

# KINGDOM OF CAMBODIA

Over the past decades, Cambodia has overcome many obstacles and challenges. Through sacrifice and determination, and the support of development partners, Cambodia has overcome difficulties and transformed itself into a peaceful country with improved social order, stability, cooperation and development. Cambodia has gone through a rapid transition, starting from scratch after the civil war to the current situation in which the country enjoys peace, political and macro-economic stability and social progress. This favourable environment is prerequisite for future growth and prosperity of Cambodia. Based on this solid foundation, Cambodia has integrated itself into the region and the world and engaged in both bilateral and multilateral cooperation, with special emphasis placed on establishing political, economic, cultural, trade and investment ties.



At the moment Cambodia has forged diplomatic relations with 157 nations. Cambodia has succeeded in enhancing friendship and developing fruitful cooperation with all ASEAN member states and its dialogues partners. Historic event in the past year was the 5th Parliamentary Election that took place on July 28, 2013. The election was conducted in conformity with the principles of democracy, pluralism and the rule of law, which was evaluated by the national and international public opinions as free, fair and peaceful without threats or violence. With the result of the election representing the Cambodian people's will, the Royal Government of Cambodia of the Fifth Mandate

was established and put forth the Rectangular Strategy – Phase three for Growth, Employment, Equity and Efficiency, which are the agenda of socioeconomic platform of the Royal Government of Cambodia, aimed at further leading and developing the Kingdom of Cambodia, and in which the Royal government of Cambodia is to continue the more in-depth implementation of important reforms, that is, combating the corruption which is the pivot of good governance and the key to increasing efficiency and effectiveness for the public services, the legal and judicial reform, the public financial reform, the environmental protection and the army reform.



Cambodia has also striven to increase its capacity and capability to take part in regional and global cooperation framework, promote the implementation of in-depth reform aimed to create a modernized structure and proactive system of national economic management and strengthen its competitiveness in response to regional and global economic developments in this constantly evolving architecture. In fact, Cambodia is actively participating in every ASEAN economic and financial initiatives, especially initiatives to realize ASEAN Economic Community in 2015. On this basis, Cambodia has fully integrated herself in the region and the world and played an active role in the all international cooperation in equal footing and with equal rights.







Building on peace, stability and development, the Royal Government of Cambodia has an ambitious vision to transform Cambodia into a fast-growing regional economy based on agro-business, manufacturing and services, especially in the tourism sector. Cambodia's economy has been restored and experienced average growth of 7% per annum during the last three years. Cambodia economic activities remained solid in 2013 with preliminary estimate of growth of 7.6% compared to 7.3% economic growth in 2012 and Cambodia would achieve an economic growth of 7.2 % this year, according to the World Bank's Economic Update report released recently.

The Royal Government of Cambodia welcomes public private partnerships in Cambodia; the government pays great attention to the business environment and promoting private sector competitiveness. The Royal Government considers the private sector to be the engine of growth, with its own role that of strategist and manager of the development, to ensure stability, transparency and predictability. Encouraging private sector participation is the most important priority for the Royal Government of Cambodia.



Cambodia has opened its economy for the Foreign Directed Investment (FDI) in all sectors including banking, insurance and telecommunications. Unlike in other countries, investors in Cambodia are allowed to control 100% of the shareholding, without local participation requirement. Cambodia has attracted foreign and domestic investors to participate in the development of manufacturing, industry, finance and banking sector because the progress of these sectors will help promote trade sector development.



Cambodia has placed very high attention on the development of special economic zones which now emerges as an investment attraction mechanism for manufacturing sector. This open policy results in significant attraction of investment. In particular, FDI reached almost USD 1,500 million in 2012, compared to USD 900 million in 2011, while the estimate for 2013 is USD 1,220 million and also believed that FDI will keep increasing in 2014 and beyond. Recognizing the successful development experiences of other countries in the region, where FDI has played an important and crucial role, the Royal Government of

Cambodia is determined to attract as much FDI as possible to Cambodia. This is the necessary requirement for economic take-off and transformation in Cambodia.

Cambodia is strongly committed to pursuing its efforts to improve the investment environment in order to make it attractive FDI destination within the region. The Royal Government has embarked on multiple reform programs including public financial management, governance on land management, public administration, and legal and judiciary procedure. Cambodia offers many investment opportunities in sectors such as agriculture, agro-industries, infrastructure, labour intensive industries, export oriented industries, oil and gas, mining and tourism. As an agricultural country, Cambodia welcomes investment in infrastructure, technological transfer and technical assistance in order to improve agricultural productivity. To avoid food shortages in the future, technology will play a crucial role as it leads to the improvement of agricultural productivity. Cambodia also welcomes investment in the energy sector to secure the pace of economic development both within the country and the region.



In the near future, the Royal Government of Cambodia will launch “**Industrial Development Policy**” aimed to enhance Cambodia’s manufacturing sector and competitiveness, increase value added in key existing sectors such as agriculture, garment, and tourism, promote new and promising industries, and enhance comparative advantage of Cambodia’s industry sector. This policy will help Cambodia prepare itself to attract FDI which is gradually moving out of China and some regional countries due to high wage level. Therefore, Cambodia invites all businessmen and investors of Germany to come and visit Cambodia in order to carry out feasibility studies for their investment plan.

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