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Cambodia seeks to attract more foreign investments

By Channel NewsAsia's IndoChina Bureau Chief Anasuya Sanyal | Posted: 07 September 2009
1824 hrs

PHNOM PENH: Cambodia is open for business, despite global economic uncertainty and a negative growth forecast. For foreign investors in the country, the downturn could be a moment of opportunity.

Cambodia has not been spared by the economic crisis - exports have dropped by 23 per cent and the construction industry has slowed almost to a standstill. But it will take another quarter to determine any negative long-term economic effects.

The country's Commerce Minister, Cham Prasidh, is confident that demand will pick up again, especially in the hard-hit garment sector. He explained why the country is a perfect springboard to foreign markets.

"Cambodia is a less developed country. We enjoy market preferences larger than our neighbouring countries which are developing countries. It means that products that you can produce in Cambodia go to Europe duty free and quota free," he said.

Fund manager Douglas Clayton dispels some common misperceptions regarding investing in Cambodia.

He said: "Many investors think Cambodia's an unstable place, but personally I think it's one of the most stable countries in Southeast Asia because it has had the same government for over two decades and is unlikely to change over the next ten years."

A 15 per cent corporate tax rate and various government incentives have made CEOs like Johnny Ong of Singapore's HLH confident of its success. The company is expected to invest US\$40 million into its corn agribusiness over the next few years.

HLH said it can import expensive farm equipment and seed stock from abroad tax free. Local labour is easily available and there is plenty of land to lease – 7 million hectares over the whole country.