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## **Fish & Rice Corridor: A Strategic Agricultural Goldmine for Cambodia or a Key Food Supply Chain for China?**

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The Fish and Rice Corridor was initially launched in 2023 as part of the Cambodia–China Community of Shared Future. It promises to modernize Cambodia’s agriculture, boost exports, and help both countries improve their food security. The commitment was further solidified during Xi Jinping’s state visit to Phnom Penh this April, where both sides emphasized cooperation on the corridor and pledged to support Cambodia’s 2050 Vision for achieving a high-income status.

For many years, the Royal Government of Cambodia (RGC) has considered the agricultural sector one of the country's leading foundations, driving economic development and poverty reduction. Crop production dominates the share of the sector, accounting for about 59% of total agricultural output, while fisheries contribute another 24%.<sup>1</sup>

But there is a catch; more than 80% of Cambodia’s agricultural exports are still in raw form. It leaves a little room for the country to capitalize on higher-value opportunities, especially for rice,

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<sup>1</sup> Royal Government of Cambodia, “*National Agricultural Development Policy 2022-2030*.” September 09, 2024. [https://data.opendatacambodia.net/km/dataset/20f68541-bb64-4192-90b8-c575de630992/resource/0d749c0b-69c2-459a-a1fd-46877704b033/download/national\\_agricultural\\_development\\_policy\\_en\\_\\_09.09.2022.pdf.pdf](https://data.opendatacambodia.net/km/dataset/20f68541-bb64-4192-90b8-c575de630992/resource/0d749c0b-69c2-459a-a1fd-46877704b033/download/national_agricultural_development_policy_en__09.09.2022.pdf.pdf)

fish, and cashew nuts.<sup>2</sup> On this, the Fish & Rice Corridor promised to address these challenges by modernizing production and strengthening trade relations with China.<sup>3</sup>

While some may see it as another supply chain feeding China's needs, the reality is far more complex. It is not the traditional food regime, where powerful nations dominate processing and branding, while weaker nations are left with low-value production. Cambodia could genuinely benefit, but only if it plays its cards right.

## **Cambodia's Agricultural Potential**

Cambodia's natural advantages in agriculture are undeniable. Regions like Battambang (for rice) and Kampong Thom (for cashews and fish) are agricultural powerhouses, benefiting from the Tonle Sap's unique ecosystem. In 2022, Cambodia exported over 641,735 tonnes of milled rice (HS Code 1006), marking a 12% increase from 572,878 tonnes in 2018.<sup>4</sup> Meanwhile, fresh fish production (HS Code 0302) has grown substantially, with an annual average increase of 5%, rising from 550,000 tonnes in 2010 to over 856,400 tonnes in 2021.<sup>5</sup> Cashew nuts (HS Code 080132) follow a similar growth pattern, with 815,000 tonnes earmarked for export, marking a 21% increase from the previous year.<sup>6</sup>

Yet, not all that glitters is gold. Cambodia has struggled to scale its agricultural exports and move up the value chain. The challenges stem largely from structural transformation to its supply-side of growth, involving capacity constraints and gaps in technical competitiveness.

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<sup>2</sup> Food and Agriculture Organization of the United Nations, "*Cambodia's Agricultural Investment Framework*." October 20, 2023.

[https://www.fao.org/docs/handinhandlibraries/countries/cambodia/investment\\_v31\\_script\\_maff.pdf?sfvrsn=4a23ba5d\\_1](https://www.fao.org/docs/handinhandlibraries/countries/cambodia/investment_v31_script_maff.pdf?sfvrsn=4a23ba5d_1)

<sup>3</sup> Xinhua, "China and Cambodia pledge to build a community with a shared future and promote multilateralism and economic globalization." April 23, 2024.

<https://english.news.cn/20240423/f7e0ca7e97dc4cb1b35e42358bbd8dca/c.html>

<sup>4</sup> EuroCham Cambodia, "*Sourcing from Cambodia-Rice*," January 10, 2024. <https://www.eurocham-cambodia.org/uploads/d0986-sourcing-from-cambodia-maize-2023.pdf>

<sup>5</sup> Royal Government of Cambodia, "*National Agricultural Development Policy 2022-2030*".

<sup>6</sup> Cashew Nuts Association of Cambodia, "*CAC Annual Report 2024*", January 04, 2025. <https://cac-camcashew.org/?p=4278>

Most cashew nuts are exported raw rather than being processed domestically. Vietnam has taken advantage of this, processing 96% of all Cambodian cashew nuts in 2020 and re-exporting them to the global market, particularly China.<sup>7</sup> Rice, while successful, is largely dependent on a few key markets, with China being the dominant buyer, accounting for 39% of total exports in 2022.<sup>8</sup>

Fisheries production, despite significant domestic capture, still faces limited official exports, with most fish consumed domestically.<sup>9</sup> While the nation's wild inland fish stocks are limited, 59% of fisheries production today comes from freshwater sources.<sup>10</sup>

## China's Food Security Needs

On the other side, China's food security concerns are well-documented. With just 7% of the world's arable land but nearly 20% of the global population, China faces a constant struggle for food stability.<sup>11</sup> Jiangsu province, often regarded as the Chinese top agricultural hub, also cannot keep up with the pace. Despite producing around 18 million tonnes of rice annually, or 10% of China's national output, Jiangsu suffers from a shrinking rural workforce and water shortages.<sup>12</sup> The province's multi-year average water resources are only 21% of the national average, which is severely disrupting agricultural output. Meanwhile, the share of the agricultural workforce decreased to about 24% by 2020, and is expected to reach 5% by 2042–2048, according to the Asian Development Bank.<sup>13</sup>

This has led to increasing reliance on imports. Between 2000 and 2020, China's food self-sufficiency dropped from 93.6% to 65.8%.<sup>14</sup> In response, President Xi declared in 2021, "Food

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<sup>7</sup> EuroCham Cambodia, "Exporting Cashew Nuts from Cambodia to Europe", July 2022. <https://www.eurocham-cambodia.org/images/pages/Digital%20Exporting%20Cashew%20Nuts%20from%20Cambodia%20to%20Europe>

<sup>8</sup> EuroCham Cambodia, "Sourcing from Cambodia-Rice".

<sup>9</sup> Global Business Network Programme, "Partnership Ready Cambodia: Agriculture and Food Processing". January 2020, [https://www.giz.de/en/downloads/GBN\\_Sector%20Brief\\_Kambodscha\\_Agriculture\\_E\\_WEB.pdf](https://www.giz.de/en/downloads/GBN_Sector%20Brief_Kambodscha_Agriculture_E_WEB.pdf)

<sup>10</sup> Food and Agriculture Organization of the United Nations, "Cambodia's Agricultural Investment Framework."

<sup>11</sup> Gregory, Veck. "Challenges of agriculture and food systems issues in China and the United States". June 2020. <https://www.sciencedirect.com/science/article/pii/S2666683920300225>

<sup>12</sup> National Bureau of Statistics. "China Statistical Yearbook" (Beijing: China Statistics Press). 2020.

<sup>13</sup> Asian Development Bank. "The Declining Share of Agricultural Employment in the People's Republic of China: How Fast?". November 2014. <https://www.adb.org/publications/declining-share-agricultural-employment-prc-how-fast>

<sup>14</sup> SCMP. "China food security: 'severe challenges' ahead as rising incomes, geopolitical turmoil strain resources". April 2022. <https://www.scmp.com/economy/china-economy/article/3176025/china-food-security-severe-challenges-ahead-rising-incomes>

security is an important foundation for national security”. Since then, China has sought out agricultural partnerships, and Cambodia has emerged as a strategic supplier.

As a result, Chinese agribusiness giants are already making significant moves. The Henan Agriculture Investment Group has committed to investments in agricultural processing and fertilizer production, while the Danong Agriculture Development Group has pledged USD 12.7 billion to agricultural projects across Cambodia.<sup>15</sup> These investments promise modernized farming techniques, improved logistics, and technology transfers, but do they benefit Cambodia equally?

### **Who Truly Benefits?**

Seemingly, the benefits of the Fish & Rice Corridor are not black and white. On the bright side, the country stands to gain from technological transfers and improved trade ties. Recent agreements between the Green Trade of the Ministry of Commerce and COFCO Corporation have already boosted rice trade, with the quota set for milled rice exports to China at 400,000 tonnes in 2024, increasing to 500,000 tonnes in 2025.<sup>16</sup> Additionally, Cambodia and China also expanded their interests in their collaboration in aquaculture products and cashew nuts, with a target of 200 tonnes annually to the Henan market.<sup>17</sup>

Another plus is gaining modernized techniques. Cambodia will gain from Chinese expertise in irrigation systems like sprinklers, drip, and micro-irrigation, which helped Northern China boost irrigation coverage from 13% in 2000 to 53% by 2016. These technologies are costly, but they improve crop yields.

At a people-to-people level, cooperation is growing too. Last year, 12 Cambodian agriculture students joined a 13-day exchange program in Jiangsu, visiting four cities to learn about rice farming, aquaculture, digital agriculture, and sustainability.

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<sup>15</sup> Cambodia Constructors Association, “*Danong Development Group: Pioneering a US\$12.7bn Agro-Industry Revolution Across Six Cambodian Provinces*”. August 14, 2023, <https://construction-property.com/chinese-company-unveil-mega-agro-industry-investment-project-in-4-provinces/>

<sup>16</sup> Food and Agriculture Organization of the United Nations, “*Cambodia’s Agricultural Investment Framework*”.

<sup>17</sup> Khmer Times, 2024. “*Kingdom exports cashew nuts to China’s Henan*”. September 25, 2024. <https://www.khmertimeskh.com/501565369/kingdom-exports-cashew-nuts-to-chinas-henan/>

But not everything adds up in Cambodia's favour. From 2019 to 2022, agricultural exports to China were valued at US\$ 1.94 billion, while imports of machinery, fertilizers, and technology in 2023 were only US\$ 325 million.<sup>18</sup> This shows a growing imbalance: Cambodia is relying on Chinese tools to produce goods that are mostly sold back to China.

While China secures a reliable food supply, Cambodia risks becoming overly dependent. This is not the first time a developing nation has been integrated into a global supply chain, only to remain stuck in low-value production while the real profits lie in processing and branding—a pattern seen in many past trade relationships.

For Cambodia to truly benefit, it must reap the full benefits from the supply side of growth. That means not only exporting more raw products but also gaining from what truly drives development: infrastructure, technology, and human capital investment. For example, the lessons from China in irrigation and logistics, such as those seen in Henan and Jiangsu, must be leveraged to enhance Cambodia's productivity, not just meet China's food needs.

Moreover, market diversification is also essential. While China is a key partner, Cambodia should strengthen trade ties with other regional partners. Cambodia should accelerate trade with the EU under the EBA scheme, before it expires in 2029, and explore new markets through agreements like CEPA with the UAE, which already enabled a USD 54 million rice export in June 2023.<sup>19</sup>

In a way, we can also learn how Viet Nam has capitalized on this model, where rice and cashew nuts imported from Cambodia are rebranded and processed for the value-added market in the EU (e.g., 79% in the Netherlands, 70% in the UK, 66% in France, and 63% in Germany).<sup>20</sup>

## Conclusion

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<sup>18</sup> Kiripost, 2024. “Fertilizer imports skyrocketed to \$325 million.” February 17, 2024. <https://kiripost.com/stories/fertilizer-imports-skyrocket-to-325-million>

<sup>19</sup> Khmer Times, 2023. “Cambodia exports 60,000 tonnes of milled rice to UAE for 1st time”. January 13, 2024. <https://www.khmertimeskh.com/501422304/cambodia-exports-60000-tonnes-of-milled-rice-to-uae-for-1st-time/>

<sup>20</sup> EuroCham Cambodia, “Exporting Cashew Nuts from Cambodia to Europe”.

The Fish and Rice Corridor is not a return to the exploitative food regimes of the past. While challenges remain, Cambodia is not a passive actor. It can shape trade terms, diversify markets, and ensure that modernization efforts serve national interests.

Cambodia should not put all its eggs into one basket. Instead, it must take advantage of this partnership with China to diversify market access and modernize its production. Cambodia must ensure that infrastructure and technology investments from China empower Cambodian businesses and the broader economy. If managed strategically, the Corridor could indeed become a positive-sum game, fostering growth and shared prosperity for both nations.

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