

Asia's Country of Tomorrow

By Jeff Opdyke, Editor, *Emerging Market Strategist*

Dear Sovereign Investor,

From a fourth-floor window overlooking Phnom Penh you can see the future.

Down below sit old French Colonial structures from the 1920s that investors are only now beginning to buy and refurbish into smart offices and tony houses. Off in the distance, new corporate towers rise from the lowland plains. And everywhere you look - tuk tuks, cars, trucks and scooters scurry about in total disregard of all known traffic laws as they propel one of the Southeast Asia's fastest-growing economies.

This - Cambodia - is the country of tomorrow.

All that you see from this particular vantage point are proof elements in a tale of rebirth. Cambodia was a country thrust into hell during the brutal, bloody reign of the Khmer Rouge. Today, it is a pearl of Southeast Asia - a place where savvy, patient, risk-tolerant investors will turn small grubstakes into generational wealth.

From Killing Fields to a Libertarian's Dream

I sat recently in the fourth-floor offices of a brokerage firm in Cambodia, talking to the founder about a country so many in the West don't understand, probably can't find on a map - but once dominated all of Southeast Asia.

These days, nearly 60% of Cambodians live on less than \$2 a day, a level that officially marks poverty. Corruption is rampant. And the country is still one of the hardest in the world to start and run a business.

Yet the opportunities are enormous

Which is exactly what compelled me to visit. I wanted to get a feel for the people and the economic environment in a place that as recently as 10 years ago was a lawless backwater. This is also a place where the memory of the "killing fields" - where roughly two million Cambodian's died of murder, starvation and disease under the policies of the dictatorial lunatic Pol Pot - remains raw.

Yet Cambodia nowadays is a peaceful, constitutional monarchy that holds multiparty democratic elections, recognized as free and fair by observers who watch that kind of stuff. Government is exceptionally stable, though the opposition never wins. The economy - growing at a rate of about 7% a year - is one of the most robust in Asia.

Unemployment is all but nonexistent. Given the absence of social safety nets, everyone who can work does, even if that means earning less than \$2 a day.

Unlike neighboring Vietnam with its overbearing state control of many industries, Cambodia is a free-market libertarian's paradise. It's a survival of the fittest economy, in which government sees no role in picking winners - a concept Washington might learn from. If you have an idea for a better mousetrap, Cambodia is the place you fire up the imagination and go head to head with others who think their idea is better.

There are no capital controls, so you can move money in and out of Cambodia freely. It's a dollarized economy and tax rates, both personal and corporate, are a flat 20%.

This is free-market capitalism at its most pure.

In the next few months, Cambodia is also expected to become home to the world's newest stock market, the Cambodia Stock Exchange. And it is here that investors will find the best opportunity to become part of Asia's next great economic boom.

Buying the Worst House in the Best Neighborhood...

Cambodia plans to list a few companies in utilities and ports management, and then will likely see the listing of banks, garment manufacturers and agricultural companies. And it's in Ag where you'll find some of the most-profitable opportunities.

Because of its genocidal history, Cambodia is still living in another era in many ways. That's apparent just driving around Phnom Penh, where traffic lights are rare and where afternoon rains bathe roadways in ankle-high water because of the lack of drainage.

It's blindingly apparent once you get outside the city. The tractor of choice in the rice fields is the water buffalo. Few farmers use fertilizer on their crops, and rice is dried by dumping it onto giant tarpaulins spread across Cambodia's few national highways - damn the impact on traffic.

But Cambodia is at the center of what will one day become a rice cartel across Southeast Asia - from Vietnam on the east to Burma on the west. This region is the future breadbasket of Asia.

For Cambodia, farming practices are so out of date that even the slightest mechanization or the slightest application of fertilizer will dramatically increase annual yields. Pave more roads to get the rice to market and introduce modern Ag practices (both are under way) and Cambodia could vie with Thailand for the title of world's largest rice-exporting nation.

Investors who get into Cambodia over the next few years will be effectively buying the worst house in the best neighborhood ... and they'll benefit from the value that always accrues to those who put capital and effort into fixing up a battered but grand ol' property.

I've already started the process of opening a brokerage account in Cambodia. To be one of the first Western investors in the world's newest stock exchange is an opportunity not to be missed. Historically, early investors into new stock markets profit magnificently.

To any investor with the patience to wait while a dilapidated French Colonial is restored to its previous grandeur, I would encourage you tag along. Cambodia is Asia's next success story.

Until next time, keep a global view.



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P.S. There is good reason why we are pointing our fellow Sovereign Investors toward Asia and other emerging markets. The fact of the matter is that radical changes are sweeping through the U.S. financial system. If you are as concerned as we are by what's happening around you, you don't want to miss the one-time event we're planning here at the Sovereign Society. We've "circled the wagons" to form a powerful line of defense that anyone can use to survive and thrive through the challenging months ahead. You'll discover, at no cost to you, a critical survival strategy that could help you protect your life savings, your home, and your business. [Sign up now](#)