

US buys 41% of Cambodia's Jan-Jul exports

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Garment workers at a factory at then-named Phnom Penh Special Economic Zone in 2014. [Hong Menea](#)

The US remains the world's biggest buyer of Cambodian goods, accounting for a 41.36 per cent market share in January-July 2022, buoyed by the Kingdom's relatively low levels of production disruption and eligibility for preferential trade arrangements. However, local opinions are split on what ramifications a potential recession in the US could have for trade with the country.

During the period, Cambodian exports to the US reached \$5.696 billion, up 47.28 per cent year-on-year, and imports \$196.700 million, up 3.17 per cent according to the General Department of Customs and Excise (GDCE). Bilateral trade amounted to \$5.893 billion, up 45.21 per cent, and the Kingdom's trade surplus with the US expanded 49.57 per cent to \$5.499 billion.

Of note, in July alone, Cambodian exports to the US were worth \$1.047 billion, representing a 43.82 per cent share of the Kingdom's total exports of \$2.391 billion.

Speaking to The Post on August 25, Cambodia Chamber of Commerce (CCC) vice-president Lim Heng attributed the surge in exports to a diversion of orders from other countries to the Kingdom forced by obstacles preventing businesses there from fully resuming production, as well as the eligibility of certain Cambodian goods for the US' Generalised System of Preferences (GSP).

The GSP lapsed on December 31, 2020 however, and has yet to be reauthorised.

The CCC vice-president underscored that Cambodia has benefited from the ongoing US-China trade row as well as political crises in nations that are now or at one point were significant suppliers of goods to the US market.

Heng added that Cambodian exports to the US are shifting away from traditional commodities, such as textile-linked goods, towards bicycles, electrical equipment, agricultural products and solar panels, in a diversification trend he predicted would further drive up figures.

Recently, the Garment Manufacturers Association in Cambodia (GMAC), the apex garment makers' body, voiced concern over declining foreign orders, with the US as the largest market, amid fears and talks of a broad global recession.

Although Heng agreed that garment sales would be hit, he argued that overall exports would be largely shielded by an expected appreciable uptick in orders for other items, especially those from the US for solar panels.

He was most likely alluding to US President Joe Biden's June announcement of a 24-month tariff exemption for solar cell and module imports from Cambodia, Malaysia, Thailand and Vietnam aimed at ensuring that the US has access to a sufficient supply of these items to meet growing electricity and energy demand.

The move is seen as a catalyst to ignite interest among regional and international investors in the Cambodian solar-manufacturing industry.

Heng went on to say: "Recent investment projects registered with the Council for the Development of Cambodia [CDC] are increasingly supporting non-garment sub-sectors, including the vehicle assembly industry along with agricultural and mineral processing. This offers yet another new hope for Cambodia's export market."

Hong Vanak, director of International Economics at the Royal Academy of Cambodia, largely ascribed the January-July export growth to good Cambodia-US diplomatic and trade relations, propounding that the Kingdom is generally acting on more opportunities to ship commercial goods abroad

The US accounting for more than two-fifths of Cambodian exports during the period is indicative that the Kingdom's products are "popular and of sufficient standard" for that market, he posited.

Although subscribing to Heng's opinion that solar-panel exports to the US would be elevated by the tariff exemption, Vanak cautioned that "Cambodia needs to try to attract more investment in a diversified portfolio of sectors to avoid relying on exports of only a few key products as is the case at the moment".

In 2021, Cambodia-US trade totalled \$7.826 billion, up by 40.38 per cent from \$5.575 billion in 2020, according to the GDCE.