

# Cambodia's salesman par excellence

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Q&A with a man trying to bring his country into the 21st Century

As Secretary-General of the Council for the Development of Cambodia (CDC), Sok Chenda Sophea travels the world urging investors to come to Cambodia.

Few guys are more suited to this job than the erudite, multilingual Sok Chenda. Simply to meet him in full sartorial splendor and hear his finely honed spiel is to be half convinced about a benighted country that has faced terrible adversity. But the salesman tag does not do him full justice, for Sok Chenda is already a full minister and a member of the Central Committee of the Cambodian People's Party. He oversees the Special Economic Zones and often travels with Prime Minister Hun Sen. Make no mistake, behind the suave exterior, there lurks a hard center – which leads some to characterize him as moody, thin-skinned and arrogant. He admits to being a tad volatile. Don't mess with this man.

## **Is the global financial crisis hurting Cambodia?**

No, we are not really harmed financially because our banking system is not yet well developed and sophisticated. But for sure, our overall economy is affected because we are now more integrated into the global trading system. I was part of the team that secured our membership of the World Trade Organization in 2003. We took that step to open up a larger market for Cambodia – really, we are now very open in the private sector, especially compared to our neighbours.

Of course, when our markets in the United States and Europe are not doing well, we are affected. Businessmen express concern. But I tell them: please be calm. Look at the figures. All of our exports to the US are low-end or middle price, not high-end. And in troubled times, it is the luxury items like foie gras, cognac, caviar and designer clothes that people stop buying. They still buy bread and butter, you know, the basic things like

jeans, T-shirts and so on that we export to them. So we may not be too much affected.

### **There may even be an advantage?**

Well, you know, whenever there's a crisis, there are opportunities. Consumers in our export markets are now going for the cheaper products that we make. So instead of having a market shrinking, we may have the reverse. And remember, Cambodia has been through worse hell in the past, so this latest crisis does not scare me. Don't get me wrong, there is stormy weather ahead. And if we sit back and just say let's wait and see, we'll have problems. But if we take proactive measures to boost our competitiveness and be cheaper and faster than the neighbours, we'll weather the storm. We must work harder on trade facilitation, that is the key. That's why we are setting up the Special Economic Zones, which I'm overseeing.

### **How do you "sell" Cambodia to investors?**

I tell them to look around. Not only do we provide excellent fiscal incentives, but we are the only place in the region that allows total foreign ownership. Here, they can they run a 100 percent foreign-owned bank, insurance company, telecoms company, even a newspaper. It is amazing. You cannot do that in Thailand, Malaysia, Vietnam, even Singapore – don't mention that place. We are quite unique. Also, I tell them, yes, as a businessman, you can go to London or Tokyo with your wife or your girlfriend, but what can you do? Most sectors there – energy, transport, construction, they are all covered. They don't need you. But here, there are so many untouched sectors, so many opportunities. And it is easy to set up here.

I know you were joking a bit, giving me the sobriquet of "salesman of Cambodia", but you are right. Except you forget that I'm not only selling to investors but also to my colleagues in government. You cannot imagine the time I spend selling good governance, streamlining the formalities and all that to them. I'm the go-between. The matchmaker. I really do it. I have so many meals and drinks with colleagues telling them that the destiny of the country is in your hands, brother. And the next day, it will be another brother.

### **Why does Cambodia get such a low rating in business surveys?**

Good question. But there is hopeful news. In the [World Bank's](#) 'Doing Business 2009' report, we moved up to 135 out of 181 countries. Last year, we were only 150. But you know, in real life, investors never compare one country to another like that. They don't look at the physical incentives, the political regime, not even the religion – Ramadan or not, they don't care. It's about money. Investors never mention these surveys. Of course, I did ask the World Bank how they got their information, because I'm not sure they picked up the right indicators. Take the number of days needed to register a company in Cambodia. They say it takes a long time, but this is strange, because at my institution, the CDC, that does not happen.

Anyway, speaking frankly, as a businessman, I would not care how many days I have to wait for my registration. What I would care about is if, in the operation of my business, I face harassment and other problems, because that is my daily life. The registration is a one-off thing. So to me, the survey is not an issue. I don't care about it. If I see the Cambodian people are less poor and have a better life, that I care about. But the indicators in a piece of paper, I don't know who pays attention to it. You put me at the bottom of your survey, I just don't care. It doesn't make my life better.

**But many foreigners still think of Cambodia as a backward, corrupt country.**

It's true and not true. If it were really true, we would not have all these investors still doing business here. They are staying and making money. So it cannot be that awful. For businessmen, the bottom line is profit or loss. If I am making a profit, then okay, I may have to make some payment that I should not really have to make, but at the end of the day, I make a profit. And when I say this, I am not accusing anyone, I am just speculating. Because in this region, if you look at transparency, Singapore is always number one. But Singapore has policemen and jails for a reason – because they also have people who are corrupt and who cheat the tax department. So they are not all angels in Singapore.

**Businessmen complain about other things, like expensive electricity and transport.**

It's true. At the moment, our production costs are too high because of our high electricity costs, and high telecom and transportation costs. That means that if your company is a big consumer of energy and you have operations, say, in China, and you want to diversify your source of supply, where will you go? You look around and the first place you cross out is Cambodia because the price of energy is too high.

To remedy this, we are buying a lot of electricity from Vietnam. What else can we do? No electricity, no activities. So let's be pragmatic, forget about energy independence and buy from the neighbours. It's sensitive: if they switch off, we are dead. But by doing this, we can supply power and some activities can come in. Those activities create a local market and so more businessmen come and invest here. If we didn't start like this things would never take off.

**Are they taking off now?**

We are moving in the right direction. Things are much better than ten years ago and getting better and better. Much better than some other places in the region. Our priorities are peace and stability. Other countries have never had to deal with such political and social upheavals as we did. Do not forget that Cambodia has only been fully at peace since 1999. That means that long-term investors, those who need peace and stability and who want to develop our reserves – the oil and gas and bauxite, they have only had ten years. So our reserves are a bonanza that is still untapped. But give us until 2011 or 12 and it may be another story. And remember, longterm investors like

growing up with the host country. Sure, they want to make money, but they also want to do something for you. So it's a win-win situation.

**It would be more win-win if you had a better trained work force.**

I agree it would be an additional plus if our labor force was more skilled. We have to do more. That's why I want the aid donors to help us set up vocational training programs, because when investors come here, they say: Oh, it's quite nice, but do you have skilled labour? That's my problem. I keep harping on about it to the foreign agencies, the [Asian Development Bank](#), the World Bank, the United Nations, the Japanese, the French. But they don't seem to hear me, they don't react.

**You've been quite critical of the international donors.**

Well, personally, I, Sok Chenda, do not agree with some of their programmes. They have their agenda, but do they really think about the needs of the Cambodian people? In my opinion, only if you create jobs so that people make money, will you reduce poverty. It will take time, but it's the only way. So I tell them: Gentlemen, save all the money you spend on your programs for social development, human rights, democracy, whatever. Let's get to the point and don't blah blah.

I mean, consider their attitude to the Special Economic Zones. They ask: Where are they located? I tell them: Well, they're not in the middle of Central Park in New York, if that's what you think. They're far outside Phnom Penh, in the remote provinces, near our borders with Vietnam and Thailand. There, they'll create jobs that will keep villagers near their homes and help them get more qualifications. Then, because there's a shortage of skilled labour, businesses will go there and we will prevent the classic urban migration problems of prostitution, drugs, crime and so on. In this way, I told the donors, you will save the money you would spend trying to fix these problems. Perhaps I am being a bit simplistic, but perhaps I am right.

**Your tourism sector has tanked due to the global slump.**

Please keep things in perspective. This is not 1929. When you watch TV, you don't see long queues at soup kitchens. Yes, people will cut back on travel, but they won't stop entirely. It's like if you are used to eating filet steak, now you go for sirloin. And there are other factors. You know why the Koreans are our top visitors [by air]? It's not Angkor Wat. It's not our other temples, our beaches, our wonderful people, the food. It's direct flights. There are no direct flights from the U.S. or Europe or Japan to Cambodia. If we had regular direct flights from Tokyo, as we do from Seoul, the Japanese would be number one.

**You travel a lot with Prime Minister Hun Sen, what's he like?**

Before working for him, I didn't know the real meaning of the word "vision". He is a man of vision. Without him and his vision, there would have been no peace agreement in

1991. And he listens to all points of view. You may find that surprising when you look at Singapore and other places that do not tolerate any opposition press. Here, if you read Cambodian newspapers, every morning you have some newspapers criticising him. If he were the dictator people say he is, he would put them all behind bars. But that's not the case.

You know, years ago, when I read the newspapers, I thought, like everybody else, that Park Chung Hee, the President of Korea, was a dictator. But perhaps Korea's success today is due to him. The same for Mahathir in Malaysia. Later on, you look back and say: Oh, but thanks to him, here we are. [Lee Kuan Yew](#). He never tolerates criticism. I just tell you because Singapore is a piece of stone, a piece of rock. It's not a country, it's a city state.

**You can be pretty scathing and rather volatile, especially with journalists?**

Yes, it's true. I very rarely agree to do interviews, because most journalists go for sensationalism. Afterwards, they say: No, it was not me, it was my editor. You know the line. I don't buy it and one newspaper here I have boycotted because of this. I would like journalists to respect other people. Because you have a responsibility. If you are rational in reporting economic issues, you can give hope. But you can kill that hope by saying everything is dark and grey. Then the dark that would normally not occur, happens. It has a lot to do with psychology. So you, too, Roger, I have to seek your kind understanding, because sometimes people need to be reminded. Okay? Now I have to run. I have to pick up my daughter at the British School. Bye.