

Chandrawat
& Partners



BILATERAL RELATIONS

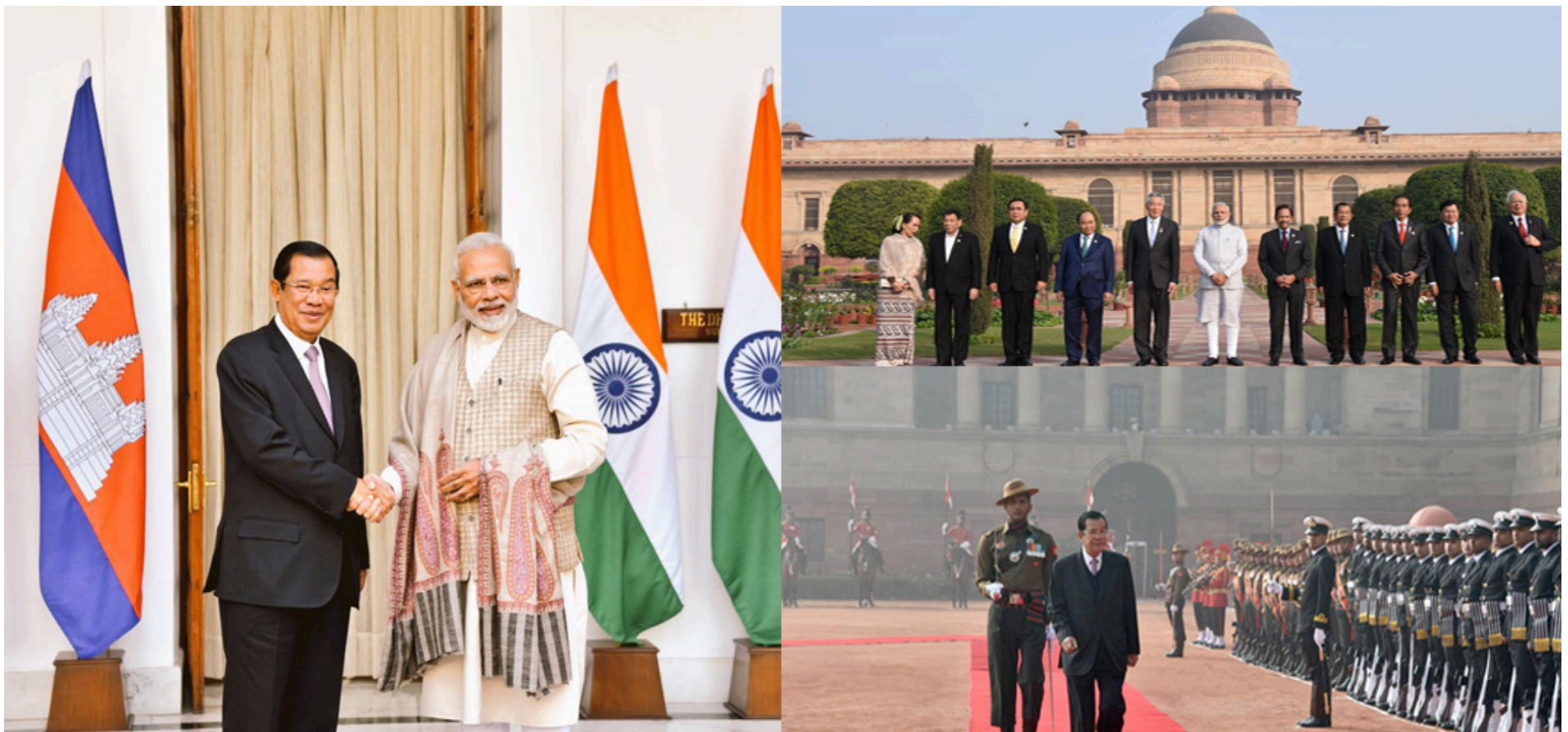
INDIA - CAMBODIA

INTRODUCTION

Cambodia-India relations, also known as Cambodian-Indian relations, refer to the bilateral relations between the Cambodia and the India. Cambodia has an embassy in New Delhi, and India has an embassy in Phnom Penh.

Relations between Cambodia and India go back to ancient times. India's influence in Cambodia is visible from the Hindu-style temples of Angkor Wat to written Khmer, which is a derivative of the Pallava script from present-day southern India.

Both nations are part of the Non-Aligned Movement. India established formal diplomatic relations with the Heng Samrin regime and opened its embassy in Phnom Penh in 1981 when Cambodia was internationally isolated. India had provided various personnel to conduct the UNTAC-sponsored elections in Cambodia in 1993. The Government of India agreed to preserve Angkor Wat temple when the Government of Cambodia appealed, between 1986 and 1993 and spent around 4 million dollars during this conservation.



HISTORY

Historically, India-Cambodia relations dates back to the beginning of C.E. or perhaps even before when Hindu and Buddhist religious and cultural influences emanated out of India to Cambodia & greater region of South East Asia. Cambodians are predominantly Buddhist but they retain a strong influence of Brahminical rituals and mythology. The magnificent structure of Angkor Wat temple, built between 12th to 14th centuries, is a glorious testimony of pervading influence of temple architecture of India. Indian influences are also seen on the earlier temples of Cambodia such as Preah Vihear dedicated to Lord Shiva built from late 9th century onwards, Angkor Thom, Bayon, Ta Phrom, Sambor Prei Kuk and other historical sites.



TRADE AND INVESTMENT RELATIONS

Cambodia has maintained its economic growth at the average rate of 7.5 percent in 2018, compared to 7.0 percent in 2017. Significant sectors that have contributed to economic growth of the country are Agricultural, Construction, Tourism and Garment & Footwear sectors. Cambodia's overall total trade reached US \$ 27.51 billion in 2018. Its exports valued at US \$ 12.29 billion in 2018, increased 14.00 percent as compared to 2017 while imports increased to US \$ 15.22 billion, changed 16.90 percent. Cambodia imported significantly from Asia at the average of 91.23 percent of total imports in 2018.

Key imported commodities are vehicles, petroleum products, motorbikes, and other consumable goods. The main export destinations are the United States and European Continent. Cambodia's export to U.S increased at 29 percent in 2018, compared to 4.6 percent in 2017 while to EU market also rose, growing at 12.9 percent in 2018, compared to 9.3 percent in the same year. Garment, footwear, rubber, textiles, fish products and other agricultural products are top exports to the globe.

To promote trade and business relations, Hon'ble Minister of Commerce & Industry and Civil Aviation, Shri. Suresh Prabhu, visited Cambodia in May 2018 to participate in Indian - Cambodia, Laos, Myanmar and Vietnam (CLMV) Business Conclave in Phnom Penh and held bilateral meeting with Cambodian Prime Minister, H.E. Hun Sen and Minister of Commerce, H.E. Pan Sorasak on trade improvement and connectivity. India and Cambodia jointly organized some events in Cambodia such as 5th India-CLMV Business Conclave in May 2018 and Incredible India Road Show in May 2018.

On bilateral investment, India invested US \$ 19.8 million in 2016. However, for the last two years, there is no exact figure, showing the volume of investment between India and Cambodia. There are few Indian companies which are investing in multiple sectors including Mesco Gold, Bajaj Cambodia, and Sram Mram Limited. The Government of India has planned to create a TVS to increase Indian economic presence in CLMV. India's trade with CLMV countries has experienced significant growth over the years, from US\$460 million in 2000 to \$4.97 billion in 2004 and \$14.5 billion in 2017. Currently, India is the largest trade partner of CLMV nations in South Asia.

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.

MERCHANDISE TRADE RELATIONS

Even though, India - Cambodia trade has been growing steadily in the last few years. In 2016, the total trade between India and Cambodia went down at US \$ 153.15 million in 2016, which indicated 18.55% decrease over the corresponding figure in 2015 (total trade US \$ 188.03 million). Exports from India were US \$ 110.02 million (a decrease of 24.47% over 2015) and the imports from Cambodia were US \$ 43.13 million (an increase of 1.82%). In 2016, the overall trade showed a decline, but the trend positively stood in 2017. Indian exports have been dominated by pharmaceuticals, yarn, leather and some engineering items. Cambodian exports are mostly primary products. In 2017, there has been approximately 10% overall growth whereas in 2018 there has been growth of approximately 35%. The increase of Indian exports in 2017 & 2018 is largely derived from exports of motor vehicle, drug formulation, biological products, fabrics, finished leather etc. Business engagement between Indian and Cambodian traders and investors has increased during past few years and expect to witness enhanced growth in trade in years to come.



FIGURE 1: INDIA-CAMBODIA TRADE VOLUME (2016-2018)

TRADE WITH INDIA	2015	2016	2017	2018
TOTAL TRADE	188.03	153.15	168.30	226.69
EXPORTS	145.67	110.02	120.28	178.24
IMPORT	42.36	43.13	48.02	48.45
GROWTH %	-	(18.55)	9.89	34.69

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

**FIGURE 2: INDIA TOP 10 ITEMS OF EXPORT TO CAMBODIA
(JAN-DEC 2018)
(BY PRINCIPLE COMMODITY CODE)**

PC CODE	COMMODITY	VALUE (US\$ MILLION)
H8	DRUG FORMULATIONS, BIOLOGICALS	42.82
O5	MOTOR VEHICLE/CARS	34.02
Q3	MANMADE YARN, FABRICS, MADEUPS	15.09
N8	NUCLER REACTR, INDL BOILR, PRT.	12.63
F8	FINISHED LEATHER	10.18
P8	COTTON FABRICS, MADEUPS ETC.	9.28
B9	OIL MEALS	7.35
N6	INDL. MACHNRY FOR DAIRY ETC	4.89
P9	OTH TXTL YRN, FBRIC MDUP ARTCL	2.95
J9	PAPER, PAPER BOARD AND PRODUCT	2.57

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

**FIGURE 3: INDIA TOP 10 ITEMS OF IMPORT FROM
CAMBODIA (JAN-DEC 2018)
(BY PRINCIPLE COMMODITY CODE)**

PC CODE	COMMODITY	VALUE (US\$ MILLION)
E5	NATURAL RUBBER	10.62
Q8	RMG MANMADE FIBRES	9.05
Q6	RMG COTTON INCL ACCESSORIES	8.05
G2	FOOTWEAR OF LEATHER	4.24
D5	MISC PROCESSED ITEMS	3.28
K1	PLYWOOD AND ALLIED PRODUCTS	2.02
B2	CASHEW	1.83
K2	OTHER WOOD AND WOOD PRODUCTS	1.62
J1	FOOTWEAR OF RUBBER/CANVAS ETC.	1.54
M8	MEDICAL AND SCIENTIFIC INSTRUM	1.08

CULTURAL RELATIONS

India-Cambodia cultural and historical relations are more than a millennium old when Indian culture, religion and trade emanated out of India and spread rapidly in various parts of South-East Asia. However, Cambodia witnessed Indian influence centuries before that whose living example is the temples of Sambor Prei Kuk built by Ishanvarmana I and other kings of Chenla empire during 6th and 7th Century AD in Ishanapura, the then capital of the Kingdom, which is so far the oldest known example of existence of Indian culture and religion in Cambodia. However, some scholars are of the opinion that the cultural and religious connect between India and Cambodia date back to 1st century.

In order to strengthen close cultural bonds, India, under Mekong Ganga Cooperation initiative, announced and setup MGC Asian Traditional Textiles Museum at Siem Reap which is a unique repository of traditional textiles of India and Southeast Asian countries including Cambodia. It also has a training centre and workshop in textiles; a fashion design and development centre using traditional ethnic designs; and various children activities in the centre.

India had undertaken work for restoration and conservation of the Angkor Wat temple which is a world heritage site of UNESCO and an important tourist destination in Cambodia visited by millions of tourist every year. At present, India is engaged in the restoration work of Ta Prohm temple in Angkor Archaeological Park. India was appointed Co-chair for the International Coordinating Committee (ICC) on Preah Vihear, another world heritage site and one of the oldest temples of Lord Shiva. Indian Council for Cultural Relations (ICCR) has been maintaining a Chair on Buddhist & Sanskrit Studies at Preah Sihanouk Raja Buddhist University and a full time Indian Professor on Sanskrit and Buddhist Studies is deployed by Government of India in the University.

Government of India has deputed a full time Bharatnatyam teacher in the Embassy who has been conducting dance classes at Royal University of Fine Arts and at the Embassy and schools etc. to propagate one of the Indian classical dance forms. ICCR, Government of India has deployed a full time Teacher of Indian Culture in Embassy of India, Phnom Penh for propagation of Yoga, Sanskrit and Veda in Cambodia through organization of regular classes in Universities, organization of seminars, demonstrations etc. in various institutions/organizations.

Both India and Cambodia recognize and value not only our old age cultural and historical linkages but also our present robust cultural and people to people relationship and are engaged in strengthening bilateral cultural relationship between the two countries.

POLITICAL RELATIONS

India and Cambodia enjoy warm and cordial relations. In the 1950s, India was associated with the International Control Commission on Indo-China. India's contribution as Co-Chairman of this Commission came in for widespread appreciation in Cambodia. After the collapse of the Khmer Rouge regime, India was the first country to recognize the new government and reopened its Embassy in 1981. The Embassy had been closed during the Khmer Rouge regime. Post Khmer Rouge phase (1979-91), India offered legitimacy to the regime and helped building capacity of the leadership. India also responded to an appeal by the Cambodian Government to send a team of experts from Archaeological Survey of India in 1986 for the restoration of the famous Angkor Wat temple.

The bilateral relations have been reinforced by several high level visits. Post colonial era, Prime Minister Jawaharlal Nehru visited Cambodia in 1954. Subsequently, Prime Minister Atal Bihari Vajpayee visited Cambodia in April 2002 and November 2002. President of India Smt. Pratibha Devi Singh Patil visited Cambodia in September 2010. Other high level visits to Cambodia included PM Dr. Manmohan Singh in November 2012, Vice President Mohammad Hamid Ansari in September 2015. In 2018, there had been three high level visits from India.

Commerce Minister Shri Suresh Prabhu visited Cambodia in May,2018, Raksha Mantri Smt. Nirmala Sitharaman in June, 2018 and External Affairs Minister Smt. Sushma Swaraj in August 2018.

From Cambodian side, Prime Minister Hun Sen has visited India many times, the recent being in January 2018 when he paid a state Visit to India and also participated in the ASEAN-India Commemorative Summit and as Guest of Honour at the Republic Day Parade 2018 along with other ASEAN Leaders.



INDIAN DIASPORA IN CAMBODIA

The first Indians in modern times to settle in Cambodia arrived in the 1960s and 1970s. Primarily coming from the northern province of Punjab, they worked as jewellers, moneylenders and traders around Central Market, but they left the country once the Khmer Rouge arrived. The Indians returned to Cambodia when Pol Pot's regime collapsed.

There is an Indian diaspora in Cambodia and they have established an Indian Association, Cambodia.



ASSISTANCE & AID PROJECTS

India and Cambodia have signed various Agreements and MoUs in the fields of bilateral cooperation, trade & commerce, cultural exchanges, capacity building, concessional loans for developmental projects and restoration and conservation of old temples in Cambodia.

Government of India had sent experts from Archaeological Survey of India for restoration and conservation of Angkor Wat temple from 1986-1993. The excellent work carried out by Indian experts is still appreciated by Cambodia. Restoration of another temple complex at Ta Prohm has been a major ongoing project. In 2018, India committed to help part restoration of ancient temple of Preah Vihear.

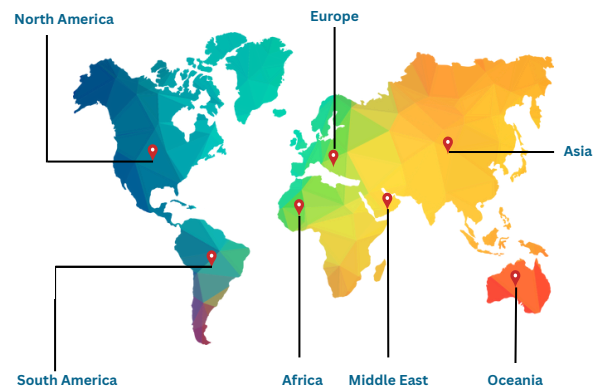
India had been assisting Cambodia in diverse fields for its economic and social growth and is continuing to do so. In the past, India had gifted medicines, rice, indelible ink to Cambodia. Lines of Credit have been extended for Water Resource Development, Transmission Line and Supply of water pumps. India also assisted in the project for redevelopment of India-Cambodia Friendship school in 2015.

Under the Mekong Ganga Cooperation(MGC) initiative, India helped in establishment of the Asian Traditional Textile Museum at Siem Reap. Also under MGC initiative, beginning from 2015-16 India has been assisting Cambodia with small Socio-Economic projects known as Quick Impact Projects in the fields of agriculture, health, women empowerment, capacity building, sanitation, environment and information technology every year. These Projects have received overwhelming response and created a distinct and visible impact among beneficiaries.

As a major initiative towards capacity building, in addition to the existing schemes of training of Cambodians under ITEC programme & ICCR scholarships for students, India has also committed to offer assistance in setting up a Centre of Excellence in IT and IT-enabled services in Cambodia.

The cooperation has been continuing in defence sector with the conduct of annual training capsule for Royal Cambodian Armed Forces in Peace keeping and Demining modules; defence courses under ITEC; goodwill visits by Indian Navy and Indian Coast Guard ships and exchange of official delegations. India has also gifted fifteen sniffer dogs to Cambodia for demining activities.

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