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Remark by H.E Mr. Chea Vuthy  
Deputy Secretary General  
Cambodian Special Economic Zones Board  
at the Mekong-Japan Year 2009: Investment Seminar  
Tokyo, 21 December 2009

- H.E Mr. Yoshikuni OHNISHI, Secretary General of the ASEAN-Japan Centre
- Distinguished Delegates
- Ladies and Gentlemen:

It is my great honor and pleasure to be in Japan once again and I feel utmost privileged to attend this **Mekong-Japan Year 2009: Investment Seminar** in Tokyo. I would like to express our deep gratitude to **ASEAN-Japan Centre** for the warmest hospitality provided to my delegation and for the excellent arrangements of this Seminar.

Allow me to start my briefing on the latest economic and investment policy as follow: in opening the 21st century, Cambodia is on the road toward sustainable development. Cambodia experienced strong macroeconomic stability and significant improvement in standards of living. Real economic growth was 6.7% in 2008, lower than previous year that peaked at 13.3% in 2005 and slowed down to 10.8% in 2006 and 10.2% in 2007, as a projection, GDP growth for 2009 will be at 2.1% due to world economic crisis. Per capita GDP increased from US\$247 in 1994 to US\$739 in 2008. The Royal Government has carefully managed inflation by maintaining it at low rate for many years. Despite of the pressure from oil price, soaring food prices and depreciation of US dollar in 2008, we have been able to manage the inflation to 18% in 2008 and dramatically down to 7% in 2009 as result of monetary and exchange rate policies have been prudentially implemented to manage this inflation and macroeconomic stability.

In medium term, we forecast that Cambodia's economy will remain robust thanks to the efforts in agriculture sector and the expansion into non-farms sectors. This will contribute to ensuring an average growth of about

7% annually. Political stability, active private sector's initiatives, stable evolution in reform efforts and ODA support as well as FDI is the key basis for our optimistic forecasts.

Cambodia is a country with great and unexploited potential. Potential in agriculture and agro-industry is tremendous with fertile land and favorable natural condition. Cambodia still needs a number of infrastructures such as transport system, telecommunication, and electricity and irrigation system. With regards to sectors such as agriculture, agro-industry, infrastructures, labor intensive industries, export oriented industries, oil and gas, mining and tourism, Cambodia still offers many investment opportunities.

The Royal Government clearly understands that agriculture is the key sector to enhance and expand the basis for economic growth and to reduce the vulnerability due to external instability and crisis. Therefore, the Royal Government has provided land for large scale agriculture and agro-industry projects through economic land concessions to private companies. The Royal Government of Cambodia supports large scale investments in agriculture and agro-industry through economic land concession with the main objective of socio-economic development, jobs creation and improved livelihood in rural area by linking development with sustainable environment conservation.

On the other hand, Cambodia is fortunate to inherit great historical and cultural heritages especially Angkor Wat Temple and a beautiful natural environment along the mountain ranges, forests, lakes, seashore and offshore islands. Tourism continues to blossom contributing to the development of the service sector. Tourism sector in Cambodia is so attractive for investment thanks to the diversity of historical and cultural heritages, natural cultural parks such as forests, lakes, seashores and beautiful and attractive landscapes. Indeed, the great potential of tourism sector will play the key role in linking production and services in hotel and hospitality sector with demand for other goods.

Cambodia is a country which Government welcomes public-private partnership and is paying great attention to the business environment and promotes private sector competitiveness. In that spirit, in 1999, the Royal Government of Cambodia has initiated a dialogue mechanism with the Private Sector aiming at: Firstly, to provide a Forum for consultation with the Private Sector on the new initiatives of the Government, Secondly, to be a mechanism to address issues facing by the Private Sector in its

operation. The Government-Private Sector Forum is held twice a year under the chairmanship of the Prime Minister himself and its deliberations are considered as an enlarged cabinet meeting. Since its inception, the Forum has been convened 14 times. Through this mechanism, the Royal Government has solved many business and investment issues.

Agreement on the Liberalization, Promotion and Protection of Investments between Cambodia and Japan has been signed since June 14<sup>th</sup>, 2007 by both Prime Minister. In this spirit, along with our efforts to provide an enabling environment by focusing on the streamlining of legal and administrative procedures, the reduction of business transaction costs and the fight against corruption, the Royal Government has recently adopted concrete measures and made further efforts aiming at attracting Japanese FDIs as follows: first, Cooperation with JICA to better promote Cambodia's investment opportunities, second- the establishment of a Japanese Desk within our investment promotion agency, namely the Council for the Development of Cambodia, and third- the establishment of a 70 hectares special economic zone located next to our deep sea port of Sihanoukville, thanks to a concession loan from Japan. This special economic zone will hopefully attract more Japanese investors in the coming years.

Government of Cambodia has given an attractive and competitive investment incentive package to the Qualified Investment Project making investment in the Kingdom. This package is including: Tax Holiday up to 9 years, Import Duty Exemption on raw material, construction material and Machinery/equipment for the factory and Export Tax Exemption.

Cambodia treats Foreign Investors with a Non-discriminatory Basis except for the Land Ownership, however, foreign investors has the rights to use the land with a longer lease up to 99 years. There will be No Nationalization, No Local Equity Participation Requirement, No Price Control on the products and services, No Restriction on Repatriations and No Foreign Exchange Control imposes to the Foreign Investors for their investments in the Kingdom of Cambodia.

Before ending my speech, I would like, once again, to express my sincere thank to ASEAN-Japan Centre for their generous support to make this seminar possible.

I thank you very much for your kind attention!!!