

Cambodia allows foreigners to own property

Fri, Dec 04, 2009

PHNOM PENH, CAMBODIA (AFP) - The Cambodian government on Friday approved a draft law allowing foreign ownership of buildings such as apartments and office buildings to boost economic growth, the country's cabinet said.

The draft law approved in a meeting chaired by premier Hun Sen was aimed at "attracting investors, facilitating the growth of real estate market, and pushing the development", a cabinet statement said.

But Information Minister and government spokesman Khieu Kanharith said foreigners will be permitted to own only buildings and apartments, not the land beneath them.

"We will allow foreigners to have ownership of buildings from the first floor up," he told AFP.

The draft law is expected to be approved by Cambodia's parliament and senate, and then will be promulgated by King Norodom Sihamoni.

The move comes after the private sector in recent years urged the government to allow foreign ownership of properties such as apartments or factories, saying a liberalised real estate market would spur the economy.

Under the current rules, foreign property investments can only be made through the name of a Cambodian national, and many are unwilling to risk losing their assets to potentially unscrupulous local partners.

The cash-strapped country's investment law was amended in 2005 to allow foreign ownership of buildings, but the legislation had yet to be implemented and the initiative floundered.

Despite current restrictions, billion-dollar skyscraper projects and sprawling satellite cities promising to radically alter Phnom Penh have bloomed over the past few years.

But many projects have been halted or slowed down as Cambodia has been buffeted by the world financial crisis after several years of double-digit growth fuelled mainly by tourism and garment exports.

The International Monetary Fund in September predicted Cambodia's economy will contract 2.75 percent this year amid the slowdown.