

Summary

- Cambodia has been one of the fastest growing economies in the world, with an average GDP growth rate of 8% between 1998 and 2018. Growth in household incomes along with increasing urbanisation are contributing to lifestyle shifts, which are expected to strengthen demand for imported goods.
- Trade with Cambodia is expected to grow under the ASEAN-Australia-NZ Free Trade Agreement. Imports from New Zealand to Cambodia amounted to almost NZ\$ 14.9m in 2019, increasing at an annual rate of 35.8% from 2016.
- Opportunities exist for New Zealand exporters of high-value, consumer-oriented products, particularly health supplements, skincare, and some segments of food and beverage (retail and foodservice).
- Perceptions of New Zealand products are positive, but awareness of these products needs to increase. Partnerships with local key actors (e.g., importers, distributors, wholesalers, supermarkets, and advertising/marketing companies) are necessary to capture increasing market share of premium product users and consumers.

Report

New Zealand Trade and Enterprise (NZTE) commissioned research to examine opportunities for exports of high-value or *premium* consumer-oriented products to Cambodia.

Overview of New Zealand – Cambodia trade

New Zealand's trade relationship with Cambodia is nascent as compared to other trade partners but is expected to grow further under the ASEAN-Australia-NZ Free Trade Agreement. Exports from New Zealand to Cambodia amounted to a total of almost NZ\$14.9 million in 2019, increasing at an annual rate of 35.8% from 2016. Top product exports to Cambodia from New Zealand are currently: frozen bovine meat, dairy products, paper and paperboard, and edible fruits and nuts.

Key findings

General points

1. Economic activities are focused in three main centres (Phnom Penh, Sihanoukville, and Siem Reap), and urbanisation is expected to further increase demand for imported goods. Opportunities are best targeted in these urban areas.
2. Parallel imports may impact opportunities in the three product areas, though skincare and health supplements are most susceptible. While parallel imports tend to be more competitive on price grounds, there is also an inherent distrust of grey market retailers and products.
3. The full report provides details on product standards/registration, import regulations, procedures, duties/fees, and other information. Links to relevant websites are provided.

Food and beverage (F&B)

4. Development of the F&B industry in Cambodia has been largely driven by imports as domestic production of F&B products has not been able to supplement growing local demands. Traditional (informal, often outdoor) markets remain as the staple choice for fresh produce for daily consumption, but there is a growing preference

for modern retail (e.g., supermarkets, mini-markets) driven by changing urban lifestyles and increasing disposable income.

5. Consumers want products perceived to be of higher quality and freshness, and products subject to higher food safety standards. They also want products with attractive premium quality packaging and proper detailed labelling, but at competitive prices (when compared with current prices in modern retail outlets).
6. Opportunities for New Zealand exporters include meat and dairy products (especially adult and infant milk formulas), fresh fruits, and seafood (especially salmon, and frozen shellfish).
7. Target customers are middle- to middle-upper-income consumers, with products channelled through modern retail outlets.
8. Most food and agriculture standards are based on Codex standards and harmonised standards from the ASEAN region. Food registration is currently conducted on a voluntary basis but may change with regulatory revisions. Food import regulations are currently being drafted.

Health supplements

9. Cambodia's health supplement market is still nascent but has the potential for rapid growth with shifts in lifestyles (rural to urban) and fitness habits, as well as increasing awareness of health benefits from these products. Health supplement products in the market (shelf price) are generally more expensive compared to its regional peers, which drives some consumers to purchase these products via parallel imports, whether through online grey market retailers or family and friends overseas.
10. Consumers want health supplements that are of high quality and food safety standards (with proper certification), and that are relevant to their health requirements. They also want competitive prices (compared to domestic/regional products), and have a preference for products from Europe, Australia, US, and Japan.
11. Opportunities for New Zealand exporters include multivitamins and dietary supplements targeted at Asian consumers and urban lifestyles, and promotion of organic and natural supplements.
12. Target customers are middle- to middle-upper-income consumers, with products channelled through modern retail outlets, medical experts, or standalone flagship brand stores.
13. Cambodia's Ministry of Health runs an online pharmaceutical registration system (available in English). Some in-person procedures are still necessary during assessment of the products.

Skincare

14. Rising income and product benefit awareness is increasing Cambodian skincare users' adoption of premium skincare products. Users are willing to spend more on facial care products as compared to body care products. Users in their late 20s and above tend to look for reputable brands that are targeted at Asian users. Similar to health supplement purchasing habits, users tend to purchase their products via parallel imports if the product is unavailable officially in Cambodia, and via modern retail for brands available officially. There is little market awareness of New Zealand skincare products among interviewed consumers.
 15. Consumers want to purchase authentic skincare products/brands at competitive prices, organic and natural skincare products, as well as products tailored to Asian skin types and environments.
 16. There are opportunities for New Zealand exporters/brands to partner with modern distributors and retailers to capitalize on New Zealand's perception as a producer of high-quality, organic and natural skincare products. Research suggests product marketing should be tailored towards Asian skin types and profiles.
 17. Target customers are middle- to middle-upper-income consumers, with products channelled through modern retail outlets, medical experts, or standalone flagship brand stores.
 18. Skincare and cosmetic products are regulated under various regulations (related to tackling counterfeit products and for safety), with an online registration system for products.
-

Cambodian consumers want products perceived to be of higher quality and freshness, products subject to higher food and safety standards, and products at competitive prices. New Zealand exporters have opportunities in this market.

CAMBODIA

Cambodia has been one of the fastest growing economies in the world, with an average GDP growth rate of 8% between 1998 and 2018. Growth in household incomes along with increasing urbanisation are contributing to lifestyle shifts, which are expected to strengthen demand for imported goods.

Total imports from New Zealand

2016 \$8.24m

2019 \$14.9m

CAMBODIAN CONSUMERS: Perceptions of New Zealand products



FOOD AND BEVERAGE



Meat and dairy products (especially adult and infant milk formulas), fresh fruits, and seafood (especially salmon, and frozen shellfish).

HEALTH SUPPLEMENTS



Multivitamins and dietary supplements targeted at Asian consumers and urban lifestyles, and promotion of organic and natural supplements.

SKINCARE



Partnering with modern distributors and retailers to capitalise on perception of NZ as a producer of high-quality, organic and natural skincare products.

PRODUCTS

Middle- to middle-upper-income consumers, with products channelled through modern retail outlets.

Middle- to middle-upper-income consumers, with products channelled through modern retail outlets, medical experts, or standalone flagship brand stores.

TARGET CUSTOMERS

US\$ 1 billion

Cambodia spends almost US\$1 billion on an annual basis to import F&B products.

50% increase

In 2021, total retail supply is forecasted to increase by 50% from 2020, equivalent to an increase of almost 200,000m².

More reports

View full list of market reports from MFAT at www.mfat.govt.nz/market-reports

If you would like to request a topic for reporting please email exports@mfat.net

To contact the Export Helpdesk

Email exports@mfat.net

Call 0800 824 605

Visit Tradebarriers.govt.nz

Disclaimer

This information released in this report aligns with the provisions of the Official Information Act 1982. The opinions and analysis expressed in this report are the author's own and do not necessarily reflect the views or official policy position of the New Zealand Government. The Ministry of Foreign Affairs and Trade and the New Zealand Government take no responsibility for the accuracy of this report.

