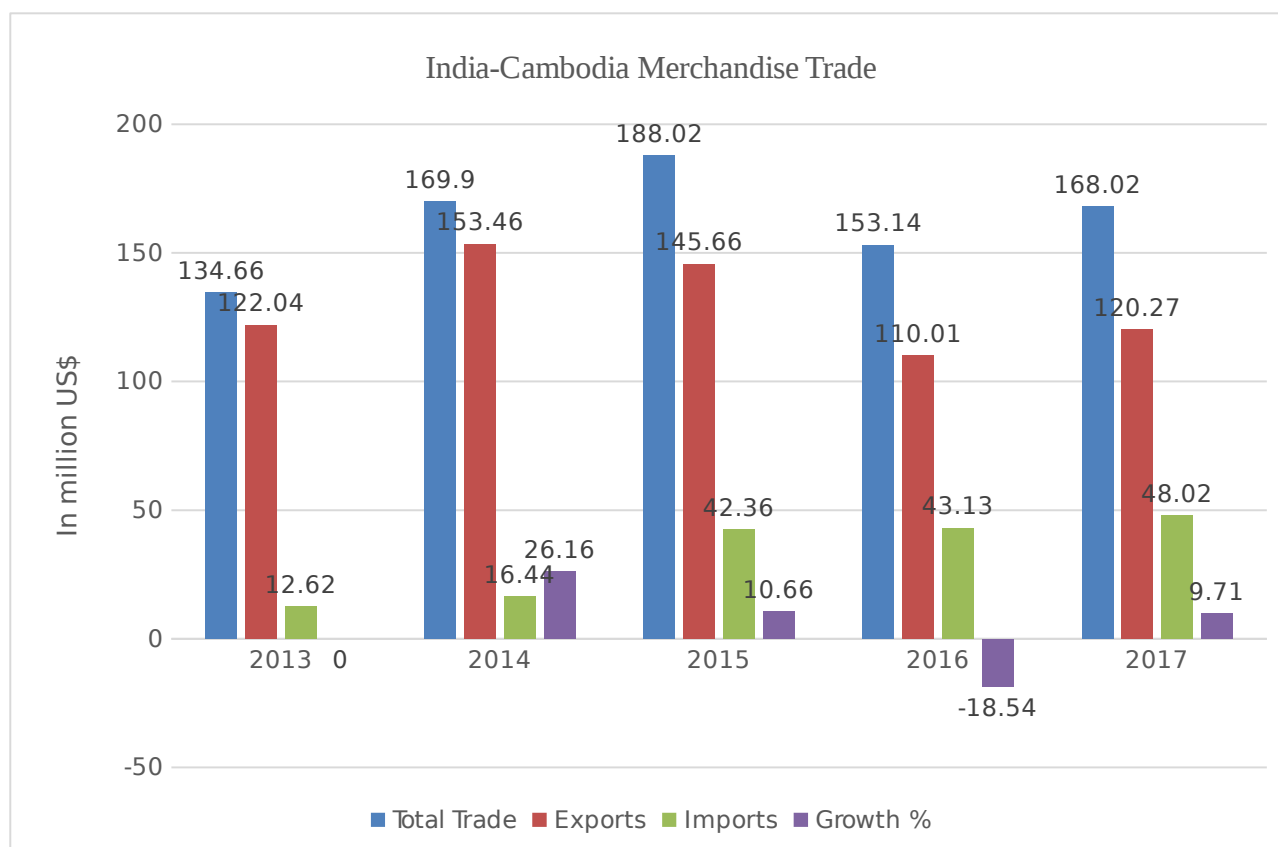
India-Cambodia Merchandise Trade

India-Cambodia trade has been growing steadily in the last few years. The total trade between India and Cambodia stood at US\$188.02 million in 2015, which indicated a 10.66% increase over the corresponding figure for 2014 (total trade US \$169.90 million). Of this, exports from India were US \$145.66 million (a decrease of about 5% over 2014) and the imports from Cambodia were US \$42.36 million (an increase of 157.66%). While the overall trade has shown a continuous trend of growth, the trade basket remains very narrow. Indian exports are dominated

by Pharmaceuticals, yarn, leather and some engineering items. Cambodian exports are mostly primary products. However, her exports declined in 2016. Indian exports were US\$110.01 million and Cambodian exports to India were US \$ 43.13 million. Indian exports showed a decline of -24.47% and the Cambodian exports registered 1.81% growth. The drop in Indian exports in 2016 is largely attributable to drop in exports of Oil Meals, Cotton and other yarns (possibly due to supply/demand linked to regional apparel manufacturing chains) and milled products. There was a positive change in total trade volume from 2016 at US\$153.14 million to US\$168.02 million in 2017 with 9.71% growth. Potential items of exports from India could include machinery, auto parts (two/three wheelers), drugs and pharmaceuticals, agricultural products including agricultural product processing industry, leather and leather products.

Trade with India	2013	2014	2015	2016	2017
Total Trade	134.66	169.90	188.02	153.14	168.02
Exports	122.04	153.46	145.66	110.01	120.27
Imports	12.62	16.44	42.36	43.13	48.02
Growth %	-	26.16	10.66	(18.54)	9.71

Source: The Directorate General of Commercial Intelligence and Statistics (DGCIS), Ministry of Commerce and Industry, Government of India



Top 10 items of export to Cambodia (Jan-Dec 2017)

(By principle commodity code)

Pc Code	Commodity	Value(US\$)
H8	DRUG FORMULATIONS, BIOLOGICALS	39047035
Q3	MANMADE YARN, FABRICS, MADEUPS	13936839
P8	COTTON FABRICS, MADEUPS ETC.	13154088
O5	MOTOR VEHICLE/CARS	7315983
F8	FINISHED LEATHER	7149855
B9	OIL MEALS	5013006
N6	INDL. MACHNRY FOR DAIRY ETC	3193006
D4	MILLED PRODUCTS	2468319
O8	TWO AND THREE WHEELERS	1943512
P9	OTH TXTL YRN, FBRIC MDUP ARTCL	1622549

Source: DGCIS

Top 10 items of Import from Cambodia (Jan- Dec 2017)

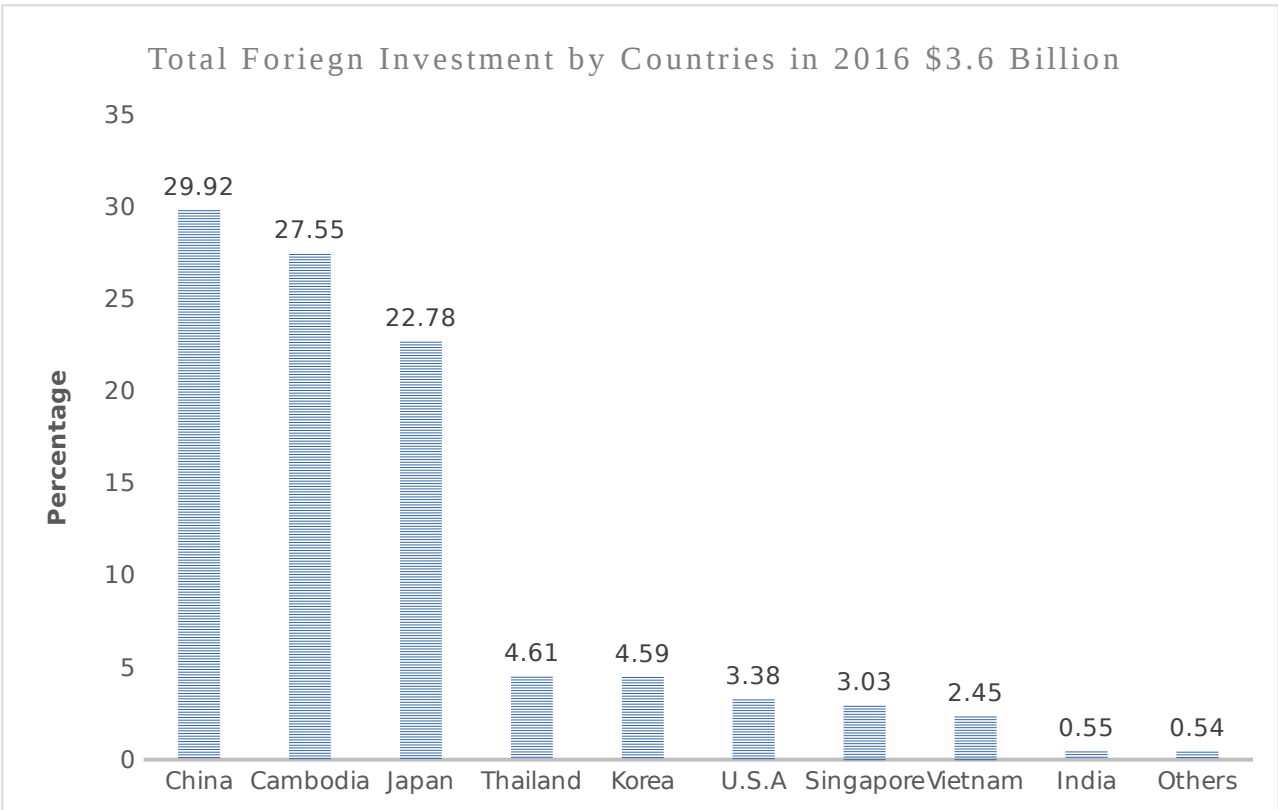
(By principle commodity code)

Pc Code	Commodity	Value(US\$)
E5	NATURAL RUBBER	10316190
Q8	RMG MANMADE FIBRES	9444817
D5	MISC PROCESSED ITEMS	9277470
Q6	RMG COTTON INCL ACCESSORIES	4437731
N2	BICYCLE AND PARTS	2610215
G2	FOOTWEAR OF LEATHER	2592836
K2	OTHER WOOD AND WOOD PRODUCTS	2206480
R1	RMG OF OTHR TEXTLE MATRL	1808783
M8	MEDICAL AND SCIENTIFIC INSTRUM	1119950
H5	BULK DRUGS, DRUG INTERMEDIATES	1005457

Source: DGCIS

India-Cambodia Investment

With a positive growth, Foreign investment inflow to Cambodian is expanding continuously. According to CDC, total foreign investment reached US\$3.6 billion in 2016 and was 24% increase from 2012 to 2016. In the same year, India investment reached US\$19.8 million (0.55%) out of overall \$3.6 billion and rank in top10 for foreign investor in Cambodia. The major investment from India are in the field of agricultural machinery, power, construction and mining.



Source: The Council for the Development of Cambodia (CDC)
