

# Socio-economic Impact of Alcoholic Beverage Consumption in Cambodia: Female and Minors



**Case Study Report – Draft Version for Discussion and Validation**

*A cover photo, credit to Kann Vicheika, VOA*

## **LIST OF ABBREVIATIONS AND ACRONYMS**

to be included in the next version..

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Case Study Consultant  
Dr. CHAN Vibol

## EXECUTIVE SUMMARY

The study looked at the two imperative sides of the alcoholic beverage business. At the demand side – consumer – the study analyzed the impacts – positive and negative – resulted from the alcoholic beverage consumption on the economic and social aspects in Cambodia, with the emphasis on the under-age and women groups. At the supply side – producer and seller – it was to have an in-depth understanding on the financial flow and business conduct within alcoholic beverage business in Cambodia, putting the focus on production, marketing, and distribution. In between, the study also assessed roles of the third party who may have their influence. It was to assess policy and policy gap with the integration and enforcement of ESG principle of banks operating in Cambodia, for investment decision in alcoholic beverage business sector. And, correlating with this, the study also explored the necessity and status of law, regulations or mechanism development and implementation, relating to alcoholic consumption.

Taking place between December 2021 through 18 February 2022, the study collected data from two sources. Statistics, study reports, empirical research reports, journals, policy papers, policies, and reports for various sources, including the governments, CSOs, banks, companies, research institutions studies and were gathered and used as the secondary source. Primary data was gathered from individual online survey, face-to-face and virtual Key Informant Interview (KII).

While the focus was on the underage (<18-year-old) and women group, the study got the engagement from other groups of general population, regarded as consumers. In sum, over 320 respondents shared their inputs. Of which, female represents 69%, while male represents 30% and the remaining is for other sex. Likewise, almost 70% of 60 stakeholders are female respondents of the study. Under 18-year-old and between 18 and 25-year-old represent 39% and 31%, respectively. Ages of 26 to 35 come at the third biggest group of the respondents. The remaining group is with the ages of 36 to >64-year-old.

In Cambodia, alcohol consumption dramatically and constantly increased year by year. Alcohol per capita (15+) consumption in Cambodia increased from 8.8 litres of pure alcohol in 2010 to 9.7 litres in 2015, 3.5 litres above the global average of annual alcohol consumption per capita. Cambodia has the highest level of alcohol consumption among 15- to 19-year-old in the ASEAN countries. Drinking has become more habitual and part of daily social life and is really popular drink for all types of people. The increased amount and attractive advertisement of alcoholic beverages is one of the major factors caused the increased drinking. The intervention to ban advertisement is less and ineffective.

The alcohol business positively contributed to the national economy, GDP and creating jobs, while drinking alcohol made drinkers happy, more socialized and increase friendship. While various negative impacts were identified. On the economic aspects, alcohol consumption disrupted personal/family income generation, affected the quality of job performance, and disturbed business operation. On the social aspects, it serious increased health problem, reduced quality of study performance, ruined relationships, increased traffic accident, increased domestic violence, sexual abuse, and various violence.

Inside the rapid economic growth in the recent decades, albeit to some extent it has been affected by the COVID-19 pandemic, alcoholic beverage industry has dramatically emerged and developed in Cambodia. It shared a large scale in the market value. With the increasing investment, the production capacity increased and has dramatically reached

larger amount of consumption. Through their massive and attractive advertisement, in which hundredths million USD spent per annum, with limited restriction and control from the government, too many different brands of alcohol products have reached million consumers per annum, everywhere, across the country.

Alcoholic drinking pattern has dramatically changed, doubling increased in a decade. It is arising amongst females and under 18 years old people, while the drinking pattern for older males remains high. As a result, alcohol drink per capital in Cambodia has increased and is higher than the global average. Such trend indicated a continual increase in the future.

Positive factors associated with the alcohol business and drink have been identified, including contributing to the economy development (GDP) and creating jobs, as well as personal socialization and joy. If valuing it, such contribution might be more or less than the economic negatively impacted by the consumption. While, several negative impacts have been justified. Of those over ten areas of the negative impacts from alcoholic drinking, especially excessive drink, short- to longer-term of health-related issue, traffic accident, and violence, mainly the domestic violence is high and gives an alarm to relevant actors, especially the government to pay their attention and take durable and sustainable action to tackle such spreading consequences.

Building ground on these findings and suggestions, key policy take away points are recommended to relevant beverage companies, banks, banking regulators, the government, as well as CSOs of concern to respectively and collectively take action to ensure that such potential business sector will continue to grow and provide more positive, than negative impacts to the Cambodian population, and the society at large.

The study reiterates the 10 areas for action on alcohol that the WHO suggested some years ago for relevant governments and key actors involved, and still valid to be tackled. Those areas include, alcohol pricing, the availability of alcohol, the marketing of alcoholic beverages, illegally and informally produced alcohol, drink-driving, drinking environments, health care interventions, public awareness-raising, community and workplace action, and monitoring and evaluation. Critical points suggested by various respondents and from various literatures are summarized below:

**To Alcoholic Beverage Manufacturing and Distribution Companies** – two major points suggested to the alcoholic beverage manufacturing and distribution companies are relating to (1) limiting harmful advertisement and (2) improving the business conduct, and these are interlinked. It's widely suggested that the companies should consider reducing the amount and attractive content of advertisement. The advertisement should not continually appear everywhere, at the public places, on TV, music or movies, with very bright, clear and attractive content. Using celebrity to persuade customers to test or to drink alcohol should be critically cut. Prize, which is used to attract customers to buy and drink more, should be cut. Putting health issue of consumers in the front, the quality of the product should be upgraded, contributing to reduce harm of the drinkers.

**To Banking Regulators and Banks** – imposing, developing and increasing the adaptation of the safeguard policy by ensuring the ESG integration and implementation by the banks, and increasing the restriction over loan disbursement are critical points suggested. Building on the increased acknowledgement on the value of ESG by some banks, together with continual capacity building and coordination mechanism facilitated by ABC, it is expected that ESG principles are increasingly adopted. Albeit the local banks may have not released

loan to any beverage companies, but it is vital for the banks to critically review its risks assessment framework and toolkits, setting clear conditions on loan disbursement relating to alcohol manufacturing and distribution. In this regard, it's also suggested that the interest rate for such a business should be considered to increase.

**To the Royal Government of Cambodia** – several points were suggested to the RGC, of which enacting the law on alcohol regulation, reinforcement mechanism, and restriction on advertisement are the key. It is necessary to bring the law drafted in July 2015, by the Ministry of Health, to light. Such a law, consists of some 39 articles and 11 chapters, includes items that make it illegal to sell alcohol to people under 21 years of age, and to pregnant women, should also reflect on key points commented by the Council of Minister, include raise taxes on alcoholic beverages, enforce restrictions on the availability of retailed alcohol, enforce restrictions on alcohol advertising, and enforce drink-driving laws. Having observed that some laws in Cambodia have not been fully complied, it is suggested that beyond having the law, such a law should be reinforced by the functional mechanism. On the advertisement, the RGC should focus on enforcing the restrictions on amount, location, content, tone of message, prize, methods, channels.

Adding to these, some suggesting points which the RGC should take into account include, (1) reinforce some existing laws, such as law on violence against women and children, criminal code, and traffic law, driving laws, policies and countermeasures; (2) enforce restrictions on the availability of retailed alcohol, ban alcohol sales at selected spaces; (3) development of pricing policies and implementation mechanism; (4) raise taxes on alcoholic beverages, control smuggling and import; (5) enforce free-alcohol at selected work place and public places; and (6) implement mass awareness raising, especially to youth, including the community-led program. This study reiterates the recommendation made by the MoEYS, to review school curriculums and teacher training to include up to date information on the harmful effects of drugs and alcohol and to expand life skills training, with a focus on risk reduction skills, to empower young people to take responsibility, avoid drugs and delay the initiation of alcohol use and sex. School curriculums and teacher training could be further reviewed and strengthened to include up-to-date information on the harmful effects of alcohol and to expand life skills training, with a focus on risk reduction skills to empower young people to take responsibility, avoid drugs and delay the initiation of alcohol use and sex.

**To Civil Society Organizations** – CSOs are seen as an actor who should continually be involved in awareness raising, law development, policy development, implementation measures, promoting free alcohol at the workplace, as well as conducting the community alcohol network. The Asia foundation with its partners used to pilot this in some communities, of which such model should be considered to replicate.

## 1. INTRODUCTION

Cambodia's total investment increased year-on-year. It grew up 24% from US\$2.9 billion in 2012 to US\$3.6 billion in 2016 and jumped 75% in 2017 to US\$6.3 billion. The growth rate was slightly up in 2018 – of around 2% with the total investment amounted for US\$6.4 billion, and once again a remarkable increase of around 45% in 2019 to US\$9.4 billion. Two major sector that attracted the most investment – the industrial and infrastructure which are together equal to 53% of the total investment followed by tourism sector 41% and agriculture sector 6%.

The vision stated in the Industry Development Policy (IDP) 2015-2025 - to transform and to modernize Cambodia's industrial structure from a labor-intensive to a skill-based industry by 2025, with the target to increase the GDP share of industry sector to 30% among which a GDP share for the manufacturing to 20% by 2025, from 15.5% in 2013.

Alcoholic beverage sector in general term and in particular, beer production is one of the key contributors to this growth engine of the manufacturing sector of non-textile and non-footwear, with the total market value grew from an estimation of US\$1.03 billion in 2015 to US\$2.20 billion in 2025. So far, there are ten beer breweries in Cambodia among which five of them bears an investment capital of close to two hundred million US Dollars and they each could create thousands of jobs for Cambodians. For example, Hanuman Brewery's investment capital is US\$160 million and will create more than 1,500 jobs, Vattanac Brewery has an investment capital of US\$140 million and will create 1,500 jobs.

Besides there are also negative impacts of alcoholic beverage consumption globally, regionally and nationally. In 2016, the harmful use of alcohol resulted in some 3 million deaths (5.3% of all deaths) worldwide and 132.6 million disability-adjusted life years (DALYs) – i.e. 5.1% of all DALYs in that year. Mortality resulting from alcohol consumption is higher than that caused by diseases such as tuberculosis, HIV/AIDS and diabetes. Among men in 2016, an estimated 2.3 million deaths and 106.5 million DALYs were attributable to the consumption of alcohol. Women experienced 0.7 million deaths and 26.1 million DALYs attributable to alcohol consumption.

Cambodia Adolescents as young as 14 are regularly drinking alcohol, according to a new study report from the People Centre for Development and Peace (PDP-Centre) found that 85 percent of 1,400 people studied in seven provinces said they liked to drink alcohol. Of that, 14 percent were only 14 years old. More than half - 52 percent - were between the ages of 18 and 25. This is a concern to Cambodia due to majority of its population is very young. The harmful use of alcohol is one of the key factors contributing to the increasing year-on-year cases of road accident as well as domestic violence. A death toll from the traffic accident showed 1,981 people died in 2019 comparing to 1,761 in 2018. A research study about the Domestic Violent (DV), conducted by the Ministry of Women Affair (MoWA) in 2009 indicated that alcohol consumption was involved in between 82 and 96 percent of verbal abuse, 6 to 9 percent of throwing objects, 3 percent of beatings, and 2 percent of threatening their spouse with a knife at least once a week when they are drinking alcohol.

While the alcoholic beverage production contributes substantially to the increase of the GDP share for the manufacturing sector, it is observed that there are numerous negative impacts arising from the abuse of its consumption that harmed Cambodian people's

wellbeing, their families, their communities, their societies, their culture, their custom and tradition.

Thus, there must be a collective effort from all related stakeholders toward the practice of responsible business conduct in the alcoholic beverage business in order to minimize its negative impacts and to maximize its positive contributions for the wellbeing of the Cambodian people, especially the under-age and the women groups. As elaborated above on the very influential role of banking institutions in promoting responsible conduct from the business actors, and in this case, the alcoholic beverage production and distribution firms, a case study on the impacts and the policy gaps (using Environmental Social, Governance – ESG) of banks towards alcoholic beverage business is required as an evidence document for advocacy campaigns.

## **2. RESEARCH DESIGN AND METHODOLOGY**

### **2.1. OBJECTIVES OF STUDY**

The purpose of the case study is to inform banks and banking regulators/representative bodies/partners including the National Bank of Cambodia (NBC), the Association of Banks in Cambodia (ABC), alcoholic beverage production and distribution firms, the Council for Development in Cambodia (CDC), Ministry of Economy and Finance, CSOs, academia/think tanks on the necessity for integration and implementation of ESG principle in Cambodian bank's policy, the regulation from the national bank of Cambodia and other related regulators, in order to minimize negative impacts and to maximize positive impacts for their investment decision in this alcoholic beverage business.

The objectives of the study are:

- To analyze economic and social impacts (negative and positive) of alcoholic beverage consumption among the under-age and women groups in Cambodia.
- To have an in-depth understanding of financial flow within alcoholic beverage business in Cambodia.
- To assess Cambodian bank's policy and policy gap with the integration and enforcement of ESG principle for investment decision in alcoholic beverage business sector.
- To organize bank policy dialogue with banking regulators/representative bodies/partners for advocating for banks to have their safeguard policy (with integration of ESG principle) for their investment in alcoholic beverage sector.
- To disseminate the findings to public and to collaborate with CSOs, who has been working on the topic in order to achieve social and behavior changes.

### **2.2. SCOPE, LIMITATION, AND CHALLENGES**

The study looked at the two imperative sides of the alcoholic beverage business. At the demand side – consumer – the study analyzed the impacts – positive and negative – resulted from the alcoholic beverage consumption on the economic and social aspects in Cambodia, with the emphasis on the under-age and women groups. At the supply side – producer and seller – it was to have an in-depth understanding on the financial flow and business conduct within alcoholic beverage business in Cambodia, putting the focus on production, marketing, and distribution. In between, the study also assessed roles of the third party who may have their influence. It was to assess policy and policy gap with the integration and

enforcement of ESG principle of banks operating in Cambodia, for investment decision in alcoholic beverage business sector. And, correlating with this, the study also explored the necessity and status of law, regulations or mechanism development and implementation, relating to alcoholic consumption.

The secondary data is in a good amount and collected from diverse sources. However, the primary data could only be representing its small sampled respondents, due to the time and financial resources constraint, but it could not be generalized to represent Cambodia society as the whole. In particular, it is hard to represent the banks and alcoholic beverage manufacturing companies since the study did not get their engagement at all albeit invitation was sent off to them with a number of follow up emails and phone calls.

Given the fact that many different types of respondent are not the target beneficiaries or partners of FFC or CCC, except some NGOs, the study had a greatest challenge in getting the engagement from them. Through the snowball technique, the study team, divided to small groups approached general population from the selected locations in Phnom Penh, in particular. Once the study team member(s), one female and one male, reached anyone, it was necessary to make a conclusion on their age, for a male, before interviewing him/her. It took time for study team member(s) to build rapport with anyone who agreed to be interviewed. Knowledge of respondents varies. Some of them need time to recall their memory for some questions, while some others are careful, before giving response. Some felt strange on the study and not fully confident in giving their response although the study team strived to continually build rapport, explained clear objective and purpose of the study, as well as assured their confidentiality. Amongst the three major types of respondent, garment workers were hard to get reached and reluctant to join the interview or provide response, compared with construction workers and students. Most of them rejected not to join the interview during the lunch and evening break, because they're in hurry to start their afternoon work and travel home. A few of them whom we reached at home rejected not to joint either, by saying that they are busy with food preparation or do not have any idea about the study topic.

Using the contacts from CCC, official emails were sent off by CCC to CCC NGO members, Provincial NGO Networks, other NGOs and NGO alliances, and embassies. Other emails containing the same invitation and commissioned letter were sent to selected banks, alcoholic beverage manufacturing companies, research institutions, researchers, and scholars. A number of printed invitations were sent off by CCC to selected government institutions, National Bank of Cambodia, and the Association of Banks in Cambodia. Clear description on the objective of the study, and the commissioned team that coordinates the study were provided. Adequate timeline, over than two weeks, was provided. A number of follow up emails and phone calls from the study team were sent and carried out with the respective institution.

The result was not so good. Some NGOs, many embassies, some government institutions, many banks, and alcoholic beverage manufacturing companies did not react to the official invitation and follow up emails or phone calls. Staff of some NGOs said that they left the organization or a few contacts are out of date. One bank reacted to the email and rejected not to join the study due to their internal policy restriction. Staff of a few banks and companies said that they are going to follow up with their bosses, but they never come back, albeit the timeframe for their engagement was extended for other weeks.

### **2.3. Data Collection Method and Analysis**

Taking place between December 2021 through 18 February 2022, the study collected data from two sources. Statistics, study reports, empirical research reports, journals, policy papers, policies, and reports for various sources, including the governments, CSOs, banks, companies, research institutions studies and were gather and used as the secondary source. Primary data was gathered from individual online survey, face-to-face and virtual Key Informant Interview (KII).

While the focus was on the underage (<18-year-old) and women group, the study got the engagement from other groups of general population, regarded as consumers. In sum, over 320 respondents shared their inputs. Of which, female represents 69%, while male represents 30% and the remaining is for other sex. Likewise, almost 70% of 60 stakeholders are female respondents of the study. Under 18-year-old and between 18 and 25-year-old represent 39% and 31%, respectively. Ages of 26 to 35 come at the third biggest group of the respondents. The remaining group is with the ages of 36 to >64-year-old.

Over 320 respondents joint the study – either online survey or face-to-face and virtual interview. Of this number, 327 are general population (female and minors) and 63 are regarded as stakeholders from Business Association, Development Partners, Government Institutions, Research Institutions, Scholars, Teachers, Lecturers, Provincial NGO Networks, NGOs, CCC NGO members. In addition to this, the study got three leaders from a banking regulator institution. The study invited some banks and alcohol beverage companies to join. But none of them contributed.

Upon the research questions, guided by the ToR of the study, questionnaires were developed for different groups of respondents, and deployed in the Google Form for the Online Survey. The same questionnaires, with some modification were used for the KII.

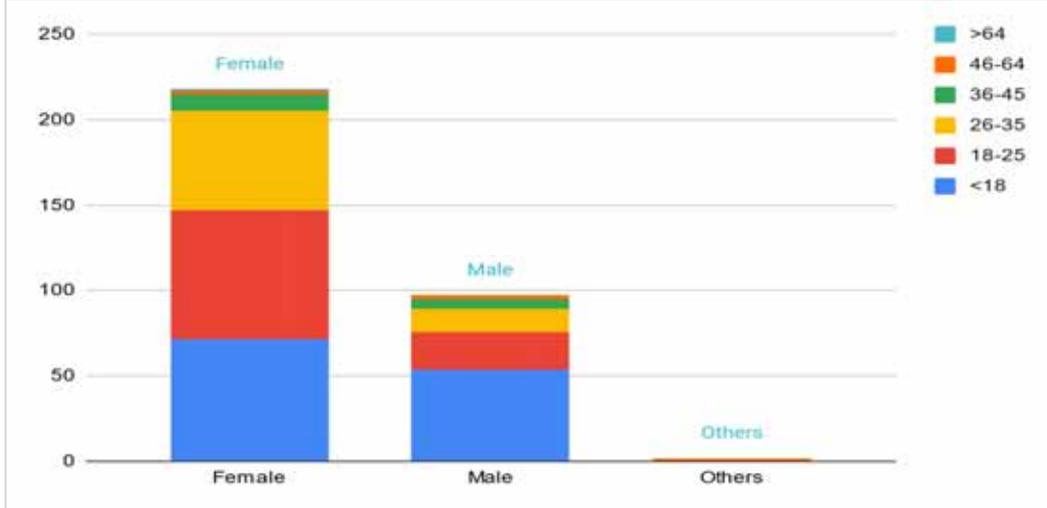
Data was automatically generated from the Google Form into the Google Sheet, and Excel spreadsheet for the analysis. Data analysis framework was used. Regular reflection of the survey team took place, latest every 3-days. Upon completing the first round and the final round of the data collection, data analysis by the survey team took place. Data from both sources, and different respondents were triangulated and synthesized. Graphs, charts and tables were developed to support the narrative part. The preliminary findings were shared with CCC SMT and reflected with its back donors, and their comments and feedback were incorporated to for the revised version. A later version was presented to relevant stakeholders, most of them shared their inputs to the primary data collection. Feedback derived from an inclusive validation workshop organized virtually on xxx[date] was incorporated to develop a final version of the case study report.

### **2.4. SAMPLE AND SAMPLE SIZE: DEMOGRAPHY OF RESPONDENTS**

#### **Sex and Age**

While the focus was on the underage (<18-year-old) and women group, the study got the engagement from other groups of general population, regarded as consumers. In sum, over 320 respondents shared their inputs. Of which, female represents 69%, while male represents 30% and the remaining is for other sex. Likewise, almost 70% of 60 stakeholders are female respondents of the study. Under 18-year-old and between 18 and 25-year-old represent 39% and 31%, respectively. Ages of 26 to 35 come at the third biggest group of the respondents. The remaining group is with the ages of 36 to >64-year-old.

Figure 1: General population respondents by sex

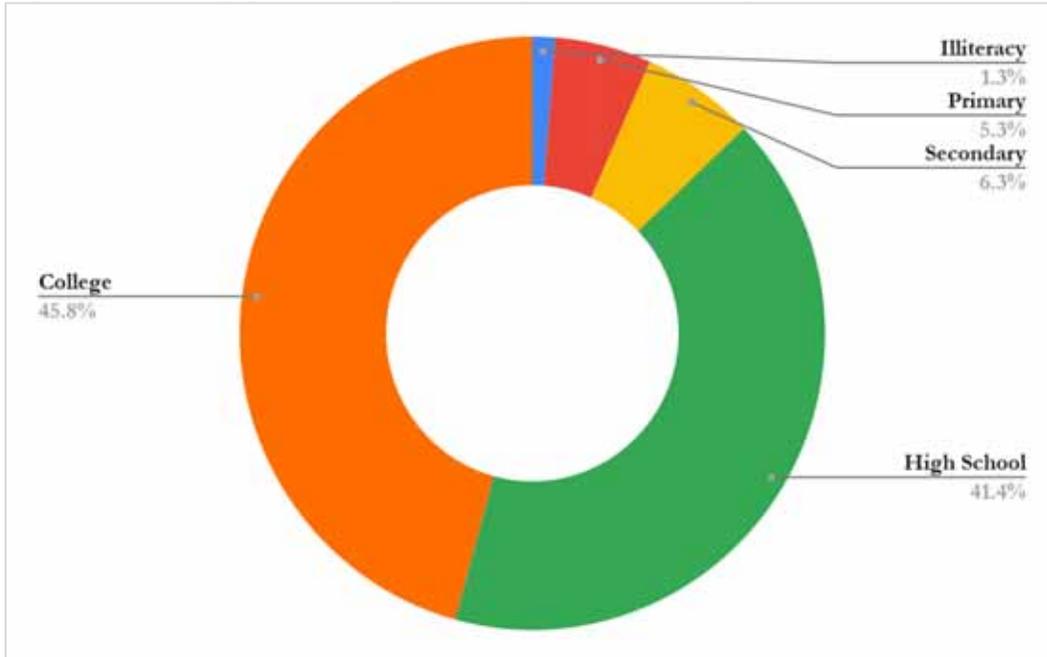


Source: Calculated by the author, based on primary data (n=319)

### Educational Background and Marital Status

Specifically, for the general population, almost half (49%) of the respondents have the college educational level. This is followed by 41% who completed or are studying at high school. Other 12% of the respondents are at secondary school (6%), primary school (5) or illiterate (1%), respectively. Relating to marital status, a vast majority (83%) of the respondents are single. A proportion of a marriage respondents is 16%, while those who divorced is minimal, 1%.

Figure 2: General population respondents by educational background

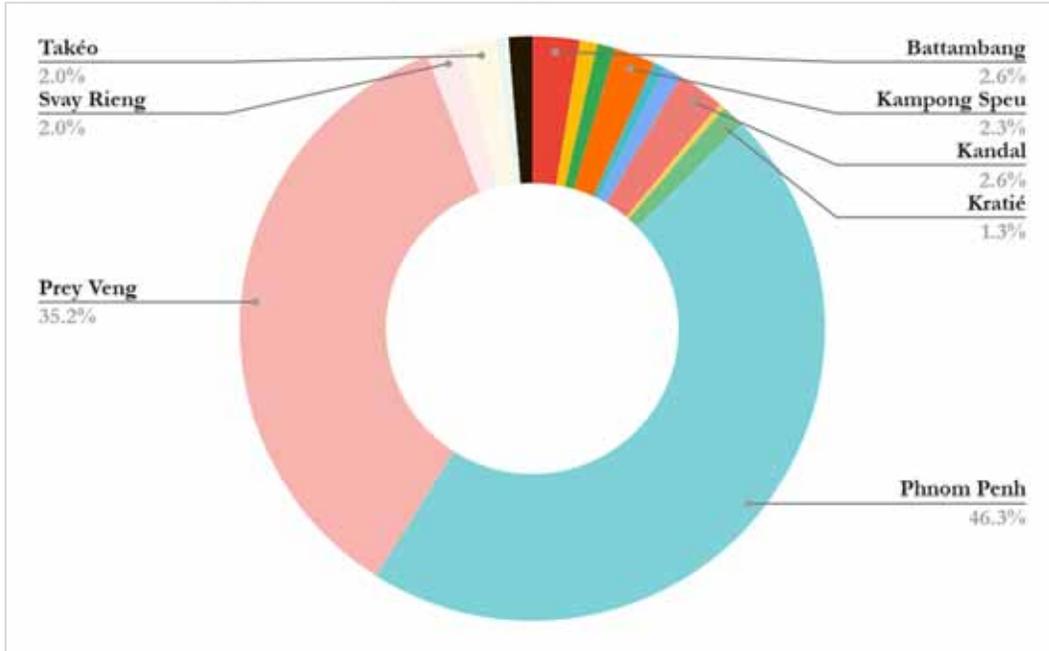


Source: Calculated by the author, based on primary data (n=319)

**Geographic Location: Permanent Resident**

With their permanent resident address, the respondents are from different 7 provinces and 1 capital city. Almost half (46%) of them are from Phnom Penh, capital city, followed by Prey Veng province at 35%, and the rest are from Takeo, Svay Rieng, Battambang, Kampong Speu, Kandal, and Kratie provinces.

Figure 3: General population respondents by permanent residence

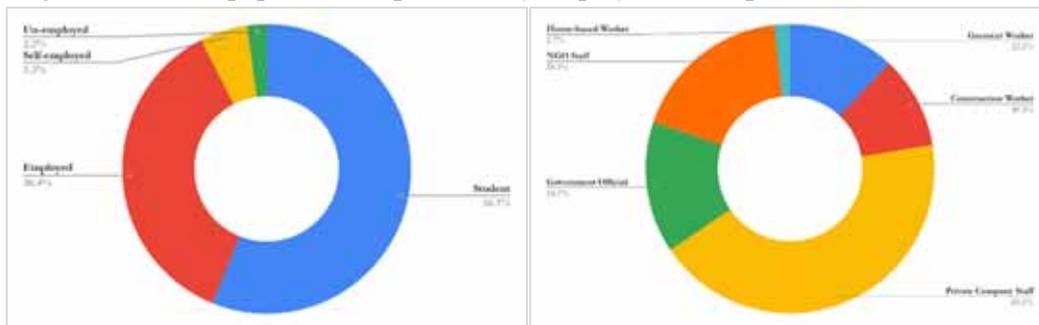


Source: Calculated by the author, based on primary data (n=319)

**Employment and Position**

General population represent a variety of the employment and position. Student comes at the top, in which this group represents more than half (56%) of the total respondents, followed by 36% who are being employed, 5% who are self-employed, and 2% who are not working or un-employed. Amongst the employed respondents, the private company staff represent almost half (43%), followed by NGO staff (18%), government officials (15%), and garment workers (12%), and construction workers (10%).

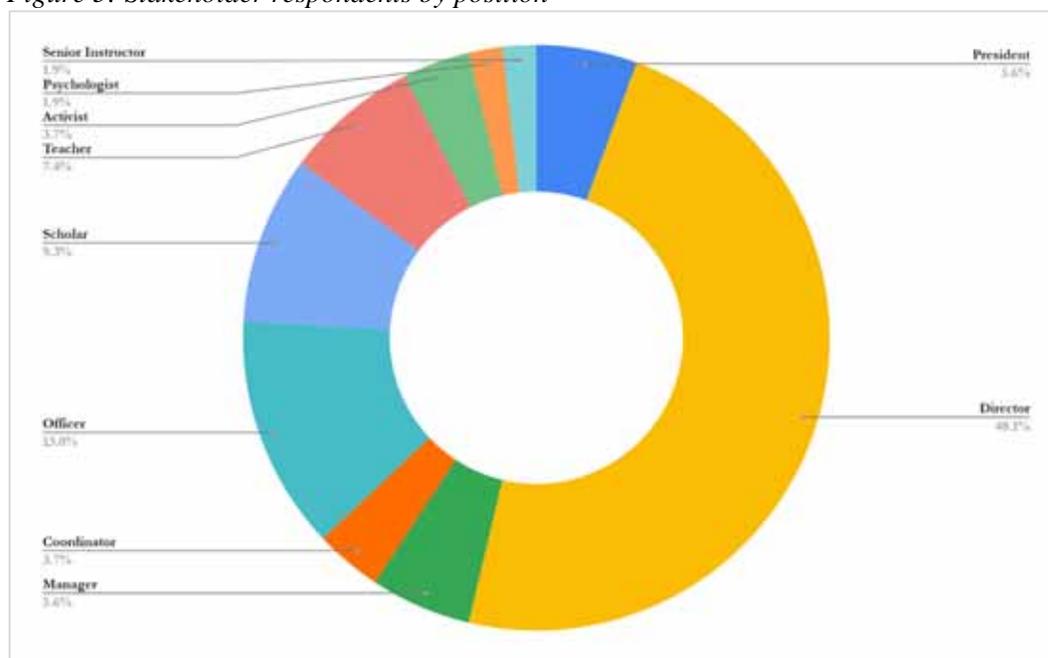
Figure 4: General population respondents by employment and position



Source: Calculated by the author, based on primary data (n=319)

In addition to this group of respondents, amongst the 60 stakeholders, 72% are from NGOs (domestic and foreign) and provincial NGO networks, followed by freelancer/researcher at 19%. Respondents from the government institutions represent 4%, while the university, school, foreign government institution/embassy, training institution, and research institution represent 4%, 4%, 2%, 2%, 2%, and 4%, respectively. The position of director represent almost half (47%), followed by officer 13% and president and manager 6%, and coordinator 4%, respectively. Particularly, the scholar represents 9%, teacher represents 7%, activist represents 4%, senior instructor 2%, and psychologist 2%.

Figure 5: Stakeholder respondents by position



Source: Calculated by the author, based on primary data (n=319)

### 3. FINDINGS AND DISCUSSION

#### 3.1. ALCOHOLIC BEVERAGE INDUSTRY IN CAMBODIA: FINANCIAL FLOW AND INVESTMENT TREND

Over the past two decades, Cambodia has undergone a significant transition, reaching lower middle-income status in 2015 and aspiring to attain upper middle-income status by 2030. Driven by garment exports and tourism, Cambodia's economy has sustained an average annual growth rate of 7.7 percent between 1998 and 2019, making it one of the fastest-growing economies in the world.<sup>1</sup>

Cambodia has experienced an extended period of strong economic growth, with average annual gross domestic product (GDP) growth hovering at seven percent over the last decade, driven by growing exports (particularly in garment and footwear products), increased investment, and domestic consumption. Tourism is another large contributor to growth, with tourist arrivals reaching 6.61 million in 2019. Cambodia's GDP per capita

<sup>1</sup> <https://www.worldbank.org/en/country/cambodia/overview#1> (Accessed 22 February 2022)

stood at \$1,674 in 2019, while the average annual inflation rate was estimated at 3.2 percent.<sup>2</sup>

### 3.1.1. Investment Growth

Cambodia transformed from a centrally planned to a market economy integrated into regional and global trade regimes 1990s. Cambodia became a member the World Trade Organization (WTO) in 2004. The country has a Most Favored Nation status and Generalized System of Preferences program benefits, including Everything But Arms program benefits concerning trade activities with other countries. Its membership of the Association of Southeast Asian Nations (ASEAN) fosters economic cooperation, social progress, and cultural development among ASEAN members.<sup>3</sup>

The Cambodian economy is powered by private sector businesses.<sup>4</sup> Cambodia is currently an attractive business destination for several reasons, including its open market economy and ongoing initiatives to improve transparency, accountability, and effectiveness in the business sphere.<sup>5</sup> Cambodia's Law on Investment and Amended Law on Investment offers varying types of investment incentives.<sup>6</sup> Cambodia's economic freedom score is 57.1, making its economy the 106th freest in the 2022 Index. Cambodia is ranked 21st among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.<sup>7</sup> In 2015, there were 513 760 corporations in Cambodia. There are fewer state-owned enterprises in Cambodia than in many neighbouring countries.<sup>8</sup>

Investment value in Cambodia increased year by year, since 2012. Practically, it increased from US \$2.9 Billion in 2012 to US\$3.6 Billion in 2016 and continued to increase 75% in 2017, despite slightly increase 2% in 2018. Remarkable increase in 2019 was 45% compared to 2018. Over the five-year period, invested capital by local investors accounted for approximately 35% of total investment.<sup>9</sup> The majority of committed investments were in the industrial and infrastructure sectors which together accounted for 53% of total investments in the last five years followed by tourism sector 41% and agriculture sector 6%. The data only reflects that of qualified investment projects according to the Law on Investment, thus, excludes investments that are not eligible for investment incentives in sectors such as Banking, Insurance, and Construction.<sup>10&11</sup>

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<sup>2</sup> <https://www.state.gov/reports/2020-investment-climate-statements/cambodia/> (Accessed 20 February 2022)

<sup>3</sup> <https://www.acclime.com/doing-business/cambodia/> (Accessed 22 February 2022)

<sup>4</sup> <https://www.oecd.org/daf/ca/Corporate-Governance-Frameworks-Cambodia-Lao-PDR-Myanmar-Viet-Nam.pdf> (Accessed 20 February 2022)

<sup>5</sup> <https://www.acclime.com/doing-business/cambodia/> (Accessed 22 February 2022)

<sup>6</sup> <https://www.state.gov/reports/2020-investment-climate-statements/cambodia/>  
<https://www.worldbank.org/en/country/cambodia/overview#1> (Accessed 20 February 2022)

<sup>7</sup> <https://www.heritage.org/index/country/cambodia> (Accessed 25 February 2022)

<sup>8</sup> <https://www.oecd.org/daf/ca/Corporate-Governance-Frameworks-Cambodia-Lao-PDR-Myanmar-Viet-Nam.pdf> (Accessed 20 February 2022)

<sup>9</sup> <http://www.cambodiainvestment.gov.kh/why-invest-in-cambodia/investment-environment/investment-trend.html> (Accessed 25 February 2022)

<sup>10</sup> <http://www.cambodiainvestment.gov.kh/why-invest-in-cambodia/investment-environment/investment-trend.html> (Accessed 10 February 2022)

<sup>11</sup> <http://www.cambodiainvestment.gov.kh/why-invest-in-cambodia/investment-environment/investment-trend.html> (Accessed 10 February 2022)

The vision stated in the Cambodian Industry Development Policy (CIDP) 2015-2025 - to transform and to modernize Cambodia's industrial structure from a labor-intensive to a skill-based industry by 2025, with the target to increase the GDP share of industry sector to 30% among which a GDP share for the manufacturing to 20% by 2025, from 15.5% in 2013. To achieving such vision, the government focuses on promoting investment climate and expansion and modernization of SMEs (RGC, 2015).

### **3.1.2. Alcoholic Beverages Business Growth**

An influx of 15,000 - 20,000 UN personnel flowed into Cambodia in 1992, has attracted a number of overseas beer companies, including Carlsberg, Heineken, Budweiser, Fosters, San Miguel, and Interbrew, and subsequent local beer companies, such as Cambodian Breweries (CamBrew), to start their business in the country (CARE, 2005).<sup>12</sup> In alcoholic production, the introduction of a market economy has resulted in the Royal Government of Cambodia's privatization of many state-owned small and medium enterprises (SMEs). Unprofitable enterprises including breweries were targeted as a strategy to enhance their effectiveness and efficiency. Many local residents and foreigners were attracted to invest in alcohol product manufacturing and as a consequence the scale and volume of alcohol production in Cambodia has increased alongside an advertising industry to create market demand (Asia Foundation, 2016).

Along with the increased establishment of private sector, there was a 29.0% increase in total number of SME factories between 2005 and 2011. Beverage was one amongst the three – food, beverages and tobacco – largest sectors that account for approximately 83.8% in 2011 of the total.<sup>13</sup> Reflecting the 34.1%<sup>14</sup> increased rate, the establishment significantly increased since then. As of June 2020, there are 10 breweries and beverage plants in Cambodia, include Ana Water and Smiler Beverage Co Ltd, Asian Sunrise Co Ltd, Cambodia Brewery Ltd, Cambrew Ltd, Daun Penh Food and Beverage Co Ltd, Khmer Beverage Co Ltd, Far East Import Export Co Ltd, Kingdom Breweries (Cambodia) Ltd, Media GB Enterprise Co Ltd, and Phnom Penh Beer Co Ltd.<sup>15</sup> Six companies are the beer brewery out of total 16 companies.<sup>16</sup> With the continual investment capital over the years, the production capacity has increased over years.

#### **3.1.2.1. Production**

Between 2010-2012, altogether the four large producers kept the production record at about 130+ million litres per annum (Asia Foundation, 2016). Adding to this, there was an increase in spirit and wine production by small local producer, in which the spirit production increased from 3.27 million litres in 2012 to 3.61 million litre in 2015 (Asia Foundation, 2016).

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<sup>12</sup> <https://studylib.net/doc/8020578/beer-promotion-in-cambodia---business-and-human-rights-reso...> (Accessed 20 February 2022)

<sup>13</sup> [https://www.jica.go.jp/cambodia/english/office/others/c8h0vm000001oaq8-att/investment\\_01.pdf](https://www.jica.go.jp/cambodia/english/office/others/c8h0vm000001oaq8-att/investment_01.pdf)

<sup>14</sup> [https://www.jica.go.jp/cambodia/english/office/others/c8h0vm000001oaq8-att/investment\\_01.pdf](https://www.jica.go.jp/cambodia/english/office/others/c8h0vm000001oaq8-att/investment_01.pdf)

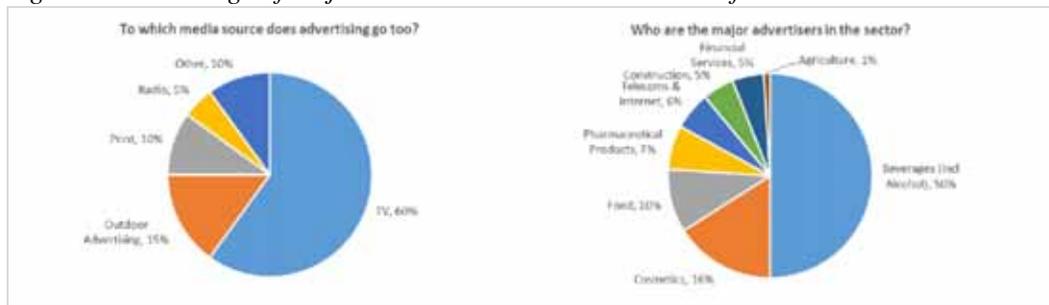
<sup>15</sup> <https://www.phnompenhpost.com/business/vattanac-launch-87m-brewery>

<sup>16</sup> [https://www.jica.go.jp/cambodia/english/office/others/c8h0vm000001oaq8-att/investment\\_01.pdf](https://www.jica.go.jp/cambodia/english/office/others/c8h0vm000001oaq8-att/investment_01.pdf)

### 3.1.2.2. Advertisement (Marketing)

Companies use various marketing methods from electronic to print media to boost their sales, increase market share and strengthen their long-term profitability. The beverages sector is the dominant advertising sector and accounts for 50% of total advertising, top of other five sectors (Asia Foundation, 2016). TV advertising is the most dominant type of advertising in Cambodia. TV reaches a wider population than other forms of media and is relatively cheap. The majority of advertising (60%) is on national TV. An additional 15% of advertisements are on outdoor billboards, while print media, radio and others types of media account for 15 and 10% respectively (Asia Foundation, 2016). It is estimated that the total advertising revenue that the top ten TV channels in Cambodia generated was around US \$100 million per year in 2015. Beverages, including alcohol, accounted for 50% of the total. It is estimated that advertising revenues will exceed US \$100 million per year in the coming years (Asia Foundation, 2016).

Figure 6: Percentage of major advertisers and media sources for advertisement



Source: (Asia Foundation, 2016)

### 3.1.2.3. Distribution

Large local producers and large importers have increasingly emerged in the alcohol industry in Cambodia. Alcoholic beverages have been widely distributed across Cambodia. Large local producers and importers distribute and sell alcohol to exclusive distributors, nonexclusive wholesalers/wholesalers, and to on-premise retailers. According to the latest Cambodian Commune database, in 2010 Cambodia had over 9,600 alcohol refinery operations in the country. Ranking between 22 and 1,200, at least twelve provinces have over 400 refinery places in its jurisdiction (Asia Foundation, 2016).

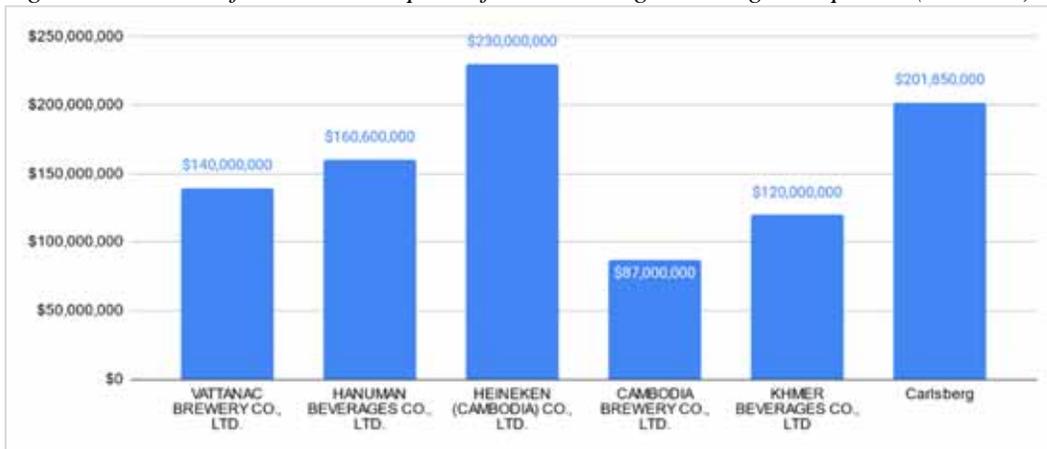


transactions is both beneficial to the customer and the bank. However, maximizing utilization of the bank account to meet customer needs is still in its infancy.<sup>20</sup>

There has been a surge in FDI inflows to Cambodia in recent years. Though FDI goes primarily to infrastructure, including commercial and residential real estate projects, it has also recently favored investments in manufacturing and agro-processing. FDI reached \$42 billion in 2019 in terms of fixed assets, up from \$38.5 billion in 2018. Investment into Cambodia is dominated by China, and the level of investment from China has surged especially the last five years. Cambodia reports that its stock of FDI from China reached \$16.6 billion by the end of 2019. Other major sources of FDI's stock in Cambodia include South Korea (\$4.7 billion), United Kingdom (\$3.8 billion), Malaysia (\$2.7 billion), and Japan (\$2.4 billion), through 2019. In 2019 alone, Chinese investment in Cambodia reached \$1.3 billion, followed by Hong Kong (\$913 million), and the United Kingdom (\$822 million).<sup>21</sup>

Investment of the sector is on the rise. While the existing production continues to grow, new companies have come to the market segment with higher investment capital. Through the unvalidated data, collected from different sources, showed the total capital of the major beverage companies reached almost US \$1 billion.

Figure 8: Amount of investment capital of selected large beverage companies (2018-20)



Source: Data extracted from various sources (unvalidated figure), calculated by author

### 3.1.4. Responsible Business Conduct

Given the fact that the term might mean different things to different people and the focus has been shifting from RBC to CSR to ESG, which includes environmental, social and governance, alongside financial considerations.<sup>22</sup> The study explored the perception from sampled general population, and stakeholders on general business conduct, by asking “to what extent do they agree that alcoholic beverage companies have adopted business conduction in their business operation?”, looking from the result-based (impact)

<sup>20</sup> <https://www.ifc.org/wps/wcm/connect/a4e68469-c5ec-4feb-8835-9d1c67b39622/Cam+SME-Financial+Services+and+Products.pdf?MOD=AJPERES&CVID=j2M72Jw> (Accessed 20 February 2022)

<sup>21</sup> <https://www.state.gov/reports/2020-investment-climate-statements/cambodia/> (Accessed 20 February 2022)

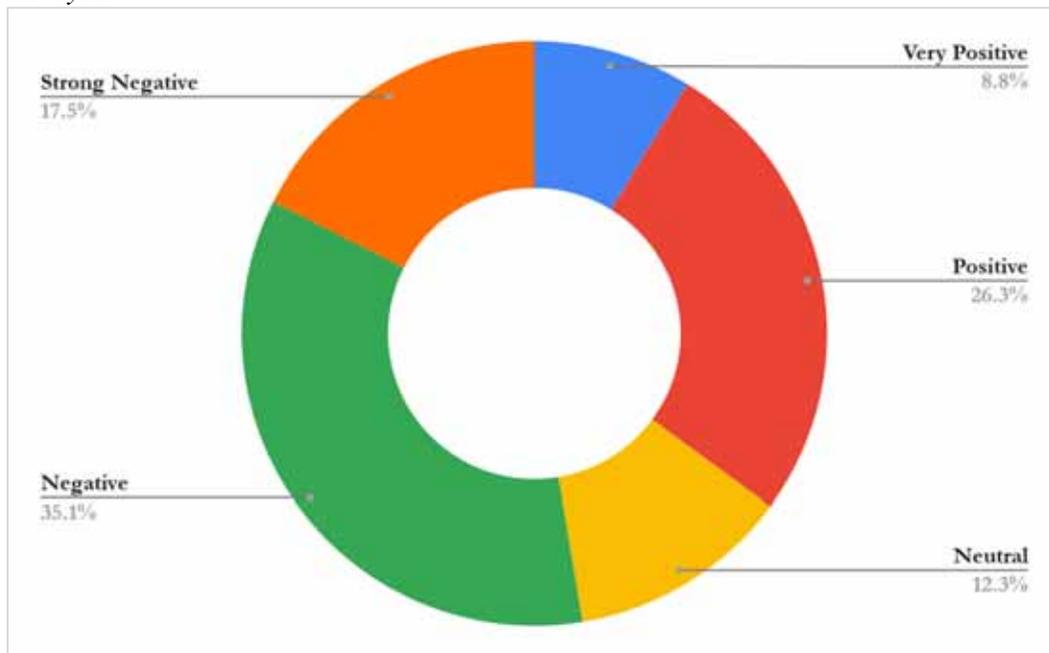
<sup>22</sup> <https://www.khmertimeskh.com/50975094/csr-in-cambodia-supporting-society-sustainably-and-skills/> (Accessed 20 February 2022)

perspective. Such a subjective assessment, strived to get response from the companies of concern, but unfortunately this did not happen.

Literatures suggested that although, it is growing awareness CBS/CSR among businesses in Cambodia, but still small. The government does not have explicit policies to promote them. RBC and CSR programs are mostly found at larger and multinational companies in the country.<sup>23</sup> A study which focused on SMEs in Cambodia, found that of the enterprises that prepare financial records (59%), the overwhelming majority (84%), have informal financial records.<sup>24</sup> SME owners do not want others to know about the financial status of their company. Given the size and nature of SMEs, owners do not consider that spending money on qualified internal or external accounting assistance is a good use of their funds.<sup>25</sup>

According to the surveyed respondents, over half (68%) of them generally perceived that the business conduct of companies in Cambodia is relatively poor (42.11%) or very poor (26.32%), respectively. While about 24.7% said that they don't know, only 5% rated as good and 2% rated as excellent. Amongst the same respondents, over half (52.60%) thought the such a current conduct bring a relative negative (35.1%) or strong negative (17.5%) impact on their business to their clients or society.

*Figure 9: Perspective toward the influence of business conduct of alcoholic beverage manufacturing and distribution companies on the alcoholic consumption by stakeholders surveyed*



Source: Calculated by the author, based on primary data (n=317)

<sup>23</sup> <https://www.state.gov/reports/2020-investment-climate-statements/cambodia/> (Accessed 20 February 2022)

<sup>24</sup> Informal records refer to profit and loss only.

<sup>25</sup> <https://www.ifc.org/wps/wcm/connect/a4e68469-c5ec-4feb-8835-9d1c67b39622/Cam+SME-Financial+Services+and+Products.pdf?MOD=AJPERES&CVID=j2M72Jw> (Accessed 20 February 2022)

Such a subjective perception from outsiders, not from the companies themselves, might reflect the reality they have observed or seen through the strategy used by the companies to bring their product to the market, of that the way of the advertisement, low quality of the product, lower price of the production, and too much profit oriented, are determinant factors. Taking a side, this perception needs confirmation and validation from relevant sources, especially alcoholic beverage companies, otherwise such assessment could not be representing the fact, alone. Nonetheless, perceptions which could be summarized as below, as some put:

*We can say that the company is ethical, but obviously they always add rewards to customers, or those companies are always looking for ways to sell their products.*

*Alcohol advertising seems to be widespread, making it highly attractive to consumers, companies are not socially and environmentally responsible.*

*We do not know and do not study in depth in this area, just hear that they drop the water for money, because we do not know if the production is the right standard or not.*

*Products are much focusing in quantity, not so much in terms of quality and safety.*

*I think the main problem is on state institutions. If state institutions tighten, the company does not dare to do anything abusive. In addition, the company thinks of competing to get more attention and sales to make a profit, which affects the aesthetics and social ethics. Alcohol is distributed to minors, which is not fair. Not to mention the side effects, but encourages the use of alcohol in addition to rewards.*

*I see it as immoral at all, they show everything without regard to the negative effects on society, such as using children to perform with this alcohol. We do not see any publicity about the impact as well as the value of society, but take beer as a national pride. The leaders are urging the people to use more.*

*Attracting people to drink more alcohol, there is no mechanism to take responsibility for social, economic, citizens, public health. The company uses illusory and profiteering advertisements, such as rewards and advertising in public places, places of culture and civilization. In addition, we have not seen any discussion of this code yet.*

*When companies do not adhere to business ethics, they focus on their profits. In addition, the increase in bonuses and the sale at a cheaper price, the quality of beer is less, making drinkers more susceptible to diseases that affect the health of human resources in society.*

### 3.2. BANK SAFEGUARD POLICY AND ESG INTEGRATION RELATING TO ALCOHOLIC BEVERAGE BUSINESS

The financial sector has undergone a rapid transformation, with more financial products being developed and introduced.<sup>26</sup> The National Bank of Cambodia (NBC) regulates the operations of banking systems in Cambodia. Foreign banks and branches are freely allowed to register and operate in the country. There are 44 commercial banks, 14 specialized banks (set up to finance specific turn-key projects such as real estate development), 74 licensed microfinance institutions, and seven licensed microfinance deposit taking institutions in Cambodia. NBC has also granted licenses to 12 financial leasing companies and one credit bureau company to improve transparency and credit risk management and encourage more lending to small-and medium-sized enterprise customers.<sup>27</sup>

Domestic lending has expanded in recent years. In 2015, the amounts lent by banks registered in Cambodia increased in value by approximately 33% over the previous year, and in 2016 and 2017 this increase in value was 15%. Cambodia's legal framework allows relatively unrestricted local and foreign lending and the overall growth outlook for Cambodia remains positive.<sup>28</sup>

#### 3.2.1. Overview and Trend of ESG Integration in Banking Sector

ESG factors have become an important part of global investment decisions (ADB, 2020). It is not exceptional for the bank. Why is it important to embed ESG in bank? Learning from the current COVID-19 outbreak, many environmental and social issues *are* closely interlinked with economic stability and that these can have an impact on company bottom lines.<sup>29</sup> This is why it is important that the financial system — which serves as the resource backbone for businesses — steps up and acts responsibly by implementing a culture and approach that embeds ESG concerns and factors into its operating culture.<sup>30</sup> One of the ways businesses can do this well is by embedding environmental, social and governance (or ESG) factors into their approaches, operations and systems. As a set of standards investors use to assess a company's operations and gauge potential investments, ESG has been serving as a trusted barometer for sustainability. When banks invest in these criteria, they can move one step closer to becoming the kind of socially and environmentally conscious institutions their stakeholders want.<sup>31</sup>

ESG integration continued to grow in 2014–2018. The annual growth rate of ESG integration was about 24%, to which Europe and the US were the largest contributors. In Asia, including Japan, ESG integration investment strategies are still in their early stages, with high potential for growth. This trend is apparent, which shows the impressive growth rates of sustainable investing assets for Asia excluding Japan (16%) and Japan (6,690% or

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<sup>26</sup> <https://documents1.worldbank.org/curated/en/403961467989523939/pdf/104756-REVISED-PUBLIC-Final-CEU-April-2016-English.pdf>

<sup>27</sup> <https://www.state.gov/reports/2020-investment-climate-statements/cambodia/>

<sup>28</sup> [file:///C:/Users/USER/Downloads/Cambodia-Investment-Guide-2020\\_DFDL-Legal-Tax-Investment-Expertise.pdf](file:///C:/Users/USER/Downloads/Cambodia-Investment-Guide-2020_DFDL-Legal-Tax-Investment-Expertise.pdf)

<sup>29</sup> <https://www.forbes.com/sites/forbestechcouncil/2021/11/24/why-esg-should-be-embedded-in-banks/?sh=25855971b5c0> (Accessed 09 February 2022)

<sup>30</sup> <https://www.forbes.com/sites/forbestechcouncil/2021/11/24/why-esg-should-be-embedded-in-banks/?sh=25855971b5c0> (Accessed 09 February 2022)

<sup>31</sup> <https://www.forbes.com/sites/forbestechcouncil/2021/11/24/why-esg-should-be-embedded-in-banks/?sh=25855971b5c0> (Accessed 09 February 2022)

67 times larger) in 2014–2016 (ADB, 2020). In 2019, the ASEAN member countries developed a framework to help financial institutions and investors better understand the risks to their portfolios and make sound sustainable financing decisions, which are aligned with international benchmarks. Such an ASEAN Taxonomy acts as a map to help guide capital towards activities that can promote the transition of activities in the real economy onto a more sustainable footing.<sup>32</sup>

ASEAN Member States have varying levels of ESG investment development and policy implementation. While awareness of ESG investment has been increasing substantially in recent years, much progress still has to be made in moving beyond awareness building to the practical development and implementation of ESG frameworks. ESG disclosure and transparency have been improving. This is more apparent in ASEAN Member States where changes in policies, regulation, and guidelines have been actively promoted and driven by stakeholders in the private and public sectors, such as civil society or government-led initiatives (ADB, 2020).

While the trends of and efforts to promote ESG investment are significant and encouraging, challenges remain for Asian entrepreneurs. A study suggested that many Asian firms have not fully integrated ESG investment into their core business strategies and suffer from inadequate support from the public sector. The link between ESG investment and achievement of the SDGs is still weak. Further progress by firms, exchanges, and policy makers is particularly important. These challenges should be tackled urgently to take advantage of the growth potential of ESG investment. (ADB, 2020)

Observed by the same study, it showed firms still consider ESG investment unnecessary or even burdensome. Many investors and even policy makers do not understand the importance of ESG investment. Despite increasing demand for sustainable and impact investment solutions and a growing body of evidence to support the effectiveness of ESG investment, particularly from a financial perspective, many investors are still unclear about the relationship between ESG investment and economic or real performance. (ADB, 2020)

### **3.2.2. Status of ESG Integration in Banks in Cambodia**

In April 2016, ABC, as a member of the Sustainable Banking Network<sup>33</sup> that works to advance sustainable finance for national development priorities, financial market deepening, and stability, amongst others, agreed to embark on a new initiative to develop and strengthen finance sector safeguards and risk management standards related to social and environmental impacts which are potentially created through the private sector. The decision was made to undertake a bottom up approach that is led and owned by the banks with support from international partners. The intent was to develop and design environmental and social standards which are appropriate for Cambodia.<sup>34</sup>

Subsequently, various efforts have been invested to impose ESG integration, coordinated by the Association of Banks in Cambodia (ABC). The National Bank of Cambodia (NBC)

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<sup>32</sup> <https://www.theacmf.org/images/downloads/pdf/ASEAN-Taxonomy.pdf> (Accessed 10 March 2022)

<sup>33</sup> [https://www.ifc.org/wps/wcm/connect/98ed795e-559a-496c-b76d-b89ddb8c2716/SBN\\_Brief+20210511.pdf?MOD=AJPERES&CVID=nBpj8ZX](https://www.ifc.org/wps/wcm/connect/98ed795e-559a-496c-b76d-b89ddb8c2716/SBN_Brief+20210511.pdf?MOD=AJPERES&CVID=nBpj8ZX) (Accessed 10 March 2022)

<sup>34</sup> <https://www.abc.org.kh/CSFI/about-csfi> (Accessed 09 February 2022)

highly supports these efforts, according to the interview with leaders from the banking regulators institution who joined this study.

Late 2016, the Cambodian Sustainable Finance Initiative (CSFI) was officially launched. The ABC's Sustainable Finance Committee was formed and has been functioning, to coordinate the development and strengthening of the local bank sectors risk management systems, standards and safeguards as related to environmental and social (E&S) risk (ABC, 2021). Early 2019, Cambodian Sustainable Finance Principles Implementation Guidelines<sup>35</sup> was developed and came to effective shortly, with the aim is to serve as a basis for the Cambodian banks and microfinance institutions (MFIs) in developing their own sustainable finance approaches, in line with the Cambodian Sustainable Finance Principles. All the 47 ABC's member banks signed the principles. This indicated that take into consideration environmental protection, preservation of Cambodia's unique culture, way of life, history and values, and support the sustainable livelihoods and education, health lifestyles of Cambodians (ABC, 2019).

Various capacity building activities and forums on ESG have been conducted recent years. According to ABC, at least 3 sustainable fora on "Sustainable Finance – Environmental Social and Governance (ESG) Requirements" were organized, of which the last one was on September 29, 2021.<sup>36</sup> Number of banks agreed on and committed to an E&S reporting template (ABC, 2021).

### **3.2.3. Integration of ESG in Bank Policy and Decision: Stock Taking**

According to the ABC, all the 47 member banks adopted the Sustainable Finance Principles (ABC, 2021). From the interview, representatives from the banking regulator institution expressed that they are optimistic on the progress we made so far in relation to ESG in the banking sector, although challenges continued to happen in which we have to tackle together, with the engagement from relevant stakeholders. In addition, they shared their observation that every bank has integrated ESG into their policy, albeit it varies across, depending on their knowledge and capacity. Amongst those, some banks prepared ESG report, Aceda Bank<sup>37</sup> and J Trust Bank, formerly known as ANZ Bank<sup>38</sup>, or implemented CSR activities, Vattanack Bank<sup>39</sup> and Hattha bank, formerly known as Hattha Kaksekar bank.<sup>40</sup>

*The environmental and social sustainability report puts, ACLEDA Bank fully subscribes to international conventions which prohibit the provision of credit to, or otherwise support, any activities which might harm the environment, be morally repugnant or jeopardise human rights. In particular the Bank has in place policies which forbid involvement with exploitative forms of forced or child labour, trade in weapons and munitions, gambling, casinos, brothels, regulated*

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<sup>35</sup> <https://www.ifc.org/wps/wcm/connect/8ce9ddc0-2422-4e69-aa8b-e4f3c8cc3eec/Cambodia+SF+Principles+-+Implementation+Guidelines.pdf?MOD=AJPERES&CVID=mGdMKuz> (Accessed 09 February 2022)

<sup>37</sup> [https://www.acledabank.com.kh/kh/eng/bp\\_sustainabilityreport](https://www.acledabank.com.kh/kh/eng/bp_sustainabilityreport) (Accessed 09 February 2022)

<sup>38</sup> <https://www.anz.com.au/about-us/esg/> (Accessed 09 February 2022)

<sup>39</sup> <https://www.vattanacbank.com/csr> (Accessed 09 February 2022)

<sup>40</sup> <http://hkl.com.kh/en/detail/view/78/37?ctype=article> (Accessed 09 February 2022)

*wildlife or wildlife products (CITES rules) and production or trade in radioactive materials or significant volumes of hazardous chemicals. Strict monitoring processes are in place which require customer contact staff to certify that any business we write conforms to these principles.*<sup>41</sup>

*HKL has not only incorporated social and environmental activities into its business and operations, but has also extended its areas of social responsibility to the communities. Hattha Kaksekar bank.*<sup>42</sup>

The study did not obtain any evidence from other banks, or perhaps data is not made available for the public, or the study did not reach the right places for the data, to enable the generalization that ESG is integrated in the policy and decision making relating to loan disbursement to clients, across the banks. This could be caused by the fact that the study did not get engagement from any banks invited. Thanks to stakeholders if any evidence would be provided to enable the validation.

### **3.2.4. Policy and Decision Making on loan relating to Alcoholic Beverage Business**

The study did not find any bank policy specifically mentioned on loan to any clients that run or will use loan to invest alcoholic beverage production, from the ESG perspective. Like the case stated in section 3.2.3 just above, the study team did not get engagement from any banks, and perhaps the study team did not reach the places where data has existed.

Regarding this ESG, the study asked respondents to share their observation or view toward ESG integration and decision making of the banks on loan disbursement to clients. From those whom the study did face-to-face interview, most of them were reluctant to reflect on this very subjective question. They felt it is far from their knowledge such internal policy or management. Similarly, reflecting the research question on “to what extent does the decision from banks influence over the business of alcoholic beverage companies?”, some of the respondents do not know, 29.8%. However, some (almost 40%) felt that the banks have high influence over the companies. These respondents explained that because the banks have money, so they have power to set conditions for their loan. While, amongst those (30%) said the power of the bank is low argued that the banks mainly focus on their profits. Regardless types of business of client, they disburse loan once their assessment shows high capacity of the client in repaying loan to the banks.

Using the power analysis framework,<sup>43</sup> it could be argued that the power of the banks is not dominated over the mega beverage companies. The capital of some banks is not adequate to provide loan to beverage companies whose capital is high, and the demand for loan is also high, beyond the capacity of the banks in Cambodia to offer. According to the legal requirement, the minimum registered capital for banking and financial institutions in Cambodia falls between 120,000,000,000 Riel (approximately USD 30 million) to 300,000,000,000 Riel (approximately USD 75 million)<sup>44</sup>. Amongst the top ten commercial banks in Cambodia, the highest capital is USD 7,300 million. With this capital that bank provides loan to over 500,000 customers. By mathematical calculation, an

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<sup>41</sup> [https://www.acledabank.com.kh/kh/eng/bp\\_sustainabilityreport](https://www.acledabank.com.kh/kh/eng/bp_sustainabilityreport) (Accessed 09 March 2022)

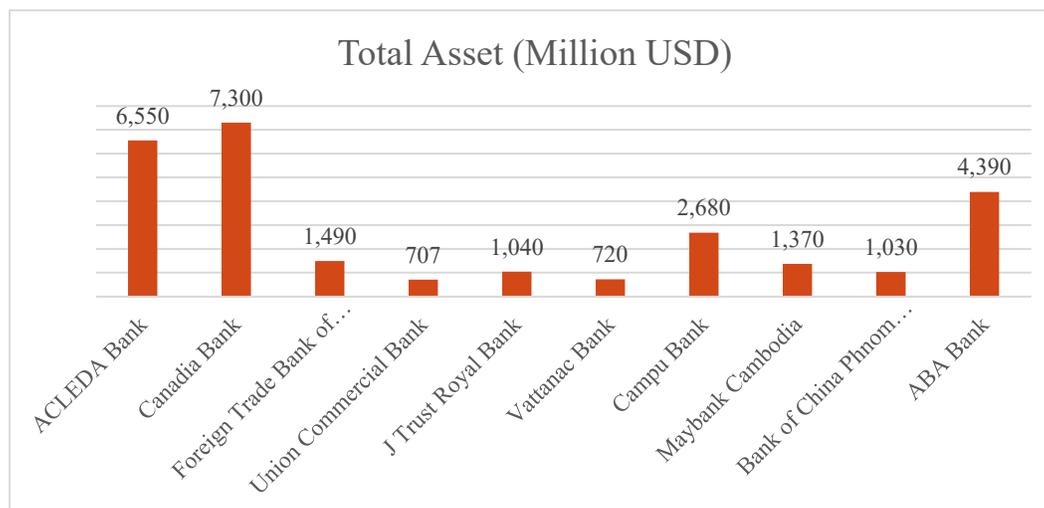
<sup>42</sup> <http://hkl.com.kh/en/detail/view/78/37?ctype=article> (Accessed 09 February 2022)

<sup>43</sup> <https://www.alnap.org/system/files/content/resource/files/main/Tiberghien%2C%202012.pdf>

<sup>44</sup> [https://www.nbc.org.kh/download\\_files/legislation/prakas\\_eng/7848B7-016-117-Pro.Kor\\_ENG.pdf](https://www.nbc.org.kh/download_files/legislation/prakas_eng/7848B7-016-117-Pro.Kor_ENG.pdf)

average loan disbursed to each customer is 14,600.<sup>45</sup> Similarly, average amount of loan per customer of the total 64,000 customers of the J Trust Royal Bank is USD 16,250.00,<sup>46</sup> while an average size of loan from the ACLEDA Bank is USD 15,277.07 amongst its 428,747 customers.<sup>47</sup> Such amount of loan to customers of these top 10 banks could be viewed that it does not meet the demand of beverage companies.

Figure 10: Asset of the top 10 banks in Cambodia



Source: Computed by author based on figures from Corporatefinanceinstitute<sup>48</sup>

The capital of some companies which has about USD 230 million. As presented in the section 3.1.3 above, several studies suggested that access to credit for private sector businesses in Cambodia remains low. To meet their demand, a number of Cambodian companies have taken loan from the Overseas Private Investment Corporation (OPIC).<sup>49</sup>

### 3.3. GOVERNMENT LAWS, REGULATIONS AND MECHANISM FOR ALCOHOLIC MANAGEMENT

#### 3.3.1. Necessity of Law on Alcohol Management

Law on alcohol management has not existed yet in Cambodia. Almost every respondent relating their perspective to the influence of law to regulate the cycle of the alcoholic usage: production, distribution, and consumption. They repeatedly suggested that such a law is necessary to be enacted and effective to regulate the alcohol in the country. Given various

<sup>45</sup> <https://www.canadiabank.com.kh/news/award-article-6>

<sup>46</sup> [https://jtrustroyal.com/media/1914/j-trust-royal-bank-annual-report-2020\\_en.pdf](https://jtrustroyal.com/media/1914/j-trust-royal-bank-annual-report-2020_en.pdf)

<sup>47</sup> [https://www.google.com/search?q=number+of+clients+of+acleda+bank&sxsrf=APq-WBuySWY31mGxAUS40n9dGiBxc4ID5g%3A1647314265205&ei=WQUwYtz5C63DmAXnoZeoDw&ved=0ahUKewicivHsk8f2AhWtIaYKHefQBfUQ4dUDCA4&uact=5&oq=number+of+clients+of+acleda+bank&gs\\_lcp=Cgdn3Mtd2l6EAMyCAghEBYQHRAeMggIIRAWEB0QHjICCEQFhAdEB4yCAghEBYQHRAeMggIIRAWEB0QHjoHCCMQsAMQJzoHCAAQRxCwAzoKCAAQRxCwAxDJazoHCCMQsAIQJ0oECEYYAEoECEYYAFDCC1jRY2DbaWgHcAF4AYA B8AGIAakbkgEHMjMuMTEuMZgBAKABAcgBCcABAQ&scient=gws-wiz](https://www.google.com/search?q=number+of+clients+of+acleda+bank&sxsrf=APq-WBuySWY31mGxAUS40n9dGiBxc4ID5g%3A1647314265205&ei=WQUwYtz5C63DmAXnoZeoDw&ved=0ahUKewicivHsk8f2AhWtIaYKHefQBfUQ4dUDCA4&uact=5&oq=number+of+clients+of+acleda+bank&gs_lcp=Cgdn3Mtd2l6EAMyCAghEBYQHRAeMggIIRAWEB0QHjICCEQFhAdEB4yCAghEBYQHRAeMggIIRAWEB0QHjoHCCMQsAMQJzoHCAAQRxCwAzoKCAAQRxCwAxDJazoHCCMQsAIQJ0oECEYYAEoECEYYAFDCC1jRY2DbaWgHcAF4AYA B8AGIAakbkgEHMjMuMTEuMZgBAKABAcgBCcABAQ&scient=gws-wiz)

<sup>48</sup> <https://corporatefinanceinstitute.com/resources/careers/companies/top-banks-in-cambodia/>

<sup>49</sup> <https://www.state.gov/reports/2020-investment-climate-statements/cambodia/> (Accessed 20 February 2022)

negative impacts encountered, affecting individuals, family, community and the society as large, the respondents raised a serious question how can the government control such problem.

Figure 11: Status of laws, policies and interventions on alcohol management (2018)

POLICIES AND INTERVENTIONS			
Written national policy (adopted/ revised) / National action plan	Yes (2013/—) / Yes	National maximum legal blood alcohol concentration (BAC) when driving a vehicle (general / young / professional), in %	0.05 / 0.05 / 0.05
Excise tax on beer / wine / spirits	Yes / Yes / Yes	Legally binding regulations on alcohol advertising / product placement (any)	Yes / No
National legal minimum age for off-premise sales of alcoholic beverages (beer / wine / spirits)	No / No / No	Legally binding regulations on alcohol sponsorship / sales promotion (any)	No / No
National legal minimum age for on-premise sales of alcoholic beverages (beer / wine / spirits)	No / No / No	Legally required health warning labels on alcohol advertisements / containers (any)	No / No
Restrictions for on-/off-premise sales of alcoholic beverages (any): Hours, days / places, density	No, No / No, No	National government support for community action (any)	Yes
Specific events / intoxicated persons / petrol stations	No / No / No	National monitoring system(s) (any)	No

Source: (WHO, 2018)

Various restrictions are necessary to be embedded in the law on alcohol management most if the respondents suggested. Four of those are repeatedly raised and suggested by the respondents, and reiterated by literatures. These include, restriction of advertisement; restriction on age limit; restriction on the volume of the production; restriction on the price; and increase tax.

### 3.3.2. Advocacy and Status of the Law Development

Different advocacy and lobbies were made by experts, CSOs, and youths for over a decade. Progressively started in 2015, a Cambodian youth group has urged the government to end its foot dragging over a law to impose an age limit on consuming and buying alcohol and other restrictions aimed at reducing drinking. They argued that the failure of lawmakers to adopt the alcohol control bill, first drafted in 2008, was having a serious impact on the health of young people, and suggested that the law should be passed no later than March in the year after. According to the same group, a mock youth National Assembly, they justified that alcohol is causing many problems for young people, the risks include traffic accidents, domestic violence and more than 200 diseases.<sup>50</sup> In the same year of 2015, alcohol experts and victims of excessive drinking came together to urge the government to speedily adopt a law controlling the consumption and sale of booze that was first drafted in 2008.<sup>51</sup>

In July 2015, the Ministry of Health completed a draft law on alcohol regulation, which set a minimum drinking age, increase taxes on alcohol and place other controls on the sale, consumption and advertising of alcohol. According to a high-ranking official from the Ministry of Ministry, that draft law, endorsed by the inter-ministerial committee is ready to be sent to the Council of Ministers and the National Assembly. It is to note the law consists of some 39 articles and 11 chapters<sup>52</sup>, includes items that make it illegal to sell

<sup>50</sup> <https://www.phnompenhpost.com/national/youths-call-faster-passage-alcohol-law> (Accessed 25 January 2022)

<sup>51</sup> <https://www.phnompenhpost.com/national/govt-urged-hasten-work-alcohol-law> (Accessed 25 January 2022)

<sup>52</sup> <https://movendi.ngo/news/2020/02/03/cambodia-youth-campaigns-against-online-alcohol-ads/#:~:text=Online%20Alcohol%20Ads-Youth%20in%20Cambodia%20have%20mobilized%20to%20campaign%20against%20online%20alcohol,example%20for%20the%20younger%20generations> (Accessed 25 January 2022)

alcohol to people under 21 years of age, and to pregnant women.”<sup>53</sup> In response to the pending of the law, the WHO and MoH, putting in the Country Cooperation Strategy 2016–2020, were committed to jointly support the country to adopt the draft Law on Alcohol Products Control by 2017.<sup>54</sup> In 2019, the Council of the Ministers requested the MoH to make revisions, and discussion on the law was be reconvened in 2019. Key points raised in the request include, raise taxes on alcoholic beverages, enforce restrictions on the availability of retailed alcohol, enforce restrictions on alcohol advertising, and enforce drink–driving laws.<sup>55</sup>

At the time of this study, the said law has not existed yet. According to a respondent from the policy maker institution, such law has not arrived at his organization. He said perhaps the MoH is busy, in particular during this COVID-19, all the government branches and offices have focused on the COVID-19 response. Adding that, she said, if that law comes, we will work on it. Adding to that, he suggested that such law should ensure the inclusive development. He called for the engagement of CSOs and wider stakeholders to provide inputs to the law. It is to note that such a law is available for some countries in the region, for instance the Alcohol Beverage Control Act in Thailand was passed in 2008.<sup>56</sup>

### **3.3.3. Factors affecting the Enactment of Law**

There is no any official explanation from relevant government, concerning “why the law has not been passed”. Perhaps, such explanation is not published, or otherwise. In a reverse side, there are various critics over the delayed. Some raised that the lack of progress on the draft law is due to powerful political interests behind Cambodia’s top liquor companies.<sup>57</sup>

### **3.3.4. EXISTING LAWS, EFFORTS AND MECHANISMS TO MANAGE ALCOHOLIC CONSUMPTION WHILE THE ABSENCE OF LAW**

Despite such a specific law on alcohol management is absent, there are some laws and regulations are in place to set a framework and principles to prevent violence or accidents incurred from the harmful use of alcohol. Criminal code, traffic, and the Law on the Prevention of Domestic Violence and the Protection of Victims are amongst those.

Criminal code<sup>58</sup> defines offences, determines those who may be found guilty of committing them, sets penalties, and determines how they shall be enforced. One of the articles put, “A per who, at the time he or she committed an offence, was suffering from a mental disorder resulting from the consumption of alcohol, drugs, or prohibited substances, shall be criminally responsible.”

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<sup>53</sup> <https://www.phnompenhpost.com/national/ministry-finishes-its-draft-law-alcohol>

<sup>54</sup> [file:///C:/Users/USER/Downloads/WPRO\\_2016\\_DPM\\_004\\_eng.pdf](file:///C:/Users/USER/Downloads/WPRO_2016_DPM_004_eng.pdf) (Accessed 25 January 2022)

<sup>55</sup> <https://www.who.int/nmh/Cambodia-IC-Report-Final.pdf> (Accessed 25 January 2022)

<sup>56</sup> Cited in the news, <https://www.khmertimeskh.com/108299/cambodias-growing-drinking-problem/> (Accessed 25 January 2022)

<sup>57</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed 25 January 2022)

<sup>58</sup> <https://www.ajne.org/sites/default/files/resource/laws/7195/criminal-code-cambodia-en-kh.pdf>

Traffic law<sup>59</sup> set principles to prohibit drink-drive. Some articles enforced, the drivers are prohibited from drinking the liquor with the alcoholic rate from 0,5 mg per liter of gas or from 0,25 mg per liter of blood. The suspension of driving license within the period not exceeding one year including the deduction of score as stated in article 43 of this law: driving in drunkenness with the rate of alcohol from 0.4 grams per liter of air or from 0.8 grams per liter of blood onward or under the influence of drugs or refused from performing the breathalyzing. People who are driving when they are drunk with the rate of alcohol from 0,40 mg per liter of air or starting from 0.8 grams per liter of blood upward, shall be punished by putting in the prison from six days to six months and fined from Riel 25,000 to Riel 1,000,000.

The Law on the Prevention of Domestic Violence and the Protection of Victims<sup>60</sup> is in place to prevent domestic violence, protect the victims and strengthen the culture of non-violence and the harmony within the households in society. Regardless, if any domestic violence committed by a drunk perpetrator, this law is covered. The law clearly set that any domestic violence which is characterized as the criminal offence in the manner of felonies or severe misdemeanors shall be subjected to a criminal suit, despite the violence is already over. The criminal complaint shall be made in the form as stated in this law and in accordance with the law on penal procedures in effect.

Some studies argued that, there are voluntary social and cultural practices that regulate alcohol consumption. Voluntary regulatory practices can be found in Cambodian schools, pagodas, workplaces, hospitals, and many other places where people are informed not to consume alcohol or consume it only if absolutely necessary. For example, in hospitals there are no drinking of alcohol signs. In religious places it is culturally unacceptable to drink and most people entering or visiting a pagoda will adhere to this cultural norm. In workplaces, alcohol consumption is viewed as a serious misconduct that may negatively impact upon the health and safety of others. 4 In many private sector companies the consumption of alcohol is considered to be a serious misconduct that could result in immediate termination without compensation (Asia Foundation, 2016).

In addition to these socio-cultural norms that regulate alcohol consumption, the alcohol industry itself has tried to regulate usage. An example includes the so-called “Safety Night” campaign endorsed by the alcohol industry as an indispensable part of their corporate social responsibility. In this campaign the alcohol industry promoted responsible drinking and driving practices: “Eat before drinking, drink responsibly, and if drunk don’t drive. The impact of this campaign on behaviour is unknown (Asia Foundation, 2016)

### **3.4. ECONOMIC AND SOCIAL IMPACTS OF ALCOHOLIC BEVERAGE CONSUMPTION AMONGST THE UNDER AGE AND WOMEN GROUPS IN CAMBODIA**

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<sup>59</sup> file:///C:/Users/USER/Downloads/455de40f-a787-4855-bbd3-4480ccfaa89f.pdf

<sup>60</sup> <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/86091/96929/F134217659/KHM86091.pdf>

### 3.4.1. Alcohol Drinking Pattern and Trend

#### 3.4.1.1. Drinking Pattern and Trend

Globally, alcoholic consumption remains high and poses a great concern. Despite, some regions<sup>61</sup> noted a decrease, but other regions<sup>62</sup> reported an increase, since 2000. According to the World Health Organization (WHO), worldwide in 2016, 43% of the population, representing approximately some 2.348 billion people, are current drinkers, had consumed alcohol in the previous 12 months (WHO, 2018). As shown by the most recent WHO data, total APC (alcohol per capita consumption) in the world's population 15 years of age or older amounts to drinking on average 6.4 litres of pure alcohol per year, which translates into 13.9 grams of pure alcohol per day (WHO, 2018).

Until 2025, total alcohol per capita consumption (15+ years) is expected to increase in half in some the regions.<sup>63</sup> The highest increase is expected in the South-East Asia Region (WHO, 2018). Globally, predicted increases in consumption by the year 2025 can be found across almost all countries' economic status groups, except for high-income countries (no increase, or a slight decrease, and will be strongest in middle-income countries. Of the middle-income countries, stronger increases are expected for the lower-middle-income countries (1.2 litres) compared with the upper-middle-income countries (0.6 litres) (WHO, 2018).

In Cambodia, alcohol consumption dramatically and constantly increased year by year. In 2009, the report from the People Centre for Development and Peace (PDP-Centre) found that 85 percent of 1,400 people studied in seven provinces said they liked to drink alcohol.<sup>64</sup> A survey of the Ministry of Education, Youth and Sport (MoEYS) in 2010 suggested that 70% of female and 91% of male respondents reported drinking alcohol (MoEYS, 2010). Alcohol per capita (15+) consumption in Cambodia increased from 8.8 litres of pure alcohol in 2010 to 9.7 litres in 2015, and 11.9 litres in 2016 for men drinkers. Noted by a report of the Asia Foundation, in 2015, Cambodian men are drinking 9.7 litres of pure alcohol in a year – 3.5 litres above the global average of annual alcohol consumption per capita. In the decade following the start of the Cambodian economic boom, alcohol consumption has also increased in parallel, and these changing views as well as the patterns of alcohol consumption, can be seen among all subsets of the population (Asia Foundation, 2016). Another report, 2017 OECD “Youth Well-Being Policy Review”, noted that alcohol consumption has been on the rise and that Cambodia has the highest level of alcohol consumption among 15- to 19-year-old in the Association of Southeast Asian Nations (ASEAN) countries, with more males (42 percent) than females (27 percent) who are current drinkers (USAID, 2019).

Data from the Cambodia Socioeconomic Surveys in 2004, 2007 and 2009 show a trend of increasing alcohol consumption. There is a causal relationship between the harmful use of alcohol and more than 200 disease and injury conditions, including mental and behavioural disorders, NCDs, and unintentional and intentional injuries resulting from violence, road

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<sup>61</sup> WHO regions: European region, the region of the Americas, African region and the East Mediterranean region

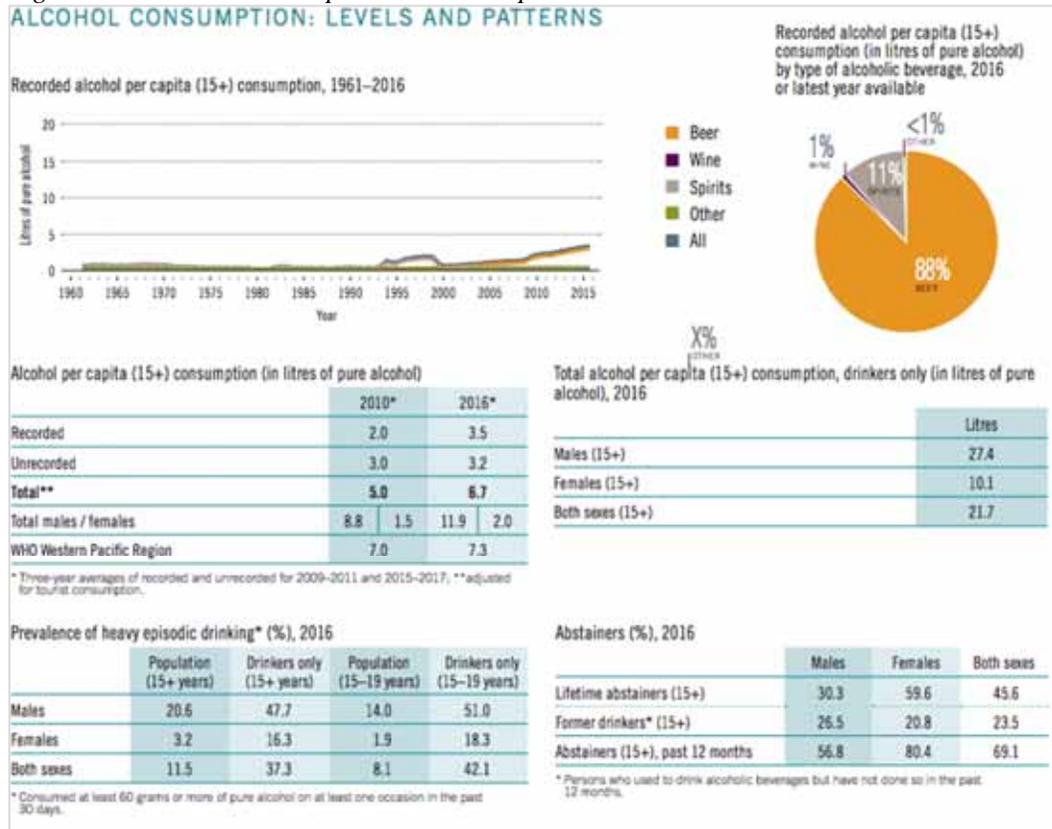
<sup>62</sup> Western Pacific Region

<sup>63</sup> Region of the Americas (from 8.0 to 8.4 litres), the Western Pacific Region (from 7.3 litres to 8.1 litres), in the South-East Asia region (from 4.5 to 6.2 litres).

<sup>64</sup> <https://www.phnompenhpost.com/national/study-shows-rise-youth-alcohol-use>

crashes and suicides. Nearly one in every five road accidents in Cambodia is related to drink-driving.<sup>65</sup>

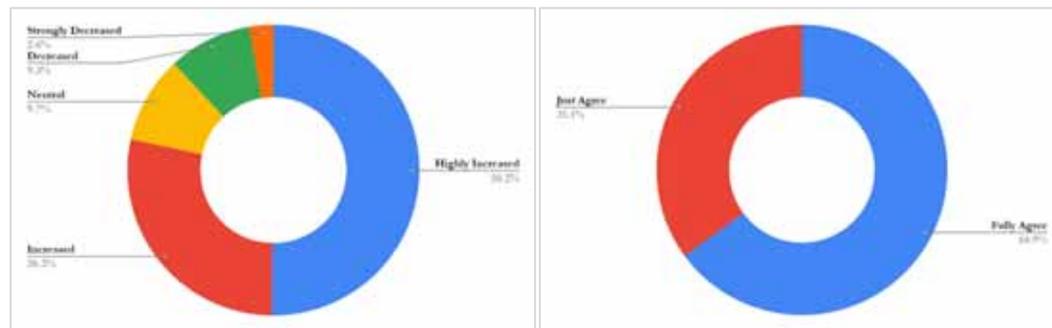
Figure 12: Alcohol consumption levels and patterns in Cambodia



Source: (WHO, 2018)

Consistent with the aforementioned observations, over 78% of sampled general population, and all (100%) of stakeholders of this study agreed that alcoholic consumption in Cambodia is increasing. Only about 12.84% of general population said the consumption is decreasing.

Figure 13: Increased alcoholic consumption (general population)



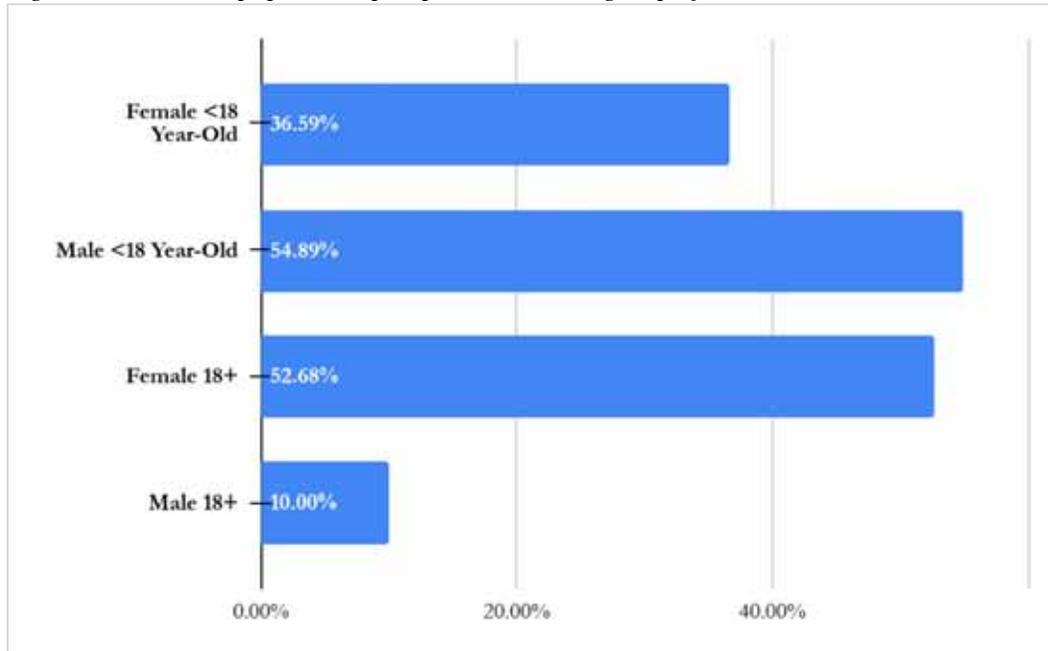
Source: Calculated by the author, based on primary data (n=317)

<sup>65</sup> [file:///C:/Users/USER/Downloads/WPRO\\_2016\\_DPM\\_004\\_eng.pdf](file:///C:/Users/USER/Downloads/WPRO_2016_DPM_004_eng.pdf)

### 3.4.1.2. Male under 18 and female started to drink, while male 18+ continue to drink

Consumption amongst the females and under-age people has arisen, while current older-male drinkers continue to be high with a little arising. About 54.89% of the surveyed respondents suggested that the arising consumption is with the males under 18-year-old. Amongst the females, about 52.68% of the same respondents suggested that female 18+ increased the consumption, while about 36.59% suggested that females under 18-year-old increased such drinking.

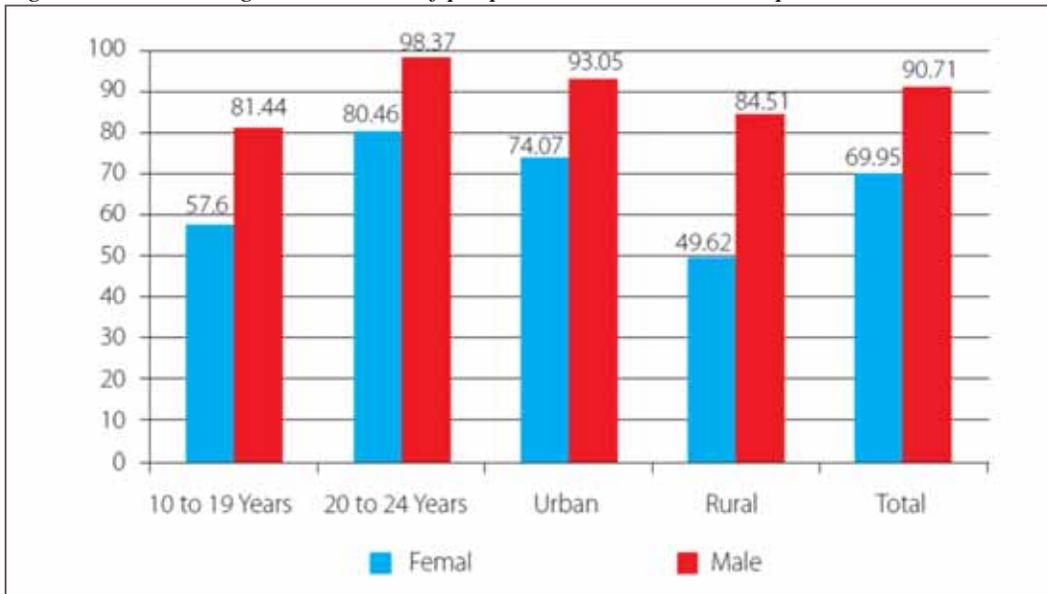
Figure 14: General population perspective toward group of alcoholic consumers



Source: Calculated by the author, based on primary data (n=317)

This corresponds to findings of various studies. For instance, the study of the Ministry of Education, Youth and Sport sometimes in 2010, noted that drinking alcohol was very common among 1,260 sampled respondents aged between 10 and 19 years. Many young people first consumed alcohol as early as 12 years of age (MoEYS, 2010). Around 50 percent of high school students get involved with alcohol (Chhun Hong, 2018). Almost 70% and 91% of female and males respectively had drunk alcohol. Among females, the highest levels of drinking were reported among the older aged 20 to 24 years. The levels of consumption in the urban areas is slightly higher than in the rural areas, for males, and it is a bit far variant for females (MoEYS, 2010).

Figure 15: Percentage distribution of people drank alcohol in the past 12 months



Source: (MoEYS, 2010)

#### **Drinking Pattern: Drinking become more habitual and part of daily social life**

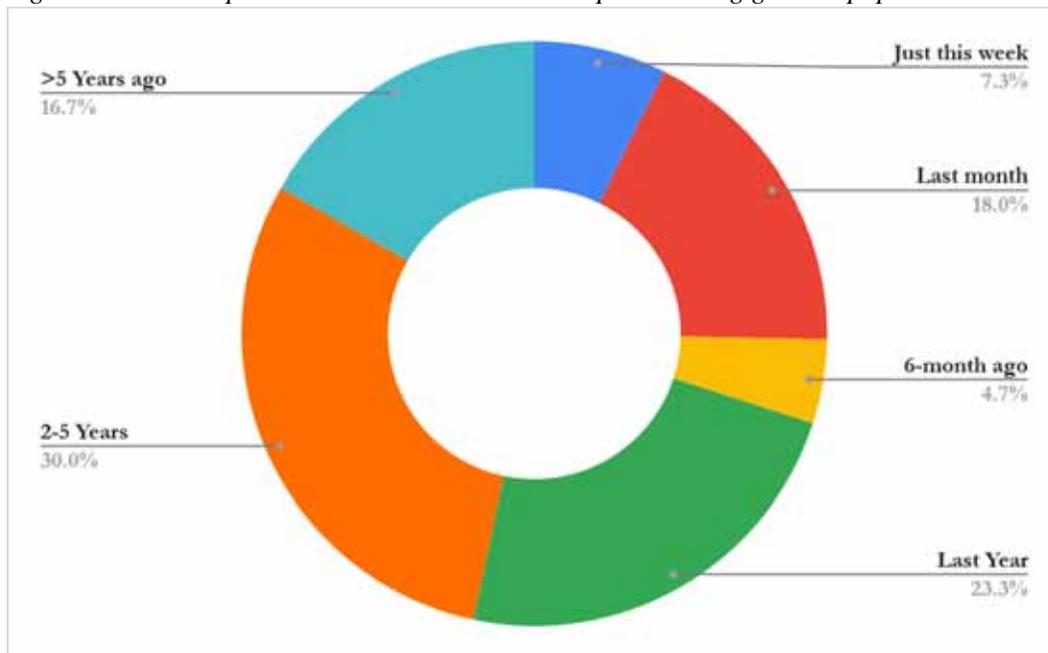
In the past, most Cambodians drank alcohol only on special occasions, but in recent decades, drinking has become more habitual and part of daily social life, according to a health expert.<sup>66</sup> Alcohol is then really popular drink for all types of people. People drink it when they join some kinds of parties, go to bars or night clubs or have family gathering parties at home. Young people often drink alcohol, especially while they are in high school (Chhun Hong, 2018). All of the surveyed respondents in this study reiterated the above observation. A few of them put:

*Regardless of location, situation, age or sex, drinking alcohol is common and increasingly taken. I see everywhere and locations, from homes, to restaurants, bars, night clubs, public places, rice fields, farms, and even nearby the pagoda, people drink beer, wine, or alcohol. Likewise, not just in a big ceremony, party, but also in a small gathering of a couple of people or at home, alcoholic drinking takes place. In addition, it is not just for celebration, but even they are happy, sad, or stressful they drink. An interview with a high-ranking government staff.*

Most (70%) of the 46.7% of the surveyed respondents who confirmed that they ever drank alcohol, started their drinking within 1 to 5 years. In December 2021 alone, about 72.37% of the drinkers had one drink in a month, followed by 2-3 drinks in a month. It is good to note that about 3.95% had a weekly drink, and 0.66% had a daily drink. This could be linked to income earned during the COVID-19 pandemic, and ban from the government.

<sup>66</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed on 25 January, 2022)

Figure 16: First experience with alcoholic consumption among general population

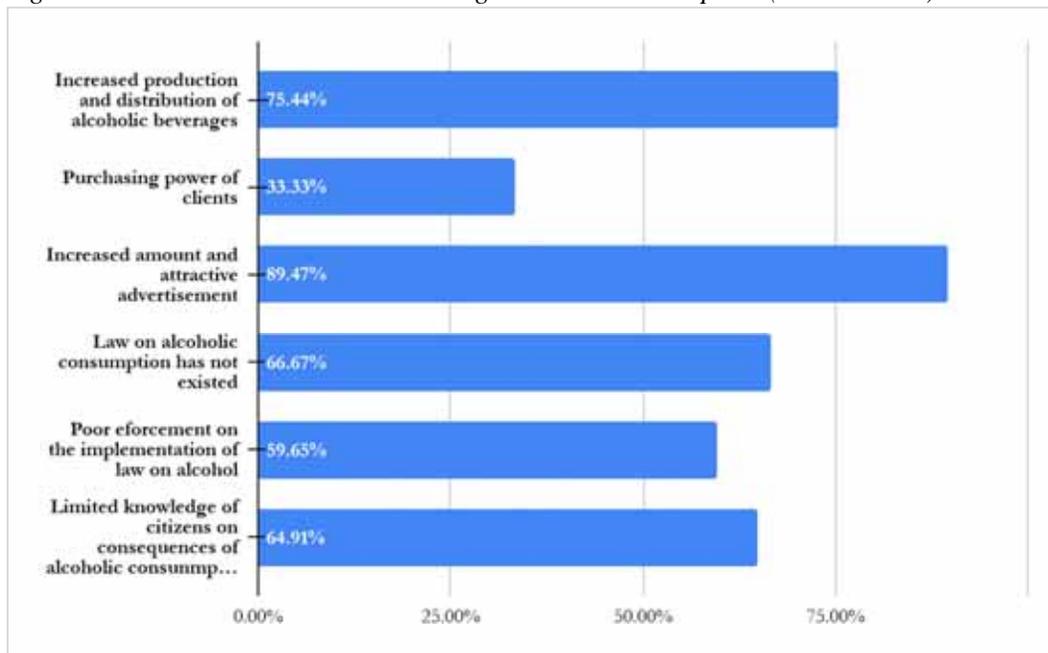


Source: Calculated by the author, based on primary data (n=152)

### 3.4.2. Causes of the increased consumption

Various factors have caused people to drink alcohol. Of those, the surveyed respondents identified six factors which have high influence to cause the increased consumption in Cambodia. As presented in the Figure 17 below, the increased amount and attractive advertisement of alcoholic beverages is sitting at the top of the list. A vast majority (89.47%) of the surveyed respondents mentioned about it. Coming at the second top of the list was relating to the increased production and distribution of alcoholic beverages, in which 75.44% of the same surveyed respondents indicated. Absence of the law on alcohol management is the third influential factor that led the arising consumption, in which 66.67% of the respondents pointed out.

Figure 17: Factors caused the increasing alcoholic consumption (stakeholders)



Source: Calculated by the author, based on primary data (n=60)

#### 3.4.2.1. Increased production and distribution of alcoholic beverages

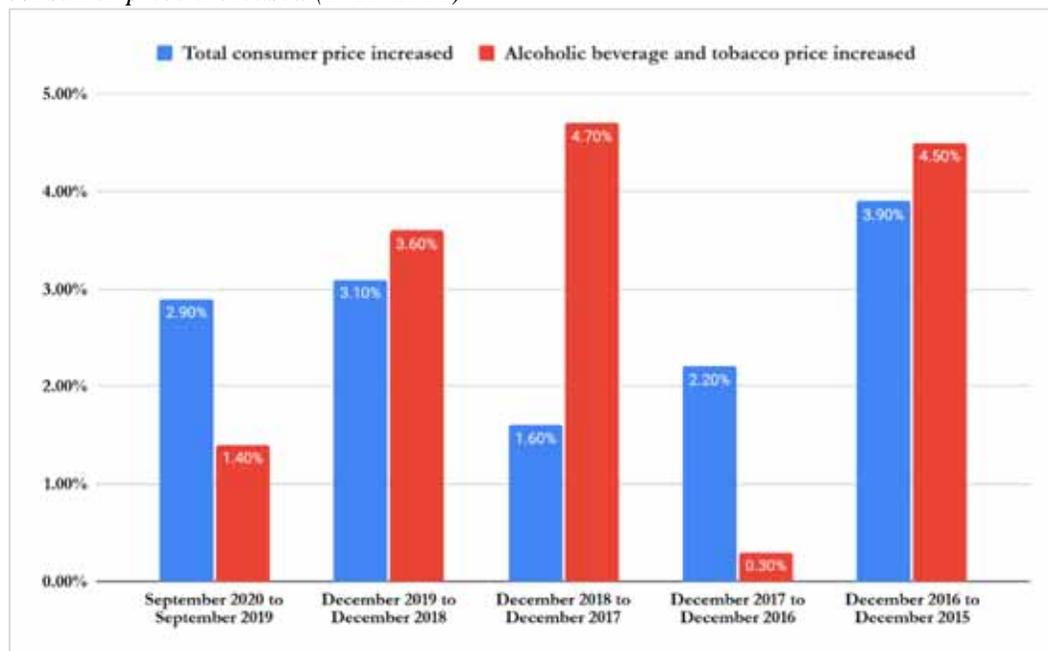
Reiterating the statistics and study findings, almost every surveyed respondent shared their observation that alcohol beverages have reached everywhere, from big super markets, markets, and stores, to small outlets, and in the capital city, town and in remote and rural villages. Buyers can buy the products anytime, even at the late night. Some of them put:

*Everywhere, anytime we can buy beer and wine. It is near our home, working places, on the road, etc. A variety of brand, both local and imported products are available. Especially during cultural or religious celebrations, many producers and sellers are busy with the transportation of alcoholic beverages to different destinations. Online survey submitted by an NGO staff.*

#### 3.4.2.2. High purchasing power vs low price of the product

Some of the surveyed respondents shared their view that the income earned has increased the purchasing power of clients and this has made them affordability to buy alcoholic as they want. This is in line with the improved economic status in most of the families in the country. In contrast, other respondents argued that the low price of alcoholic beverages is fundamental and serves as an enabling factor to get access to the product.

Figure 18: Annual alcoholic beverage and tobacco price increased, comparing with total consumer price increased (2015-2020)



Source: NIS Cambodia, calculated by author

In Cambodia, the price for alcoholic beverage and tobacco (there is no specific data for alcoholic beverage) increased year by year. In some years the price increase is higher than the total consumer price. For instance, from December 2016 to December 2015, presented in the Figure 18 above, the increased price for alcoholic beverage and tobacco was 4.50%, while it was 3.90% for the total consumer price increased.<sup>67</sup> However, the price for alcoholic beverage in Cambodia is lower than the price index at the global and amongst the South East Asia countries.

*Prices are very cheap here in Cambodia. Angkor Beer case of 24 = \$10.50 (approximately 0.44\$/can or lesser than 2,000 Riels); Cambodian beer case of 24 = \$10.50.<sup>68</sup>*

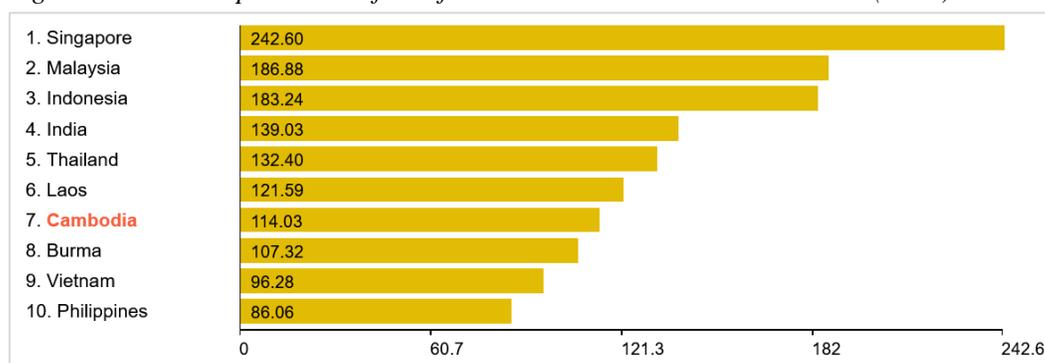
Cambodia is ranked at 71 amongst 159 countries. The price is 114.03 index points, of which it is lower than the average for 2017 based on 159 countries was 121.93 index points. This price is also lower than the average price in South East Asia, in which the average for 2017 based on 10 countries was 140.94 index points. Presented in the Figure 19 below, the highest value was in Singapore: 242.6 index points and the lowest value was in the Philippines: 86.06 index points. Cambodia is ranked at 7 amongst those 10 countries. The price is higher than Burma, but lower than Laos PDR.<sup>69</sup>

<sup>67</sup> [https://www.nis.gov.kh/nis/cpi/2020/CPI\\_Report%20Sep%202020\\_E.pdf](https://www.nis.gov.kh/nis/cpi/2020/CPI_Report%20Sep%202020_E.pdf)

<sup>68</sup> [https://www.tripadvisor.in/ShowTopic-g293939-i9162-k9164585-Alcohol\\_Prices-Cambodia.html](https://www.tripadvisor.in/ShowTopic-g293939-i9162-k9164585-Alcohol_Prices-Cambodia.html)

<sup>69</sup> [https://www.theglobaleconomy.com/rankings/alcohol\\_beverage\\_prices\\_wb/](https://www.theglobaleconomy.com/rankings/alcohol_beverage_prices_wb/)

Figure 19: Alcohol price index for refineries in South East Asia countries (2017)



Source: theglobaleconomy<sup>70</sup>

### 3.4.2.3. Massive and Attractive Advertisement, with less and ineffective ban

**Attractive, everywhere, and different methods used for the advertisement to attract consumers to buy and drink more:** Almost every surveyed respondent, findings from relevant studies and researches, local news, and general population agreed that Cambodia is a place for alcoholic beverage advertisement. The content of the advertisement is super bright and attractive, very inspiring messages are used to encourage for buy and drink, offering special prize is clearly stressed, and the advertisement is almost everywhere. Unlike, in many other countries the content, time, place, and messaging of alcohol advertising is restricted albeit the effectiveness of such regulations is debatable (Asia Foundation, 2016).

There are many different sizes of billboards and posters displayed a variety of bears from various brands, and with different price. Standing high there for long, in many public places, the main, busy, and commercial roads, people travelling get easy to see. Such permanent broadcasts are displayed in every retail, dealer, or outlet which is part of the functioning 9,600 alcohol refinery operations in every province and capital city, across Cambodia. Moving to restaurants, beer gardens, night clubs, regardless of their size and settlement, billboards and flyers to promote buying and drinking are displayed, almost all corners of the place. In addition to this, girl bear promoters, wearing alcoholic beverage company uniforms with plenty of promotional materials standing close to and approach clients to buy and drink their bear. In practice, each night, young Cambodian women wear branded uniforms and compete to sell different beers in venues including beer gardens, restaurants, soup shops, and karaoke clubs (CARE, 2005).

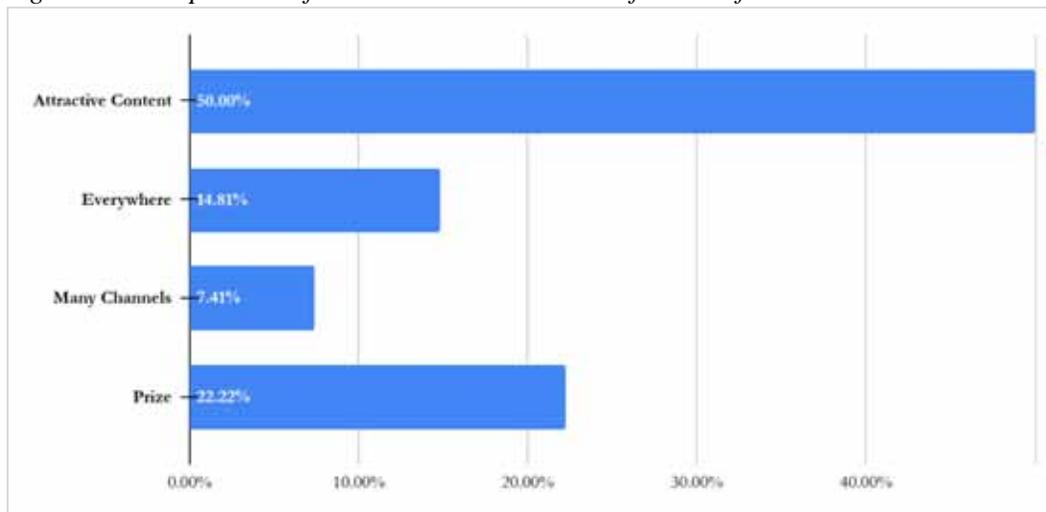
On the media, TV, magazine, in the music, film advertisement spreads rapidly and increasingly. A special note is that celebrity has been increasingly used as one of the methods to reach to massive clients, especially youth. Youth stars and high-ranking government officials are key actors to serve that celebrity purpose. A health expert put:

*Alcohol advertising in Cambodia was excessive.*<sup>71</sup>

<sup>70</sup> [https://www.theglobaleconomy.com/rankings/alcohol\\_beverage\\_prices\\_wb/South-East-Asia/](https://www.theglobaleconomy.com/rankings/alcohol_beverage_prices_wb/South-East-Asia/)

<sup>71</sup> <https://www.phnompenhpost.com/national/alcohol-billboards-public-be-inspected-minister-says>

Figure 20: Perspectives of stakeholders toward the influence of advertisement



Source: Calculated by the author, based on primary data (n=60)

Amongst the surveyed respondents, a high-ranking official of the foreign government institute, ambassador, noted that the way alcohol advertised is to appeal to young people, trying to show that it is trendy and cool to drink - all the best looking and coolest people do so. Subtle inferences that by drinking 'x brand' you will be popular, pick up a cool boyfriend, girlfriend etc. A freelancer shared his note that celebrity has been increasingly used to attract clients, especially youth. Youth starts have been deployed to show the alcoholic product on the billboards, TVs, concerts. In relation to this, it's noticed that government officials are often seen inaugurating breweries, urging to increase exports and encouraging people to drink alcohol. On several occasions, a government top leader has given speeches at brewery inaugurations urging Cambodians to drink up – noting that by drinking the taxed beer, they're helping the nation.<sup>72</sup> Some other respondents from NGOs argued that advertisement in Cambodia is uncontrollable. With such careless on ways of distributing alcohol may have affected on human productivity. In some countries, like the Philippines, advertisement is controlled. It can be done only whereas it is allowed. Alcoholic beverages are not visible to the public. Offering prize is increasingly embedded in the advertisement, to attract clients to increase their purchase, while it is a tactic to hide the reality of alcohol.

On the front page of a local news, it stated that on every TV station, in every magazine, and on the billboards plastering Cambodia's road, seemingly nothing is advertised as ubiquitously as alcohol. According to the ads, these drinks taste delicious, improve sleep, and serve as a symbol as national pride. There are stronger inducements, too. Some breweries offer rewards. Get lucky and your beer might win you a motorcycle, car, or cash. Or even just a free can of beer.<sup>73</sup> Observation from other local news suggested that the advertise had a significant jump, increased by 164 percent by the end of the 2011 financial year.<sup>74</sup>

<sup>72</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed 25 January, 2022)

<sup>73</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed 25 January 2022)

<sup>74</sup> Cited in the local news, <https://www.khmertimeskh.com/108299/cambodias-growing-drinking-problem/> (Accessed on 25 January, 2022)

Other ways of promoting alcoholic beverages are through movies and television that depict alcohol use, music that includes lyrics about alcohol use, and advertisements for different brands of alcohol.<sup>75</sup> Research studies of adolescents have shown that teens who see alcohol use in movies and on television are more likely to start drinking alcohol at a younger age. Many alcohol advertisements are placed in different types of media that are popular among adolescents. Another study observed that more than 2000 young adolescents who initially did not drink, were more likely to say that they had a positive attitude toward alcohol use, and they were more likely to have started drinking alcohol after exposed to alcohol advertisements.<sup>76</sup>

### **Advertisement caused the increased consumption**

It is widely recognized that the advertisement caused the increased consumption of alcohol. For instance, the WHO argued that Unrestricted alcohol advertisements are the major cause of the rise in alcohol consumption (WHO, 2014). Many other research studies and health experts shared their agreement on this in the recent years, at the time that advertisement is on the rise. A health expert says:

*Alcohol advertising with attractive messages and a lot of prizes is the main cause for an increase in alcohol consumption among young people. Alcohol advertising is the main reason why people consume a lot of alcohol and even start drinking an early age. When people consume more alcohol, accidents and diseases associated with drinking also increase and result in the loss of human resources, especially youth who are the backbone of the nation. The ill-effects of consuming alcohol include the onset of more than 200 types of diseases. Health expert, country director of a local health NGO.<sup>77</sup>*

*Alcohol promotion at big concerts, incentives and billboards on public streets and social media is widely used to encourage people, especially young people, to do more in the provinces. For companies to have the opportunity to sell their wine products, I think it is simple, but it is attracting young people and encouraging young people to drink alcohol without realizing it.*

### **Advocate by CSOs and Youth to regulate the advertisement**

Different calls to regulate advertisement have been made by several actors, including CSOs, youth, health experts, and the government institutions and officials. Starting from a health expert, he called on the government to have laws or regulations that restrict the scope of alcohol advertising. This call has been done after he observed that alcohol advertising is the main reason that caused people consume a lot of alcohol and start drinking at an early age, and incidents and diseases associated with drinking also increase and result in the loss of human resources, especially youth who are the backbone of the nation.<sup>78</sup> A private law film director called the government to regulate advertising although Cambodia still does

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<sup>75</sup> <https://jamanetwork.com/journals/jamapediatrics/fullarticle/1107538> Accessed on 28 January, 2022)

<sup>76</sup> <https://jamanetwork.com/journals/jamapediatrics/fullarticle/1107538> Accessed on 28 January, 2022)

<sup>77</sup> <https://www.khmertimeskh.com/594397/call-to-regulate-alcohol-advertising-2/> (Accessed on 25 January, 2022)

<sup>78</sup> <https://www.khmertimeskh.com/594397/call-to-regulate-alcohol-advertising-2/> (Accessed on 25 January, 2022)

not have a law to control the consumption of alcohol.<sup>79</sup> In early 2020, a group of youths launched a one-week campaign on social media against posts that advertise alcohol consumption, saying they exhibited a lack of dignity and set a bad example for younger generations. The campaign urged the relevant ministries, especially the government, to advance its approval of the law on alcohol regulation.<sup>80</sup> Exaggerating these advocates, almost all the surveyed respondents shared their voices calling for restricting advertisement of alcoholic. An alliance of nearly 40 civil society organisations lauded the government's successful ban on all forms of alcoholic drink advertising during the Covid-19 outbreak and called for a permanent ban.<sup>81</sup> In sum, their calls are relating to having law, regulations and mechanisms to regulate advertisement, and aware raising to increase knowledge of general public on harmful use of alcohol.

### **Intervention of the government institutions/personals to regulate the advertisement**

In response, the government regarded the restriction of alcohol advertisement as one of the priorities. This has been embedded in the National Strategic Development Plan 2014-2018.<sup>82</sup> Some government institutes strived to intervene where and when it is possible to ban advertisement. Started in the last quarter 2011, the Prime Minister released a ban on outdoor advertising for wine and spirits, focusing on drink-drive. The ban is valid for the nationwide, required all advertisement to put a motto, "When drunk, don't drive. Drive, don't drink", on billboards and television.<sup>83</sup> In the following days, the Phnom Penh capital governor banned the advertising of wine and spirits in a bid to curb road casualties.<sup>84</sup> In Mid-2018, the Minister of Information put out a statement ordering a ban on the broadcasting of karaoke songs, movies and videos that portray alcohol in a positive light. He ordered radio and television stations, and production companies to stop showing content that depicts a main character drinking alcohol as a way to solve their problems or eliminate their concerns. The statement banned that if any owner of a radio and television stations, or any production company does not adhere to the notice, the Ministry of Information will not allow broadcast such songs or movies in the media.<sup>85</sup> That circular was broadcasted through television broadcasting centres, cable television, and radio FM stations. (CHEA & Keothyda, 2015). In the third quarter of 2020, the same Minister instructed officials in all departments to investigate alcohol billboards in public places to check if the signs had reached their display expiration date, responding to the reality that some alcohol companies had violated the permit policy by advertising rewards for important festivals like Khmer New Year, Water Festival and Chinese New Year, but then did not remove them afterwards.<sup>86</sup> In the second quarter 2021, the Kampong Speu provincial governor released

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<sup>79</sup> <https://www.khmertimeskh.com/594397/call-to-regulate-alcohol-advertising-2/> (Accessed on 23 February, 2022)

<sup>80</sup> <https://www.phnompenhpost.com/national/youths-tackle-alcohol-social-media> (Accessed on 23 February, 2022)

<sup>81</sup> <https://www.phnompenhpost.com/national/csos-urge-permanent-ban-alcohol-advertising> (Accessed on 23 February 2022)

<sup>82</sup> <https://policy.asiapacificenergy.org/sites/default/files/NSDP%202014-2018%20EN%20Final%20for%20Publishing-1.pdf>

<sup>83</sup> <https://www.phnompenhpost.com/national/about-face-ad-ban> (Accessed on 23 February 2022)

<sup>84</sup> <https://www.phnompenhpost.com/national/about-face-ad-ban> (Accessed on 23 February 2022)

<sup>85</sup> <https://www.phnompenhpost.com/national/ministry-bans-positive-portrayals-alcohol> (Accessed on 23 February 2022)

<sup>86</sup> <https://www.phnompenhpost.com/national/alcohol-billboards-public-be-inspected-minister-says> (Accessed 23 February 2022)

a decision to permanently ban billboards advertising alcoholic beverages.<sup>87</sup> Following this step, the Kep Provincial Administration has also issued a letter to business owners to remove banners or billboards containing various kinds of promotional products and replace them with educational content about preventing Covid-19.<sup>88</sup> A high ranking official from the Ministry of Health stated that the government had a plan to restrict alcohol advertisement the same as what was did for tobacco.<sup>89</sup> Another high-ranking official from the Ministry of Commerce argued that even without a dedicated law, the government had consumer rules in place to ensure advertising followed certain moral and ethical guidelines.<sup>90</sup>

### **Intervention to ban advertisement is less and ineffective, while the law remains not exist**

Ban on the advertisement is less number and less effective. Some observed that urging curbs of advertisement has yielded little progress, with a bill aimed at limiting advertising and controlling alcohol sales languishing for more than five years till 2021.<sup>91</sup> Although in 2015 a Ministerial directive aimed to curtail advertising on TV during peak viewing hours came into force, it is not legally binding, lacks penalties and enforcement measures for non-compliance. There are no restrictions or regulations for alcohol merchandising, promotion and sponsorship (Asia Foundation, 2016). The government also recognized that. According to a high-rank official from the Ministry of Commerce, the government does not have any kind of regulation on this issue yet. The existing system to regulate alcohol ads is not effective, as people continue to abuse alcohol, which often leads to violence. He confirms:

*We don't have any kind of regulation on this issue yet. The system that we have in place [to regulate alcohol ads] is not effective, as people continue to abuse alcohol, which often leads to violence. We want to make an effective law, but this will take time, so first we believe we must prepare a sub-decree.*<sup>92</sup>

#### **3.4.2.4. Absence of Law on Alcohol Management and Poor Law Enforcement**

Almost every surveyed respondent referred to absence of laws or poor enforcement, as a prominent part of significant causes to increase the consumption. Some of them are not sure whether the law has existed, others shared their observation or argument that how can the government regulate business transaction being freely operated in the country if such a law does not exist. That is the reason why the level of consumption gets dramatically increased and is high. Respondents regarded this seriously, and made strong suggestions to put the laws in place, and ensure the effectiveness of law implementation. Otherwise, it is hard for them to predict the future increase of the consumption.

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<sup>87</sup> <https://www.phnompenhpost.com/national/kampong-speu-alcohol-advertising-removal-nears-completion> (Accessed 23 February 2022)

<sup>88</sup> <https://www.phnompenhpost.com/national/kampong-speu-alcohol-advertising-removal-nears-completion> (Accessed 23 February 2022)

<sup>89</sup> <https://www.khmertimeskh.com/594397/call-to-regulate-alcohol-advertising-2/> (Accessed 23 February 2022)

<sup>90</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed 25 January 2022)

<sup>91</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed 23 February 2022)

<sup>92</sup> <https://www.khmertimeskh.com/595951/alcohol-ad-sub-decree-on-the-table/> (Accessed 23 February 2022)

*There are things attracting people to increase alcohol consumption. There is no mechanism for taking responsibility for social, economic, citizens, public health.*

*No control by government and policy. Very appealing campaign which can lead many young people to consume more and more. Not heard of any business conducts.*

*The high rate of alcohol use was due to how cheap liquor is in Cambodia, the lack of restrictions on advertising, and the lack of laws curbing use, according to the report.<sup>93</sup>*

*Our country does not seem to have any control over production and distribution, it is anarchy. The company pays taxes to the state, but the losers are the citizens.*

*Lack of Alcohol Law and Drinking Age Leaves Cambodian Youths Vulnerable! Carefree attitude and frequent drinking are commonplace among youths in Cambodia, where heavily advertised and affordable beer and liquor makes it easy and tempting for many young people to start drinking. Beer and liquor sales in Cambodia have been rising in the past decade as average incomes have increased, amid strong economic growth. Government regulations limiting alcohol sales or advertising are largely absent, as are programs that raise awareness of the health risks of alcohol use. Civil society organizations have urged the government to introduce a national law on alcohol to improve public health and safety, but they said it has been held up for years by powerful business interests.<sup>94</sup>*

In most developed countries young people are not permitted to purchase cigarettes or alcohol, and there are policies and laws penalizing those selling to minors. Additionally, there are high taxes placed on both cigarettes and alcohol in order to make it difficult for young people to afford buying these items. However, there are no regulations regarding the use of cigarette and alcohol among under age young people in Cambodia. It may be beneficial to advocate for regulations to establish “smoking free” or “alcohol free” zones in the areas where young people frequently gather (MoEYS, 2010).

According to an official at the Ministry of Education, Youth, and Sport, there are currently no restrictions on the sale or purchase of booze in Cambodia. In 2015, the alcohol law had been forwarded to the Council of Ministers for approval before going to the National Assembly. “Once the draft is officially passed into law, restrictions will come into place on advertising, distribution and the age of alcohol consumers. Adding to that the government planned to raise taxes on alcohol and tobacco in 2016.<sup>95</sup>

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<sup>93</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed on 25 January 2022)

<sup>94</sup> <https://www.voacambodia.com/a/lack-of-alcohol-law-and-drinking-age-leaves-Cambodian-youths-vulnerable/5104040.html> (Accessed 23 February 2022)

<sup>95</sup> <https://www.phnompenhpost.com/national/govt-urged-hasten-work-alcohol-law> (Accessed 25 January 2022)

Some pointed out a number of bearers affecting the development and passing such a fundamental law which would limit the production and selling resulting the lower benefits to producers of which many elites and high-ranking government staff have been engaged.

*“[A] big issue is that the alcohol industry is trying to prevent this law from being passed. Just like the alcohol industry around the world, it makes sense for them to hinder the passing of such law.” President of People Center for Development and Peace, who worked on the alcohol issues in Cambodia for decades.<sup>96</sup>*

*“The industry is driven by the interests of large producers who are embedded within the political architecture of the Cambodian government and associated financial profits,” noted the report, which pointed that the biggest companies have “shareholding and influential relationships at the Ministerial level and with senior government officials.” “In practice this means large producers are involved in various businesses with government officials, including Ministers and family members of high-ranking officials. Through these relationship large producers can influence new laws and regulations.”<sup>97</sup>*

#### **3.4.2.5. Low awareness on harmful use of alcohol correlates with lacking awareness raising at all levels**

Many surveyed respondents cited the lacking knowledge on harmful consumption as a major matter caused the consumption to increase, albeit this is contradicting with the finding found by a study, reported that more than 90% of most at risk youth (male and female) are aware of the dangers caused by drinking (MoEYS, 2010). According to majority of the respondents, in practice, following the traditional norm and practice, Cambodian people are not so aware of what site affects caused by drinking alcohol, in particular the excessive drinking. They are just keen to drink as they like. Even though they get sick after the drink, they feel this is normal, because such sickness disappeared shortly after they relaxed or got medication.

*Drinkers got happy once they drink. They are not aware about site affects. Indeed, they do see that sometimes they get sick after they had an excessive drink. Such sickness disappeared upon their short relaxation or medication. They don't really see what longer-term site affects or symptom. This could be due to the fact that the longer-term consequences are not so visible. A high-ranking government official, working in the social protection sector.*

Unlike tobacco, awareness raising on harmful use of alcohol is not really active. It is hard to see such awareness sessions embedded in the school curriculum, at all levels. At the public places, rather than displaying messages to reduce the consumption, there are plenty of messages to attract more drinking. On the product, can or bottles of beer or wine, there is none messages to alert the harmful site affects or consequences of alcohol. The design of products does not discourage people to drink, but the encouragement takes the role. There is a limited number of programs run by the government or civil society organizations

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<sup>96</sup> <https://www.voacambodia.com/a/lack-of-alcohol-law-and-drinking-age-leaves-Cambodian-youths-vulnerable/5104040.html> (Accessed on 25 January 2022)

<sup>97</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed 25 January, 2022)

to raise such awareness. Limited financial resources, budget, or funding have been invested to plan and carry out mass awareness or campaign.

*It is intangible. The government does not have many awareness activities or programs. I don't know about NGO. However, I observe that there is a high limitation of funding support for awareness raising on harmful use of alcohol in Cambodia. I found that people, regardless of age, sex, education, types of job, drink and drink, any time, regardless of special occasion or parties, anywhere, from the public places, to rice fields, farms, and sometimes I see people drink nearby the fence of Buddhist pagoda. A high-ranking government official working in the anti-human trafficking and minors section of a ministry.*

None of the respondents ignored suggesting the government and relevant stakeholders to take care on awareness raising program and activities, including general population whom the study team talked to. They argued that knowledge about this is imperative, it help awake people about the consequences and impact of the drink. Although it is not sure that if they fully stop drinking upon they knew about this well, at least they reduce the per capita consumption or do not drink much, until reaching the excessive amount.

### **3.4.3. POSITIVE IMPACT OF ALOCOHOLIC BEVERAGE BUSINES**

*I see that it is not all negative, if negative, they do not produce. I think the state receives taxes from companies. But we do not know if the tax on alcohol and the health effects of citizens can be reconciled? In addition, we recognize that it helps to increase the number of jobs, but all alcohol users have caused accidents, which is a huge loss of property, especially the cost of medical treatment.*

*I think it involves both states receiving taxes on production and increasing employment. But the victims are the people who suffer from traffic accidents, domestic violence, loss of time, business and income.*

#### **3.4.3.1. Contributing to GDP**

##### **Government revenue from alcohol**

Revenue generated from different major sources relating to alcoholic beverage business has contributed to some extent the GDP. According to a study that strived to collect data from different sources suggested that the revenue the government generated increased year by year, despites data for some variables were not available to validate. Practically, such increased amount of revenues has resulted from increased investment of alcoholic beverage companies in advertisement, alcohol import, alcohol export, and tax and import duties, VAT and other special taxes on alcohol. In Cambodia, a 10 per cent value added tax is levied on all alcoholic products. Products are also subject to specific taxes on certain merchandise and services at the rate of 30 per cent and 35 per cent. Moreover, a customs duty rate of 15 per cent and 35 per cent is applied to liquor and beer respectively. From 1 April, 2016 however, tax on alcoholic products increased notably with special tax rates increasing to 30 per cent for beer and 35 per cent for liquors (Asia Foundation, 2016).

Between 2012 through 2014 alcohol imports increased alongside increased per capita rates of alcohol consumption, of which there was a dramatic jump in beer imports, grew from 2.1 million litres, to 1.6 million litres, and 32.3 million litres respectively (Asia Foundation,

2016). Using conservative estimates, due to limited data were publicly available from the government, the total government was about US \$30 – 40 million dollars from import and related taxes annually. Total revenue from imported alcohol continue to increase year after year. Another source using official data from the GDT reported that, in the first two month of 2016, the government collected almost \$212.49 million in tax revenue, up 14.49 percent over the same period last year,<sup>98</sup> In the subsequent years, data also showed that special tax, which includes additional fees on automobile parts, cigarettes, beer and alcohol, increased by 11 percent.<sup>99</sup> Although exported volumes of alcohol show mixed results, but since 2011, beer exports have steadily increased over time with a significant jump in 2013 and climbing steadily ever since. Wine exports started from a zero base in 2011 – 2012 and steadily climbed to 126 thousand litres in 2015. Exported spirits have increased from 2011 - 2012 and reached a peak in 2013.

The total revenue from alcohol advertising accounts for more than 50 percent of all advertising revenues in the country, according to the Asia Foundation report released in 2015. It has increased by 164 per cent in 2011, and become one of the fastest growing areas in the Cambodian advertising industry. Beer advertisements alone bring in around \$100 million each year, and with the increasing number of foreign tourists that make their way into Cambodia, this figure is expected to continue to rise.<sup>100</sup>

#### **3.4.3.2. Contributing to creating jobs**

Resulted from the widespread of the business operation with the recent decades, alcoholic beverage industry has contributed to create jobs. For instance, amongst the prominent alcoholic beverage companies, operating in Cambodia, Vattanac Brewery Co., Ltd. claimed that their business operation has created about 1,500 jobs.<sup>101</sup> Likewise, Hanuman Beverages CO., LTD. claims that its \$160.6 million project was approved recently would create 1,545 jobs.<sup>102</sup> Adding to these, about 9,600 alcohol refinery operations (Asia Foundation, 2016) would provide jobs to many people. About 38,000 female entertainment workers working in entertainment establishments, such as karaoke TV bars (KTV), beer gardens and nightclubs would benefit from their employment (Carinne B. K., 2020).

#### **3.4.3.3. Perspectives toward revenue and the negative impact**

Including the surveyed respondents, some of them are not pessimistic about the alcoholic beverage business. They have seen both impacts. Positively, they see that the government generated revenue from this industry, although they do not see how it is managed. Jobs have been created to contribute to the increased employment rate and enable income generation. While, it is not clear how this positive benefit would balance with the negative impacts, in which various consequences from the alcoholic consumption have been visible.

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<sup>98</sup> <https://www.khmertimeskh.com/37081/taxes-on-local-alcohol-and-cigarettes-increased/> (Accessed 25 January 2022)

<sup>99</sup> <https://www.phnompenhpost.com/business/tax-department-rakes-12b-revenue> (Accessed 25 January 2022)

<sup>100</sup> Cited in the news, <https://www.khmertimeskh.com/108299/cambodias-growing-drinking-problem/> (Accessed 25 January, 2022)

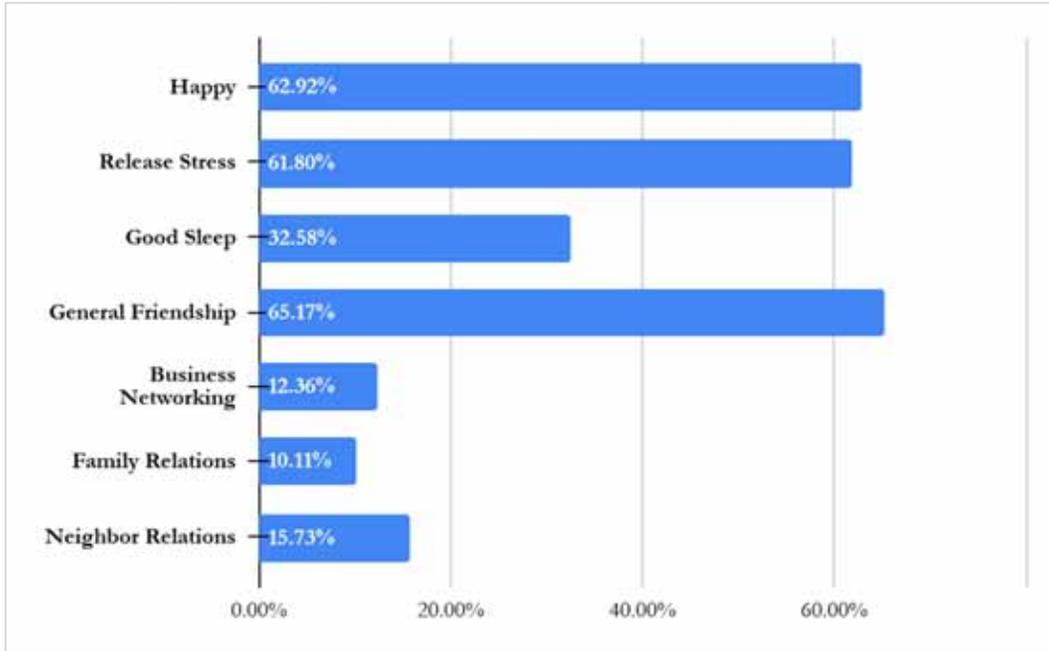
<sup>101</sup> <https://www.khmertimeskh.com/50956789/vattanac-brewery-brews-first-beer-for-the-kingdom-of-cambodia-2/> (Accessed 25 January 2022)

<sup>102</sup> <https://www.phnompenhpost.com/business/vattanac-launch-87m-brewery> (Accessed 25 January 2022)

### 3.4.3.4. Increased Personal Joy, Socialization, and Friendship

About 40% of the (327) respondents, general population group, are positive about why people in Cambodia decided to drink alcohol. Personal joy, socialization and friendship are key positive reasons of the decision. Amongst 89 respondents who used to drink or continue their drink at the present, three top reasons for drinking are, general friendship, happiness, and stress release. This is inline with the general perception, including those who reported that they never drink any alcohol.

Figure 21: Key reasons why drinkers decide to drink alcohol



Source: Calculated by the author, based on primary data (n=89)

*Alcohol is not purely bad or good. It depends on how the government regulate it. It is good as it can help people to release stress and having fun after having busy day. However, without government regulation, it could bring harm to the society.*

“No Drink, No Friendship!” becomes a common word used in Cambodia. It is often used once anyone persuades others to drink with them. Despite it looks similar, but it is not always a positive, it would be a bit a pressure. A study, targeting the Most At Risk Young People, found that they drink because they wanted to experience new things, to cope with their working conditions, to conform to peer pressure and because of their family, school, or relationship issues. For people aged from 10 to 14 years, compared with older age groups, the decision to start drinking alcohol was strongly influenced by external social factors (i.e. they were highly influenced by their surroundings) (MoEYS, 2010).

### 3.4.4. NEGATIVE IMPACT OF ALCOHOLIC CONSUMPTION

This section provides the analysis on the perception of the surveyed respondents toward negative impacts of alcoholic consumption in Cambodia, in general, and where available and relevant it also captures the actual impacts experimented by the general population we surveyed.

#### 3.4.4.1. Overview

Alcohol is a psychoactive substance with dependence-producing properties that has been widely used in many cultures for centuries. The harmful use of alcohol causes a large disease, social and economic burden in societies. The harmful use of alcohol can also result in harm to other people, such as family members, friends, co-workers and strangers. Moreover, the harmful use of alcohol results in a significant health, social and economic burden on society at large. Alcohol consumption is a causal factor in more than 200 disease and injury conditions. Drinking alcohol is associated with a risk of developing health problems such as mental and behavioural disorders, including alcohol dependence, major noncommunicable diseases such as liver cirrhosis, some cancers and cardiovascular diseases, as well as injuries resulting from violence and road clashes and collisions. A significant proportion of the disease burden attributable to alcohol consumption arises from unintentional and intentional injuries, including those due to road traffic crashes, violence, and suicides, and fatal alcohol-related injuries tend to occur in relatively younger age groups. The latest causal relationships are those between harmful drinking and incidence of infectious diseases such as tuberculosis as well as the incidence and course of HIV/AIDS. Alcohol consumption by an expectant mother may cause fetal alcohol syndrome and pre-term birth complications.<sup>103</sup>

About 3 million deaths each year globally caused by alcohol consumption and millions of people got disabilities and poor health, according to WHO. Remarkably, alcohol led also to a large burden of disease and injury in 2016, causing 132.6 million DALYs (deaths and disability-adjusted life years) which represented 5.1% of all DALYs in that year.<sup>104</sup> Likewise, observed in some developed countries, such as in the United States of America, excessive alcohol use led to approximately 95,000 deaths and 2.8 million years of potential life lost (YPLL) each year from 2011 – 2015, shortening the lives of those who died by an average of 29 years.<sup>105</sup>

Overall, harmful use of alcohol is responsible for 5.1% of the global burden of disease. Harmful use of alcohol is accountable for 7.1% and 2.2% of the global burden of disease for males and females respectively. Alcohol is the leading risk factor for premature mortality and disability among those aged 15 to 49 years, accounting for 10 percent of all deaths in this age group. Disadvantaged and especially vulnerable populations have higher rates of alcohol-related death and hospitalization.<sup>106</sup> The effects of alcohol consumption on mortality are greater than those of tuberculosis (2.3%), HIV/AIDS (1.8%), diabetes (2.8%), hypertension (1.6%), digestive diseases (4.5%), road injuries (2.5%) and violence (0.8%) (WHO, 2018).

Violence caused by alcoholic consumption is severed. Globally, many people have experienced or witnessed situations in which people drinking alcohol get aggressive, obnoxious, and violent. Scientific research has shown evidence of a relationship between alcohol and violence, and even evidence that alcohol plays a role in causing violent and aggressive responses.

Unlike the positive impacts, various negatives of the alcoholic beverage consumption were identified and assessed by all the surveyed respondents. Their assessment is based on their

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<sup>103</sup> <https://www.who.int/news-room/fact-sheets/detail/alcohol> (Accessed on 9 February 2022)

<sup>104</sup> [https://www.who.int/health-topics/alcohol#tab=tab\\_1](https://www.who.int/health-topics/alcohol#tab=tab_1) (Accessed on 9 February 2022)

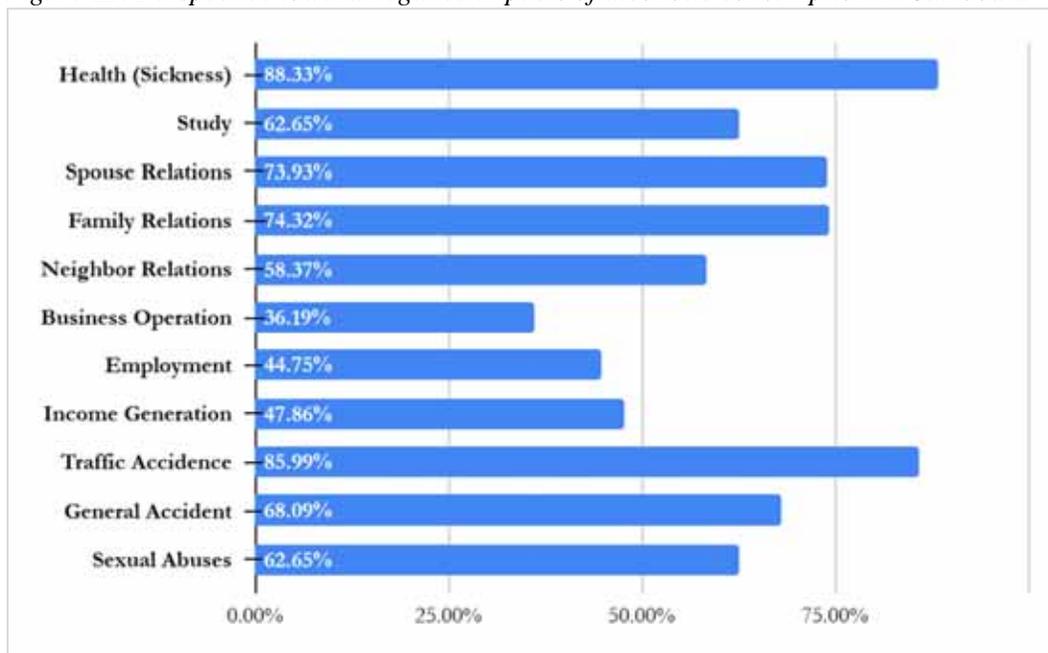
<sup>105</sup> <https://www.cdc.gov/alcohol/fact-sheets/alcohol-use.htm> (Accessed on 9 February 2022)

<sup>106</sup> [https://www.who.int/health-topics/alcohol#tab=tab\\_1](https://www.who.int/health-topics/alcohol#tab=tab_1) (Accessed on 9 February 2022)

direct observation what reality happened surrounding their daily life and in the society. From the surveyed drinkers, they share their reality. Like or similar with many literatures, in other countries and in Cambodia, at any time including in the recent years, major negative impacts are categorized in to two sectors – social and economic, in accordance with the instruction of the study ToR – of which over ten areas of negative consequences are reported. They are separated into two different stage – the immediate impacts and the projected longer-term consequences.

It’s hard to say priority amongst the negative areas identified or assessed because almost every surveyed respondent raised every area of the negativity. However, going from the top to the bottom, health problem (88.33%), traffic accident (85.99%), family (74.32%) and spouse relations (73.93%) are at the top three enlisted. These are then followed by general accident or violence (68.09%), sexual abuse (62.65%), and poor study performance (62.65%). Problems relating to neighbor relations (58.37%), income generation (47.86%), employment or job performance (44.75%), and business operation / relations (36.19%) come after.

Figure 22: Perspective toward negative impacts of alcoholic consumption in Cambodia



Source: Calculated by the author, based on primary data (n=257)

*Excessive spending on alcohol, caused violence, physical illness, loss of family income. It affects the education of children as well as commits other atrocities, especially affecting the mind. Cause more domestic violence, psychological violence on housewife, and affect health. It causes social insecurity and increases theft. Throw the child to the next generation, because it is commonly thinking that alcohol use is normal and something that everyone should drink. [Country Director of a domestic NGO.]*

*Besides such too little drink, it can lead to domestic violence, which can affect the emotional well-being of wives and children, in addition to medical expenses and even murder. On the other hand, it is bad for children to follow suit.*

*Accidents can lead to lawsuits, material damage, disability, falling into poverty due to income impact.*

*The impacts of alcohol beverage consumption, impacts on economic because need to spend money, impacts on health, impact on traffic accident. While someone impact from alcohol on health then spend time, money, and family members take care.*

*Try to earn money on beer (waste). Spend time not drinking, spend time earning money. Create conflicts with family and neighbors. Drinking you have a disease. There are times when money costs illnesses and causes families to fall into debt. Drunken driving, death to oneself or any person who is the head of the family makes it difficult for the family to lose that member and may fall into debt, etc.*

*Although the rise of company creates more jobs for Cambodian people, the overwhelmed consumption of alcohol beverages has caused some deaths and this affects the human resources of Cambodia, which results in bad consequences on economy. The overconsumption habit also decrease Cambodian people's capability and produce less results than they are supposed to for the economy as well.*

#### **3.4.4.2. Economic Impacts**

Separately, three areas are categorized into the economic impacts. Of which, destruction on income generation activities is sitting at the top of the list. Although not many respondents, but nearly half of them repeatedly indicated these as the negative impacts, of which about 47.86% indicated the destruction on income generation, followed by affecting the quality of job performance (44.75%), and finally disturbing the business operation (36.19%) for those who are self-employed, in particular.

##### ***Disrupted Personal / Family Income Generation***

Respondents explained that once anyone gets engaged in drinking alcohol, immediately spend their own money to buy alcohol and they waste time to do any activities which they are able to get income. Drinkers get sick. Consequently, they are not able to do any activities supposed to do. Respondents shared their observation or practical experience; they put:

*I was used to calculate in money by just for two persons in a family who used it. Especially for the poor, burden on family economic as need to spend money on drinks and they may have other economic problems for instance lost employment opportunities and or low wage, increased medical. Most alcoholics spend between 20 and 30 percent of their daily income on alcohol. Spend a lot of money, waste time.*

*People spend a lot of money on alcohol. Losing time in business, especially those who are strong is spending time with alcohol. Alcohol need to buy it, If someone drink alcohol every day or more often some part of family income to alcohol, and if someone get sick or accident happen cause by alcohol, then spend time to take care him/her.*

*Have to spend money to buy alcohol. Spend time. Cause disease, when sick, lose income. For the state, losses due to violence increase traffic accidents.*

*Spending money, wasting time, increasing poverty, losing jobs*

*Long term negative impact to economically productivity.*

*Many study researches showed that family that their members are often engaged in alcohol consumption increased debt with banks. [A high-ranking government official.]*

*A family with a family member who drinks alcohol causes a loss of family income. From my general observation, I find that most of the bank-indebted families have alcoholic members. People spend their hard-earned money on alcohol.*

***Affected the quality of job performance (44.75%)***

Most of the respondents are employed. It's imperative to ensure the quality of their performance. Consumption of alcohol affected the quality of job performance, although the study did not ask technical questions to what extent it has affected, what are the real consequences they see.

*When we drink, we lose money, some people earn enough to drink. When drinking makes us sick, we have to spend money and waste time. Some go because they drink too much and are fired. Some alcohol causes traffic accidents, it can lead to loss of property and time damage.*

***Disturbed business operation (36.19%)***

Another aspect was about the business operation. Increasingly, more and more Cambodian people have own business. Although, as presented in the positive impact above, drinking alcohol provides fun and space for drinkers to discuss their business-related issues, or topics, as well as to build up relations or networking. Some respondents shared that some business partnership has been affected if excessive drink takes place. Disrespectful conversation damaged the partnership afterward.

Besides these three major impacts, respondents, at less extent, shared other impacts on the economic sector. These include, caused the damages on public properties, increased burden on the national budget and expenses for rehabilitation / recovery of any loses caused by alcoholic consumptions, mostly relating to traffic accident, sickness. Losing human resources or capitals was also mentioned as one of a great for the family, and the society while Cambodia has a scarcity of human resources to serve the development of the country.

**3.4.4.3. Social Impacts**

***Increased Health Problem: Short-term, Medium-term, and Long-term***

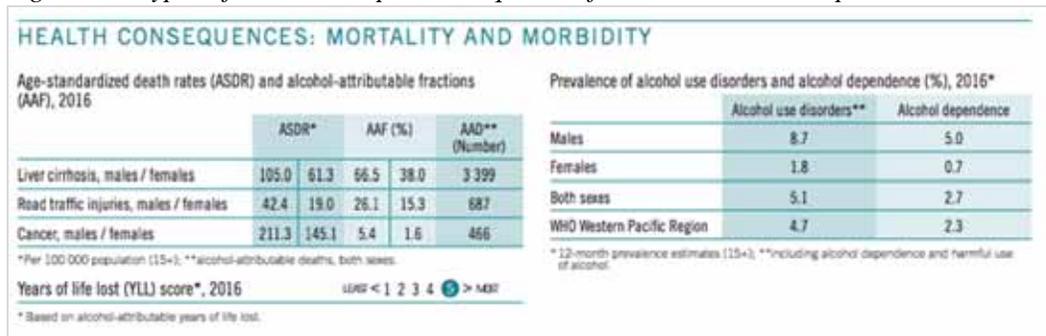
Health related problem came at the first line, a vast majority (88.33%) of the respondents repeatedly indicated, while several research studies and statistics confirmed. Key words or statements that respondents explained the immediate negative impacts, to the medium- and longer-term consequences on health-related problems are presented:

*Too much discussion about alcohol affects the health of individuals, consumers and the state have to pay more for health services to the people. Affects health, spends a lot of money on treatment, loss of human resources, disability. Cause disease. Negatively affect people health both in short-term and long-term which*

*require the people themselves and the government to spend much money on treatment. Drinking heavily causes a sickness. Increased unhealthy. [Collated responses from some respondents.]*

A study by health experts argued that increasing alcohol consumption and tobacco use are associated with numerous public health challenges, including the increasing prevalence of chronic disease in the Asia-Pacific Region.<sup>107</sup> According to the WHO, the harmful use of alcohol is a causal factor in more than 200 disease and injury conditions. It is suggested drinking alcohol is associated with a risk of developing health problems such as mental and behavioural disorders, including alcohol dependence, major noncommunicable diseases such as liver cirrhosis, some cancers and cardiovascular diseases, as well as injuries resulting from violence and road clashes and collisions.<sup>108</sup> According to a recent study of the WHO, NCDs (noncommunicable diseases) are responsible for 64% of all deaths in Cambodia, and the population has a 23% probability of dying between the ages 30 and 70 years from one of the four main NCDs.<sup>109</sup> The total economic burden of NCDs to the Cambodian economy is KHR 5.97 trillion (US\$ 1.5 billion) per year, equivalent to 6.6% of the country's annual gross domestic product (GDP).<sup>110</sup>

Figure 23: Types of diseases as per consequences from alcohol consumption in Cambodia



Source: (WHO, 2018)

### Reduced Quality of Study Performance

Over half (62.65%) shared their observation that drinking alcohol reduced the quality of study performance. Consequently, some respondents observed that youth dropped out of school.

*We see young people drop out of school and do other unfortunate deeds. Affect learning. Limiting critical thinking, and increasing bored thoughts.*

Alcohol consumption showed negative associations study or academic performance. One study concluded that alcohol consumption has been negatively associated with academic performance, and heavy drinking has been proposed as a probable contributor to student attrition from college. Problems frequently experienced by university students due to drinking included missed classes and poor academic achievement. Heavy episodic drinkers are much more likely than non-heavy drinkers to report that drinking caused them to miss class, fall behind in their schoolwork, and perform poorly on test/s or other academic

<sup>107</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5043075/> (Accessed 14 February 2022)

<sup>108</sup> <https://www.who.int/news-room/fact-sheets/detail/alcohol> (Accessed 14 February 2022)

<sup>109</sup> <https://www.who.int/nmh/Cambodia-IC-Report-Final.pdf> (Accessed 14 February 2022)

<sup>110</sup> <https://www.who.int/nmh/Cambodia-IC-Report-Final.pdf> (Accessed 14 February 2022)

project/s.<sup>111</sup> Likewise, other numerous studies in the OECD countries, suggested that alcohol drinking affected negatively on the educational performance and outcomes. Technically, first, alcohol use and related diseases (such as mental health issues) may have a direct biological effect on cognitive function and concentration at school. Alcohol has been shown to cause neurodegeneration and impaired functional brain activity, and can create learning and recognition problems. Second, alcohol use can lead to behaviours that affect educational performance, such as lower attendance or commitment. For example, alcohol use has been shown to be associated with absenteeism from school, less time spent on studying and lower school attendance. Third, emotional or mental health factors related to alcohol use can affect educational performance. Alcohol use has been shown to negatively affect relationships with other students and teachers and commitment to school work. For instance, alcohol use by students may increase the odds of disengaging from school (such as through truancy or school suspension), which may in turn favour connections with antisocial peers.<sup>112</sup>

### ***Ruined Relationships***

Three major relationship types expressed by the surveyed respondents. Amongst them, about 74.32% of the respondents assessed that alcohol drinking affected on family relations and the impact on spouse relations came next, followed by its consequences on the relations with neighbors. Respondents revealed that harmony within a family has been affected. This is closely linked with the domestic violence, for more severed case, which will be elaborated in the sections below. Particularly, children get higher impacts. Their education has been impacted. Literature indicated that heavy drinking by parents affects family functioning, the parent–child relationship and parenting practices, which, in turn, adversely affect childhood development (CHEA & Keothyda, 2015). Observation by respondents also reported that drinking disrupted relations of spouse, and some cases with neighbors, who are living in the same community. In addition, albeit not many cases happened or the respondents could not recall, to some extent the relations between business partners has been negatively affected by heaving alcohol drinking.

### ***Traffic Accident***

Statistic shown in 2004, the numbers of traffic accidents increases every year in the world and that these accidents kill around one million people and injures 23 million others. 85% of the fatalities occur in the developing countries. The Asia–Pacific region alone accounts for up to 44% of global road deaths. In Cambodia, road traffic accidents increased 15% every year.<sup>113</sup> A report from a specialized NGO showed 814 people died in traffic-related accidents between 2006 and 2008, and a further 11,178 people were injured.<sup>114</sup> According to the UNDP report, in 2019, Cambodia saw almost 13,700 injuries and more than 2,000 deaths due to traffic accidents – with an average of 5.4 people dying daily. This makes road traffic one of the leading causes of deaths and injuries in the Kingdom. The number of

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<sup>111</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3843305/> (Accessed 14 February 2022)

<sup>112</sup> <https://www.oecd-ilibrary.org/sites/8f9105c7-en/index.html?itemId=/content/component/8f9105c7-en#section-d1e16429> (Accessed 14 February 2022)

<sup>113</sup>

[https://www.who.int/violence\\_injury\\_prevention/road\\_traffic/5year\\_strategy/travis\\_annualreport\\_execsum.pdf](https://www.who.int/violence_injury_prevention/road_traffic/5year_strategy/travis_annualreport_execsum.pdf) (Accessed 25 January 2022)

<sup>114</sup> <https://www.phnompenhpost.com/national/study-shows-rise-youth-alcohol-use> (Accessed on 9 February 2022)

fatalities caused by road traffic accidents has increased nearly 25% over the past 11 years (2009-2019), higher than the population growth for the same period of 17% (UNDP, 2021).

Alcohol use was listed as one of the key factors associated with the loss of life in an accident reported across different times within decades, by the report released by a specialized NGO in 2008,<sup>115</sup> by the figures released by Cambodian National Police, in 2017<sup>116</sup> and by the UNDP report in 2021.<sup>117</sup> Youth seems suffer the most from fatal accident or serious injuries but they are found to be the ones who disobey traffic law, use drug and drink, and overspeed at the same time (UNDP, 2021).

Road traffic accidents impose a significant economic burden. UNDP and NRSC re-estimated the cost of road traffic accidents in Cambodia for the first time in 10 years and found this to be \$466.8 million for 2019, equivalent to 1.7% of the annual Gross Domestic Product (GDP). Of this total cost, 88.8% is due to loss of life and associated lifetime earnings (UNDP, 2021).

It is not surprised that almost 9 out of 10 respondents stressed on traffic accident happened in Cambodia, in response to the question, “what are negative impacts of the alcoholic consumption?”. Noted from interviews, once comes to this point, respondents felt shock, with unhesitant response, to say, “traffic accident”. They shared that traffic accident happened daily, if it did not happen here, it happened there. Especially during special occasion or celebration, if they didn’t see by their eyes, the information always showed that tragedy.

### ***Domestic Violence***

*“Frequently, he comes home drunk and blasts his anger toward me when I ask his whereabouts or talk about his alcoholic behaviour,” Ouk Kimchheang, 52, said about her husband at one of these group sessions in Samraung Commune.<sup>118</sup>*

*We find that young people are more likely to use it, which is detrimental to education, or that young people can lead to more misconduct, such as robbery and especially domestic violence, as a result of alcoholism. In addition, it affects the dignity of society due to the promotion and raising of signs all over the streets, while the sale is anarchic.*

Violence against women, including intimate partner violence, continues to be a serious concern in Cambodia.<sup>119</sup> According to U.N. reports, one in five women ages 15 to 49 in Cambodia experiences physical violence.<sup>120</sup> A national survey commissioned by the Government and the UN in 2015, 32 per cent of partnered Cambodian women experience

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<sup>115</sup> <https://www.phnompenhpost.com/national/study-shows-rise-youth-alcohol-use> (Accessed on 9 February 2022)

<sup>116</sup> Cited in the news, <https://www.khmertimeskh.com/108299/cambodias-growing-drinking-problem/> (Accessed 25 January 2022)

<sup>117</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed 25 January 2022)

<sup>118</sup> <https://www.un.org/youthenvoy/2017/07/end-violence-women-cambodian-project-teaches-healthy-relationships/> (Accessed 25 January 2022)

<sup>119</sup> <http://ngocedaw.org/wp-content/uploads/2021/03/MR2020EN-1.pdf> (Accessed 14 February 2022)

<sup>120</sup> <https://borgenproject.org/tag/domestic-violence-in-cambodia/> (Accessed 14 February 2022)

emotional abuse by an intimate partner in their lifetime.<sup>121</sup> Rights group recorded 112 cases of domestic violence in 2020, a slight increase from 102 the previous year.<sup>122</sup> Throughout 2020, there were numerous media reports of men who murdered their partners.<sup>123</sup>

Alcoholic consumption and violence have a strong connection, albeit, it is complex. Experts suggested that alcoholic consumption strongly related with such violence, by stressing that most cases involved men who returned home intoxicated and became violent towards their wives and children.<sup>124</sup> In agreement with this, a study suggested around 58 percent of women confirmed they live with a family member addicted to alcohol and that they experienced violence from their husbands or family members consuming alcohol.<sup>125</sup> Another study proofed that among males aged 18 to 24, drinking alcohol and smoking were correlated with experiences of physical violence prior to age 18 (UNICEF, 2014). Amongst key factors, such as low levels of education, and poverty, alcohol consumption is often linked to violence, especially domestic violence (USAID, 2019). The Cambodia socio-economic survey 2014 solicited that one on the top factors associated with the violence is her intimate partner got drunk often, in which over 30% of Cambodian women had experienced physical, sexual, emotional or economic intimate partner violence experience in her lifetime.<sup>126</sup>

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<sup>121</sup> [https://www.kh.undp.org/content/cambodia/en/home/presscenter/articles/2017/11/30/what-is-needed-to-end-violence-against-women-in-cambodia-.html?utm\\_source=EN&utm\\_medium=GSR&utm\\_content=US\\_UNDP\\_PaidSearch\\_Brand\\_English&utm\\_campaign=CENTRAL&c\\_src=CENTRAL&c\\_src2=GSR&gclid=Cj0KCQiAmKiQBhCIARIIsAKtSj-nC-thYmAxSxSpeb9KHaSflf81fb1Axlhv05vr7Q3VnRvSo39L\\_bSEaAjUAEALw\\_wcB](https://www.kh.undp.org/content/cambodia/en/home/presscenter/articles/2017/11/30/what-is-needed-to-end-violence-against-women-in-cambodia-.html?utm_source=EN&utm_medium=GSR&utm_content=US_UNDP_PaidSearch_Brand_English&utm_campaign=CENTRAL&c_src=CENTRAL&c_src2=GSR&gclid=Cj0KCQiAmKiQBhCIARIIsAKtSj-nC-thYmAxSxSpeb9KHaSflf81fb1Axlhv05vr7Q3VnRvSo39L_bSEaAjUAEALw_wcB) (Accessed 14 February 2022)

<sup>122</sup> <https://www.phnompenhpost.com/national/2020-domestic-violence-cases-112> (Accessed 14 February 2022)

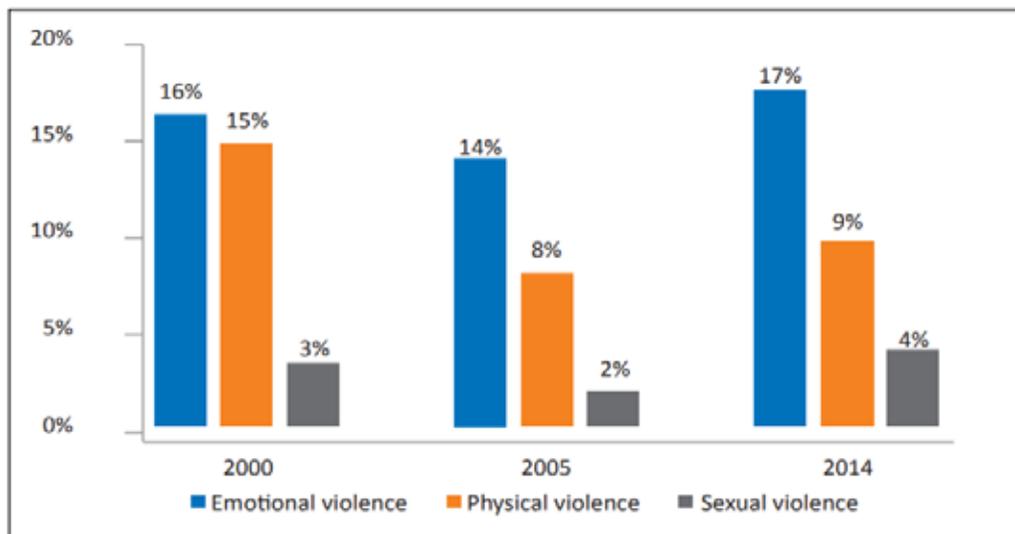
<sup>123</sup> <http://ngocedaw.org/wp-content/uploads/2021/03/MR2020EN-1.pdf> (Accessed 14 February 2022)

<sup>124</sup> <https://www.phnompenhpost.com/national/2020-domestic-violence-cases-112> (Accessed 14 February 2022)

<sup>125</sup> <https://www.phnompenhpost.com/national/alcohol-leads-violence-against-women-org> (Accessed 25 January, 2022)

<sup>126</sup> [https://cambodia.unfpa.org/sites/default/files/pub-pdf/Leflet\\_IPV\\_English.pdf](https://cambodia.unfpa.org/sites/default/files/pub-pdf/Leflet_IPV_English.pdf) (Accessed 14 February 2022)

Figure 24: Percentage of women experienced with violence from their partners



Source: UNFPA Cambodia report<sup>127</sup>

### ***Sexual Abuse***

Sexual abuse was found as linked with the alcohol consumption. Over half (62.65%) of the surveyed respondents reflected. It was not clear if this was a practical experience of the respondents themselves or their observation or observation towards the case in Cambodia, because guided by the research ethical, such as question was not to solicit if this is the case of the respondent, or otherwise. Nevertheless, this indicates that such incident is high and correlates with the alcohol consumption.

*Conflict, Domestic and Social Violence, Traffic Accidents, Deteriorating Society, Susceptibility to Drug Use, Sexual Abuse.*

A study of the MoEYS showed the consequences of using alcohol, amongst other factors, was cited as the key reasons for having sex with sweethearts among most at risk young males (MoEYS, 2010). According to another study, saying that when partners are drunk, they are more likely to be physically or sexually violent. (Carinne, et al., 2019). Almost every NGO and government representatives who joint the study of the Amnesty International expressed that the increased alcohol consumption posed a relating to sexual violence against women.<sup>128</sup>

### ***Related Violence***

Cambodia has high rates of all types of violence among youth. Some studies mentioned that youth and their parents confirm observing a lot of violence in their communities (USAID, 2019). Violence is a cause of mental health issues, addictions, dropping out of school, and violent behavior (USAID, 2019). This study found that about 68.09% of the surveyed respondents mentioned other related violence are the impact of alcohol consumption. This reiterates many studies reporting the relation of alcohol and violence. Amongst key factors, such as low levels of education, and poverty, alcohol consumption is often linked to violence (USAID, 2019). Like drug, alcohol consumption has increased

<sup>127</sup> [https://cambodia.unfpa.org/sites/default/files/pub-pdf/Leflet\\_IPV\\_English.pdf](https://cambodia.unfpa.org/sites/default/files/pub-pdf/Leflet_IPV_English.pdf) (Accessed on 9 February 2022)

<sup>128</sup> <https://www.justice.gov/eoir/page/file/1051061/download> (Accessed on 9 February 2022)

and is a main concern of youth. Same as drugs, the consumption of alcohol is linked with outcomes of violence that affect the safety and well-being of youth (USAID, 2019). Statistically, about 60% of youth age 18 to 24 years old experienced at least one form of physical, emotional, or sexual violence during their childhood, in 2013 (USAID, 2019). Youth fighting or violence has been increasingly visible, include at the public places. For instance, a violence of over ten youth, in which a local news and some surveyed respondents put:

*Two rival groups of 10-15 young people – fuelled by alcohol – faced off in a ‘rumble’ and fought using plastic chairs and shoes in a confrontation that left local people shocked and scared.*<sup>129</sup>

*The more people drink, the worse their public health becomes because people in society face poorer health. Social insecurity because when people drink alcohol can cause violence or abuse. Another is the decline of social morality.*

*The emergence of violence is due to the use of alcohol. Families where the head of the family drinks alcohol can cause domestic violence, it affects the mental health of children. Can cause social insecurity such as robbery and violence. The true story of an iron sister who was imprisoned for drinking and stabbing others. The sister was imprisoned, causing her family to lose her position and affect her children.*

*“If he was not drunk, he would not hit my daughter” On the night of October 16, San Phally and three others were killed by a drunk driver. The 20-year-old had left home just three days earlier to find work in Phnom Penh, according to her father Ly Koeung. “I do not know what to compare to my child. When I think of her, my tears always fall. I regret it. It too fresh. She just said goodbye three days ago.” Sitting in front of the house where his youngest daughter’s funeral just ended, Koeung said he had no doubt that alcohol was the chief cause of the accident. “If he was not drunk, he would not hit my daughter. My daughter was walking on the sidewalk,” he said, tears in his eyes. “He was driving drunk and lost consciousness, then he caused the danger to others. If he had not been drunk, he could not have caused harm.”<sup>130</sup>*

### ***Long-term consequences from alcoholic consumption***

Besides concrete impacts prescribed, many respondents shared their observation and raised their concerns over numerous issues or problems which would be seen as consequences of alcoholism. At the individual and family levels, these concerns are relating to chronic illness (24.74%), handicap (6.19%). While, at the community or society at large, the possible consequences are about creating bad attribute towards alcoholism for the young generations to come, and the cultural norms.

*The cause is not solely by alcohol it is also by alcohol illiteracy and alcohol abuse, which then lead to over dependent on alcohol as the means of social gathering, wedding ... and consequentially lead to public health issues in short*

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<sup>129</sup> <https://www.khmertimeskh.com/50896219/alcohol-fuelled-teen-violence-flares-at-phnom-penh-speakeasy/> (Accessed 14 February 2022)

<sup>130</sup> <https://cambojanews.com/advertising-buoys-alcohol-consumption-concerning-some-in-cambodia/> (Accessed 25 January, 2022)

*and long run, traffic. accidents and conflicts, incl. domestic violence. This creates cycle of alcohol abuse and dependent over generations.*

#### **4. CONCLUSION AND POLICY RECOMMENDATIONS**

Inside the rapid economic growth in the recent decades, albeit to some extent it has been affected by the COVID-19 pandemic, alcoholic beverage industry has dramatically emerged and developed in Cambodia. It shared a large scale in the market value. With the increasing investment, the production capacity increased and has dramatically reached larger amount of consumption. Through their massive and attractive advertisement, in which hundredths million USD spent per annum, with limited restriction and control from the government, too many different brands of alcohol products have reached million consumers per annum, everywhere, across the country.

Alcoholic drinking pattern has dramatically changed, doubling increased in a decade. It is arising amongst females and under 18 years old people, while the drinking pattern for older males remains high. As a result, alcohol drink per capital in Cambodia has increased and is higher than the global average. Such trend indicated a continual increase in the future.

Positive factors associated with the alcohol business and drink have been identified, including contributing to the economy development (GDP) and creating jobs, as well as personal socialization and joy. If valuing it, such contribution might be more or less than the economic negatively impacted by the consumption. While, several negative impacts have been justified. Of those over ten areas of the negative impacts from alcoholic drinking, especially excessive drink, short- to longer-term of health-related issue, traffic accident, and violence, mainly the domestic violence is high and gives an alarm to relevant actors, especially the government to pay their attention and take durable and sustainable action to tackle such spreading consequences.

Building ground on these findings and suggestions, key policy take away points are recommended to relevant beverage companies, banks, banking regulators, the government, as well as CSOs of concern to respectively and collectively take action to ensure that such potential business sector will continue to grow and provide more positive, than negative impacts to the Cambodian population, and the society at large.

The study reiterates the 10 areas for action on alcohol that the WHO suggested some years ago for relevant governments and key actors involved, and still valid to be tackled. Those areas include, alcohol pricing, the availability of alcohol, the marketing of alcoholic beverages, illegally and informally produced alcohol, drink-driving, drinking environments, health care interventions, public awareness-raising, community and workplace action, and monitoring and evaluation.<sup>131</sup> Critical points suggested by various respondents and from various literatures are summarized below:

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[file:///G:/My%20Drive/01.%20CAN/04.%20Progressive%20Work/2021\\_CCC\\_EconomicStudy/02.%20Literature%20Review/Cambodia\\_onthetopic\\_Studies/E92820.pdf](file:///G:/My%20Drive/01.%20CAN/04.%20Progressive%20Work/2021_CCC_EconomicStudy/02.%20Literature%20Review/Cambodia_onthetopic_Studies/E92820.pdf)

**To Alcoholic Beverage Manufacturing and Distribution Companies** – two major points suggested to the alcoholic beverage manufacturing and distribution companies are relating to (1) limiting harmful advertisement and (2) improving the business conduct, and these are interlinked. It's widely suggested that the companies should consider reducing the amount and attractive content of advertisement. The advertisement should not continually appear everywhere, at the public places, on TV, music or movies, with very bright, clear and attractive content. Using celebrity to persuade customers to test or to drink alcohol should be critically cut. Prize, which is used to attract customers to buy and drink more, should be cut. Putting health issue of consumers in the front, the quality of the product should be upgraded, contributing to reduce harm of the drinkers.

**To Banking Regulators and Banks** – imposing, developing and increasing the adaptation of the safeguard policy by ensuring the ESG integration and implementation by the banks, and increasing the restriction over loan disbursement are critical points suggested. Building on the increased acknowledgement on the value of ESG by some banks, together with continual capacity building and coordination mechanism facilitated by ABC, it is expected that ESG principles are increasingly adopted. Albeit the local banks may have not released loan to any beverage companies, but it is vital for the banks to critically review its risks assessment framework and toolkits, setting clear conditions on loan disbursement relating to alcohol manufacturing and distribution. In this regard, it's also suggested that the interest rate for such a business should be considered to increase.

**To the Royal Government of Cambodia** – several points were suggested to the RGC, of which enacting the law on alcohol regulation, reinforcement mechanism, and restriction on advertisement are the key. It is necessary to bring the law drafted in July 2015, by the Ministry of Health, to light. Such a law, consists of some 39 articles and 11 chapters, includes items that make it illegal to sell alcohol to people under 21 years of age, and to pregnant women, should also reflect on key points commented by the Council of Minister, include raise taxes on alcoholic beverages, enforce restrictions on the availability of retailed alcohol, enforce restrictions on alcohol advertising, and enforce drink-driving laws. Having observed that some laws in Cambodia have not been fully complied, it is suggested that beyond having the law, such a law should be reinforced by the functional mechanism. On the advertisement, the RGC should focus on enforcing the restrictions on amount, location, content, tone of message, prize, methods, channels.

Adding to these, some suggesting points which the RGC should take into account include, (1) reinforce some existing laws, such as law on violence against women and children, criminal code, and traffic law, driving laws, policies and countermeasures; (2) enforce restrictions on the availability of retailed alcohol, ban alcohol sales at selected spaces; (3) development of pricing policies and implementation mechanism; (4) raise taxes on alcoholic beverages, control smuggling and import; (5) enforce free-alcohol at selected work place and public places; and (6) implement mass awareness raising, especially to youth, including the community-led program. This study reiterates the recommendation made by the MoEYS, to review school curriculums and teacher training to include up to date information on the harmful effects of drugs and alcohol and to expand life skills training, with a focus on risk reduction skills, to empower young people to take responsibility, avoid drugs and delay the initiation of alcohol use and sex. School curriculums and teacher training could be further reviewed and strengthened to include up-to-date information on the harmful effects of alcohol and to expand life skills training, with

a focus on risk reduction skills to empower young people to take responsibility, avoid drugs and delay the initiation of alcohol use and sex.

**To Civil Society Organizations** – CSOs are seen as an actor who should continually be involved in awareness raising, law development, policy development, implementation measures, promoting free alcohol at the workplace, as well as conducting the community alcohol network. The Asia foundation with its partners used to pilot this in some communities, of which such model should be considered to replicate.

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