



National Stakeholders Consultation “Trade and Investment between Cambodia and India”

Event Report

I. Detailed Event Report

The Workshop took place on the 23rd of August 2005 from 13:30 to 17:00 at CAMBODIANA HOTEL.

Mr. Sok Hach, Director of the Economic Institute of Cambodia (EIC), made a welcoming speech of the launching workshop. First, he expressed his thanks to all the participants. Next, he mentioned about the relationship between Cambodia and India with focus on economics, politics and culture. Then, he summarize MGR project. Mekong - Ganga, is a new initiative, he hoped that EIC will have more studies on this regional development. He noted that EIC just born about two years ago but this institute have understood well on WTO related matters – multilateral relations- but bilateral relation and regionalization has been well studied yet. Thus, EIC program next year, in 2006, will focus more on regional and bilateral arrangement. For example he raised themes of such studies as agreements between Cambodia and China; expected agreement between Cambodia and India via ASEAN Framework. Issues of implications of free trade agreements (FTAs) between and among countries inside the regions and outside the regions also concern Cambodia, notably, Thailand-US, Singapore-US...

He ended his welcoming speech with good wishes to all participants and requested active participations.

I. 1 Presentation Session:

1. Dr. Prasad P. Ranade, Research Director, CUTS-CITEE

Dr. Prasad P. Ranade showed his thanks to **Mr. Sok Hach**. And he welcomed all participants, especially Indian Ambassador to Cambodia H.E. Alope Sen and Advisor of SDC, Dr. Sailendra. He said that it was interesting in the discussion in the morning . It was how trade has any impacts to poverty reduction. And, now EIC and CUTS are extending the

team here to deliver another separate project findings, Exploring Mekong-Ganga Relations. He, then, introduced CUTS as an institute which was established in 1983 worked with consumer issues. Later on, CUTS expand its activities to WTO related issues with advocacy works and capacity building.

After brief introduction, Dr. Ranade provided his explanation on importances of South-South Economic Cooperation in a way of regionalism and bilateralism which is a key way to fill the gap of multilateralism. He also briefs about the linkages between growth and development by stressing that economic growth cannot ensure development especially with the cases of the least developed countries. However, development needs economic growth.

2. Dr. Prabir De, Associate Fellow, RIS

Dr. Prabir De showed his thanks to **Mr. Sok Hach** He made presentation on strengthening India- Mekong Cooperation basically talking about Mekong Countries particularly Cambodia Laos Vietnam Thailand and Myanmar on the issues of people, economy, trade, road network, railway network, air transport, and maritime profile. His presentation also featured India's strengths: a well diversified industries, large stock exchange rate, healthy GDP composition, acknowledged strength in knowledge driven industries. Then he continued to say about comparative advantage of India and what India can offer to Mekong Countries: (1) Knowledge-based Industries; (2) IT/Business Process Outsourcing; (3) Manufacturing Excellence; (4) Research and Development; and (5) And Infrastructure Development

Finally, he concluded was that we have to enhance trade and investment between Mekong countries and India. The following tasks need to be done: (i) adequate transportation infrastructure; (ii) investments for adequate infrastructure capacity; (iii) let demand follow supply; (iv) minimize of trade costs; (v) standardize infrastructure networks; and (vi) improve training of human resources.

3. Mr. Neak Samsen, Researcher, EIC

Mr. Neak Samsen also expressed his thanks to **Mr. Sok Hach** and all participants. He also mentioned his current works involving in International Trade Issues in Cambodia, And, this is one of his studies related to Trade and Investment issues. His presentation looked at the review of the background relationship between Cambodia and India with particular in trade and investment then we are moving on the fact findings from field survey.

He provided a comprehensive review of relationship between Cambodia and India. Finally, he concluded that the trade and investment between Cambodia and India is minimal but there is a scope to expand given their cultural similarities, geographical conditions, good diplomatic relation, and openness. And we need to increase trade and encourage investment; more and closer cooperation is needed between and among governments and business communities.

I. 2 Discussion Session:

1. Mr. Deep Johari, General Manager, Zifam

Mr. Deep Johari who has been in Cambodia for 3 years. He praised the author about this study as it is rich in data and figures for Indo-Cambodia trade.

He started with summary of what Cambodia can export to India. He said that India is the big market for import of finished goods. In Cambodia, what he saw there are a lot of good finished products like sport products, t-shirt, and shoes. So Cambodia would become the supplier of India in terms of these products. And also Cambodia has the rubbers; this rubber could export to India too. The rice is very good in Cambodia, in Battambang province. But the price of that rice is very high because Cambodian farmers don't use chemical product to grow rice.

He absolutely agreed with the presenter that India exports pharmaceutical products to Cambodia because India is doing well in pharmaceutical industry. Moreover, he asserted that good English language skill is one of the factors that made Indian business success. So he hopes Cambodia would do the same.

However, finally he still hopes that the trade and investment between Cambodia and India would be increased.

2. Mr. Debashish Sanyal, Finance Manager, Total Cambodge

He congratulated **Mr. Samsen** about the excellence research and findings. His questions that he always asks himself are that countries like China, Korea, Vietnam, Singapore, Malaysia, Indonesia and Thailand all invested in Cambodia. And, why there have been no Indian investments in Cambodia? What are the factors of that? We could see that in 1995, there was only capital investment 340,000 US\$ from India to Cambodia, but till now, it didn't progress yet. Thus, the important reason to encourage investment we need to have a good communication between both countries India and Cambodia. Another important reason is the fighting corruption and taxation implementation in Cambodia.

3. Alope Sen, Ambassador, India Ambasy,

H.E. **Alope Sen**, Indian Ambassador to Cambodia also joined the debate. He would like to thank the organizer of this very interesting seminar. He said that this presentation is absolutely correct. Two countries have trade and investment relation but we need to change that because it is too small. Why is it too small? Because we have two problems: we have an institution building issues here and we have mindset institution issues here.

To express explicitly, he give examples: Indian businessmen ever went to meet him and they want to invest in Cambodia. But the problems that we met were the lack of intermediary. We know exactly they come to invest in country; and their objectives are only profit. But in Cambodia, it still doesn't have qualified human resources yet. So we need to resolve these two problems above with policy makers and some stakeholders.

I. 3 Questions and Answers session:

Q1: Mr. Svay Sanuch, Editor.

In term South-South Cooperation, does India think of starting the food processing factory in Cambodia?

A1: Dr. Prasad P. Ranade, as he mentioned early that it is possible for Indian companies in particular food processing industries to come here and set up their companies. But the cost of capital to invest in Cambodia is still very high as comparing to another countries. Indian investors came to Cambodia just for trading not to building manufacturing yet. But there is still opportunity like Ambassador said if we can share 50% of capital each other so he hoped that Indian investors would come to run business in Cambodia.

Q2: Mr. Sothea Oum, he raised the question on what are the most critical factors for Indian to invest in Cambodia.

Q3: Mr. Sok Hach asked **Mr. Deep**: Could the Indian investor produce pharmaceuticals directly in Cambodia?

A2, 3: Mr. Deep said many Indian investors want to invest in Cambodia directly but as we know in Cambodia we still have some constraints related to lake of some materials (always import from another countries), infrastructure (Electricity is still expensive comparing neighboring countries), human resources is low, transportation is very high and specially the market in Cambodia is still small for pharmaceutical products.

I. 4 Closing Remarks

Finally, **Dr. Sailendra Narain, Chairman**, Center for SME Growth and Development Finance and Regional Advisor for South and South East Asia, Swiss Agency for Development and Cooperation, summarized all comments and recommendations in the workshop. In addition, he would suggest that we have to do the *more practical things and clearly*. The requirement of the regional program for the South-South cooperation, and the role of the stakeholders need to show clearly about their recommendations. He also would suggest us to go back to the government what are the private sectors want from them, to know the demand and supply side of both countries and the specially their society of each.

II. Key Recommendations from the Event

1. A participant personally feel that a report may suggest finished garment products such as sports shirt, t-shirt, shoes and agricultural products such as rice and rubber be included the potential areas where Cambodia can boost its export to India.
2. The report also needs to look at some major constraints which make trade between the two countries low: (1) constraints of Cambodian trading and investment environment (complexity of trading procedures, high electricity, low level skills of human resources); (2) institutional and mindset problems of both Indian and Cambodian businessmen

3. Recommendation in the report should be more practical and clearer by saying who do what (role of governments, chamber of commerce, private individual companies, civil societies and ordinary citizens)

List of Participants

N°	Name	Position	Organization
1	Mr. Lang Tyleang	Member	CIE
2	Dr. Prabir De	Associate Fellows	RIS
3	Mr. Chad Conlin	Intern	NGO Forum
4	Mr. Debashish Sanyal	Finance Director	Total Cambodge
5	Mr. Deep Johari	General Manager	ZIFAM SUDMA
6	Mr. Em Sophonarith	Center Collector	Open Forum of Cambodia
7	Mr. Eng Panharith	Hospitality Service Manager	World Vision
8	Mr. Hok Bun Thoeun	Director	CREDO
9	Mr. Keo Chamroeun	Coordinator	NGO Forum
10	Mr. Nou Chandy	Education	CTSWF
11	Mr. Sven Callebaut	Regional Expert	UNCTAD
12	Ms. Nou Socheat	Shop Manager	CEDAC
13	Seng Sochinda	D. Director	CDC / CIB
14	Sray Somuch		Digicolor
15	Thomas Engelhardt	Director	GTZ
16	Ms. Heng Sotavatey	Education	FIE
17	Ms. Neth Angkearoth	Education	FIE
18	Mr. Suon Sopheap	Program Coordinator	BBU
19	Ms. Yoeung Ravie	Student	RULE
20	Mr. Thoeun Bunthern	Assistant Admin Officer	UTM
21	Mr. Try Sothearith	CEA member	Norton University
22	Mr. Thav Phat Sophearin	Lecturer	IIC
23	Mr. Ear Sosathya	Student	PUC

24	Mr. Lay Sopheak	Student	RULE
25	Ms. Tuot Sopheavy	Student	RULE
26	Ms. Say Guechmuy	Student	RULE
27	Mr. Hay Chandara	Student	RULE
28	Mr. S. Ravi	First Secretary	Indian Embassy
29	Mr. San Sarana	Trade Commissioner	Embassy of Canada
30	Mr.Boonnam Kulrakampusiri	Minister Counselor	Royal Thai Embassy
31	Aloke Sen	Ambassador	Indian Embassy
32	Mrs. Ravilova Borovik	First Secretary	Russian Embassy
33	Mr. Phann Keara	Manager	PUC
34	Oum Vanthrith	Reporter	PP Post
35	Ms. Ung Chansophea	Reporter	Cambodge Soir
36	Mr. Heng Chivoan	Photo	Cambodia Daily
37	Mr. Kay Kim Song	Reporter	Cambodia Daily
38	Mr. Sok Somith	NPC	ILO
39	Mr. Chan Vuthy	Researcher	EIC
40	Mr. Chea Samnang	Researcher	EIC
41	Mr. Chhoeung Kong Kea	Camera Man	EIC
42	Mr. Chou Huot	Research Assistnat	EIC
43	Mr. Neak Samsen	Researcher	EIC
44	Mr. Nou Seiha	Researcher	EIC
45	Mr. Oum Sothea	Researcher	EIC
46	Mr. Sok Hach	Director	EIC
47	Mr. Touch Ratha	Camera Man	EIC
48	Mr. Touk Khy	Researcher	EIC

49	Ms. Kheang Seang Horn	EIC Organiser	EIC
50	Ms. Ouk Chan Sopheap	Minute Taker	EIC
51	Ms. Pich Rathvatey	EIC Organiser	EIC
52	Ms. Sao Sonita	EIC Organiser	EIC
53	Ms. Sok Klara	Researcher	EIC
54	Ms. Yam Yinh	EIC Organiser	EIC