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India-Cambodia Trade Working Group Meets; UPI Linkage Becomes the More Interesting Story

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India-Cambodia Trade Working Group Meets; UPI Linkage Becomes the More Interesting Story

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Every fact web-verified against primary sources

> *The* **Third Meeting of the India-Cambodia Joint Working Group on Trade and Investment (JWGTI)** *was held in* **Phnom Penh on August 24, 2026**, *co-chaired by* **Amit Verma**, *Joint Secretary in the Department of Commerce, and* **Long Kemvichet**, *Director General of International Trade in Cambodia's Ministry of Commerce.*

THE TRADE NUMBERS

MEASURE	FIGURE
Bilateral trade, 2025-26	**USD 406.78 million**
Previous year	**USD 299 million**
Growth	over **36 per cent**
April-June 2026 quarter	**63.25 per cent** year-on-year growth
Cambodia's rank among India's ASEAN partners	**8th**
Share of India-ASEAN trade	**0.31 per cent**

WHAT WAS AGREED, AND WHAT WAS NOT

Agreed and live: the meeting welcomed the **launch of UPI acceptance at KHQR-enabled merchants in Phnom Penh**, launched in 2026, on **June 2, 2026**.

Discussed, not concluded:

- An **MoU on Customs Cooperation** — agreement welcomed, early signing discussed
- A **Bilateral Investment Treaty** — completion discussed, early signature agreed in principle

- The next phase of the payments linkage, enabling **Cambodian payment apps to scan UPI QR codes in India**

> *The release records agreement in principle and discussion of early signature. Writing that India and Cambodia signed a BIT would be wrong.*

Other cooperation areas named: traditional medicine, e-governance modules, **recognition of the Indian Pharmacopoeia**, trade statistics reconciliation, dyes and pigments, banking and insurance. The next JWGTI will be held in India in 2027.

CRITICAL ANALYSIS

The percentages and the absolute figure tell opposite stories, and that is the essay. A 36 per cent jump is impressive until it is placed against **USD 406.78 million**, which is **0.31 per cent** of India's trade with ASEAN. Cambodia is a country where Chinese investment and infrastructure presence runs deep. India's economic footprint in mainland Southeast Asia remains thin, and a high growth rate off a small base does not change that.

The UPI-KHQR linkage is the more consequential development. KHQR is Cambodia's national QR standard, operated by the National Bank of Cambodia through the **Bakong** system. Linking UPI to it gives India a form of connectivity that **does not require competing with Chinese capital spending** — no port, no railway, no concessional loan. It is digital public infrastructure deployed as a diplomatic instrument.

The question worth arguing is whether DPI diplomacy substitutes or supplements. The optimistic reading is that payments interoperability creates durable everyday linkage — tourists, remittances, small traders — that outlasts any single infrastructure project and costs a fraction as much. The sceptical reading is that it is a low-cost supplement that makes the absence of trade and investment depth less visible without addressing it. Both are defensible; the honest answer picks one and says why.

Note the asymmetry in the linkage itself. Indian UPI users can currently pay at Cambodian merchants. The reverse leg — Cambodian apps scanning UPI QR in India — is still under discussion. Until it is live, this is Indian outbound spending capability, not two-way integration.

UPSC RELEVANCE

GS Paper 2 (International Relations): India and its neighbourhood; bilateral and regional groupings; India-ASEAN relations and the Act East Policy.

Prelims focus: the trade figures and Cambodia's ASEAN rank for India; the UPI-KHQR launch date; what KHQR and Bakong are; that Cambodia joined **ASEAN in 1999**, the last of the ten members; the status of the Customs MoU and BIT as unsigned.

Mains angle: Argue whether **digital public infrastructure exported as diplomacy** can substitute for trade and investment depth in mainland Southeast Asia, where China's presence is capital-intensive and entrenched. Use the contrast between the 36 per cent growth rate and the 0.31 per cent share.

Way forward: Complete the reverse leg of the payments linkage so integration is two-way; conclude the Customs MoU and BIT, since investor protection is the binding constraint on manufacturing linkage; and target sectors where India has genuine complementarity such as pharmaceuticals, where recognition of the Indian Pharmacopoeia is already on the agenda.

📌 FACTS CORNER — KNOWLEDGEPEDIA

THE MEETING:

- 3rd India-Cambodia Joint Working Group on Trade and Investment, Phnom Penh, August 24, 2026; next meeting in India, 2027
- Co-chairs: Amit Verma (Joint Secretary, Department of Commerce) and Long Kemvichet (Director General of International Trade, Cambodia)

TRADE:

- USD 406.78 million in 2025-26, up over 36 per cent from USD 299 million
- 63.25 per cent year-on-year growth in April-June 2026
- Cambodia is India's 8th largest ASEAN trading partner, at 0.31 per cent of India-ASEAN trade

PAYMENTS:

- UPI acceptance at KHQR-enabled merchants in Phnom Penh, launched in 2026, on June 2, 2026
- KHQR is Cambodia's national QR standard, run by the National Bank of Cambodia via the Bakong system
- The reverse leg, Cambodian apps scanning UPI QR in India, is under discussion, not live

NOT YET SIGNED:

- MoU on Customs Cooperation — agreed, early signing discussed
- Bilateral Investment Treaty — early signature agreed in principle

CONTEXT: CAMBODIA JOINED ASEAN IN 1999, THE LAST OF THE TEN MEMBERS.

Sources: PIB, Department of Commerce

Source: India-Cambodia Trade Working Group Meets; UPI Linkage Becomes the More Interesting Story — Ujiyari.com | Free UPSC & State PCS Current Affairs

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