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## Conference Boasts of Cambodia's Economic Opportunities

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Cambodia is at once a reinvented country far from its war-torn free-for-all past and a wide-open frontier economy ripe with opportunity and enough wiggle room for everyone.

Such was the message at the kickoff of private equity firm Leopard Fund's two-day foreign investment conference, which welcomed about 100 participants Thursday and was held at the Hotel Le Royal in Phnom Penh.

Leopard Fund became the country's first multi-sector investment fund in April, and has to date raised \$12.6 million toward its March 2008 goal of \$100 million. They have invested in their first project, which is a 250-unit condominium in Siem Reap geared toward hospitality workers.

Leopard CEO Douglas Clayton touted Cambodia, where foreigners can own 100 percent of a business, as "the most open economy in Southeast Asia after Singapore."

He painted an overwhelmingly rosy picture of where sectors, like tourism, are headed in Cambodia, and emphasized benefits like "better trade privileges to other rich countries" and the ability to "bring money in and out without interference."

"The reason we like Cambodia is for its commodities, tourist sites and its very young population," he said, adding later that, "[w]e are here to make money in any way we can that's going to help Cambodia"

Phan Phalla, deputy secretary-general of the government's Supreme National Economic Council, emphasized the country's impressive growth—more than 10 percent in the last four years—across sectors ranging from garments to tourism, and the need to "keep this growth going" by expanding into sectors like food processing and electronics.

He highlighted the country's "generous" taxation policies toward foreigners and reassured the audience that steps were being taken to curb inflation, which was at 20 percent for the first half of this year.

Stephen Bridges, former British ambassador to Cambodia who is now on Leopard's advisory board and also directs two mining companies in Southeast Asia, addressed the conference, saying that political stability has provided the backdrop for economic transformation.

He highlighted wide-ranging mining opportunities in Cambodia, underscoring the freedom provided by 100 percent exploration licenses in Cambodia, which are unavailable in places like nearby Indonesia

"We can do what we want to here," he said.

Conference presenters acknowledged, but did not dwell on, some of the risks to investing in Cambodia. Clayton acknowledged the existence of a troubled judiciary, but said Leopard's presence on the ground allows them to deal with creeping problems before they escalate to the courts.

He also downplayed corruption, saying that it might be "more out in the open in Cambodia, a little less sophisticated," but is essentially a "global problem"

Stephen Higgins, CEO of ANZ Royal bank, acknowledged the lack of skilled labor, saying that the time and money it takes to train employees in Cambodia is still "a major issue."

But, risks included, many would be investors appeared to buy the message.

Bernard Pouliot, chairman of financial services group Quam, which is listed on the Hong Kong stock exchange, said that risks might limit how much he invests, but won't deter him completely.

"It's an early bird economy," he said, adding that rather than immediate profit, it is the potential of future growth and the desire to solidify a regional presence that is the main draw.

Quam has already given some money to Leopard, he added, and is committed to providing support for the much-anticipated stock exchange in Cambodia

Representatives from Indochina Development Partners, a private equity fund based in the Cayman Islands that already has its hands on one tourism project in Cambodia, expressed excitement over getting in at the get-go of what they perceive to be the "first exuberant rise of a frontier market"

"Are there risks that we've identified? Yes," said Mark Gillin, an IDB managing partner. "Will they keep us from doing business here? No."

Judging from recent global events, such as investment bank Lehman Brothers going bankrupt, Gianni Smith, executive vice president at First Indochina Group, said he questions whether Cambodia is actually more risky, relatively speaking.

"Sometimes I wonder is it much more risk in a country already developed, or in a developing country?," he asked.

"Any type of investment, you have some kind of risk," he said. "It's high risk-high return. ... If you want to be on the safe side, you wait"

Chan Sophal, president of the Cambodian Economic Association, said on the sidelines of the conference that he thinks the plummeting global economy might hinder some investors, but might give others that extra nudge.

"It may also drive investors to developing countries like Cambodia, where they're starting from scratch. You start from so low that you can't fall back," he said

"There are different ways to deal with this environment. You cannot wait for perfect conditions," he said

