



Mr. Chhay Rithsorn Appendix D

**Executive Summary**

**Cambodia Investment and Trade 2006 May 15th to 16th 2002**  
**Hotel Le Royal, Phnom Penh, Cambodia**

On behalf of the US ASEAN Business Council of Washington DC, USA and Dataconsul Ltd., Bangkok, we are pleased to extend our sincere thanks to our local counterparts, the Cambodian Institute for Cooperation and Peace and to our official hosts, the Council for the Development of Cambodia, the Ministry of Commerce, and the Ministry of Economy and Finance. All these organizations contributed significantly towards the success of 'Cambodia Investment and Trade 2002', held May 15th to 16th 2002 at Hotel Le Royal, Phnom Penh.

The conference was attended by more than 250 delegates from Cambodia, other countries of ASEAN, the Asia Pacific Region, Europe, North America and Australia. These included governmental and multilateral representatives, senior executives from major multinational corporations, as well as individual business people representing a wide variety of professional and industrial backgrounds.

Our sponsor group, led by co-hosts ChevronTexaco and KPMG, together with sponsors Cosco, Foster Motor Company, RM Asia, Indochine Insurance, MobilTel, Northbridge Communities, Philips Electronics, Tilleke & Gibbins and Associates, Unocal, and supporting sponsors Asian Development Bank, Association of Banks in Cambodia, DFID, and Power Investment Group, all gave us outstanding support essential for the holding of the conference.

Our media supporters Bessie Advertising 141 Cambodia, Interfutures Enterprises and Phnom Penh Post, together with official airline Bangkok Airways, provided excellent support for the different ways.

Our first day commenced with an inaugural session entitled "My vision for Cambodia", featuring HE Samdech Hun Sen, Prime Minister of Cambodia, whereas the three pillars of Cambodian development were presented: private sector investment, overseas development assistance and domestic resource mobilization. The other basic policy objectives are social development with poverty reduction, and strengthening of human resource capacity.

The Prime Minister then proceeded to outline ten key policies to attract and facilitate private investment. These include promotion of social stability, streamlined investment procedures, private/public sector consultation, price competitiveness, a reformed legal framework, improved physical infrastructure, electric power development, accession to full ASEAN/AFTA protocols with poverty reduction, and GSP/MFPA privileges, and finally implementation of full investment protection protocols.

Six industrial sectors have been accorded priority, these being agriculture, infrastructure, electrical power, labor intensive and export oriented industries, tourism and human resource development.

Industrial promotion will concentrate on such industries as garments, toys and footwear, agriculture, natural resource processing, SMEs, export industries, industrial and export processing zones, input substitution, and the tourism industry.

Following the morning session and a lunchtime presentation on Mekong tourism by Peter Wiesner, Vice - President Marketing for Bangkok Airways, Finance Minister HE Kei Chhoun gave his views on "Creating a viable Cambodia, with strategies to ensure economic growth of US\$ 10 to 15% and a GDP of US\$ 80 to US\$ 100 by 2010". These included improved competitiveness, a diversified economy, private sector promotion, international aid, and higher national savings.

HE Kei Chhoun was followed by Mr. Uroq Malki, Country Director of Asian Development Bank, who highlighted public administration reform, financial management, lowered transaction costs, and an expanded private sector role. Mr. Malki identified as Cambodia's good resources, tourism potential, willingness to learn, reform-minded government and strategic location.

Reviewing investment and business opportunities, Council for the Development of Cambodia Secretary - General HE Sok Chenda reviewed key indicators, growth prospects, and major investment policies. The analysis from an investor point of view, IMF Resident Representative Robert Hagemann identified some of the challenges for investment, including hidden costs, high operating costs, lack of transparency, weak human capital, and poor healthcare.

Bretton Scissors of Tilleke & Gibbins and Associates, discussed such plus points as political stability, and an expanded private sector role, and also discussed the challenges for Cambodia's good. Finally Mr. Van Sou Leng, Chairman of the Garment Manufacturers Association, described his personal experiences while operating business in Cambodia.

Regarding the trade environment, Commerce Minister HE Cham Prasith discussed Cambodia's trade policies, especially trade liberalization and removal of restrictions and licensing requirements. He then proceeded to describe accelerated tariff reduction, and commitment to trade liberalization and trade cooperation.

Official Development Assistance for Cambodia was presented by Cambodia Rehabilitation and Development Board Secretary - General HE Chhien Yvan, while the summing up for the day's proceedings was made by Office of the Council of Ministers Senior Minister HE Sok An.

Senior Minister Sok An concentrated on Public Sector Reform, the Governance Action Plan and creation of a transparent environment for investment and trade in Cambodia.

Proceedings on the Second Day were commenced by HR Samdech Kronh Preah Norodom Ranariddh, President of the National Assembly, who discussed Cambodia's Progress in Democracy and Transparency/ Reviewing the achievements, Cambodia was depicted as an open society, with a vibrant private sector, a civil society with growing pluralism and active media. Parliament played an ever greater role, while Cambodia was also integrating into the region and the world. There were strong reasons to believe in a better role of law, Labor conditions and human rights were improving and democratic governance was emerging.

On the other hand, reform needed to be accelerated, as well as judicial reform. Among other challenges were human resource development, national revenue generation, attraction of private sector investment, mobilization of internal resources, poverty reduction, and meeting the demands of globalisation.

Following these plenary sessions, industry sessions were held to discuss export of manufactured products and commodities; banking, insurance, and financial services; energy, oil, and gas; ASEAN, AFTA, WTO, GMS and competitive advantage; construction, infrastructure, and telecommunications; consumer environment, manufacturing and assembly for the local market; tourism, hotels, transport and recreational industries; and finally law, tax, and good governance.

During the second day lunch, Asian Development Bank Country Director Uroq Malki discussed regional cooperation and globalisation, the role of the Asian Development Bank, the Greater Mekong Sub-Region, and then proceeded to outline the progress in transport, environment, trade and investment, agriculture, tourism, and the overall success of the scheme.

**During the afternoon session, HE Samdech Hun Sen, Prime Minister of Cambodia, and Housing project was set up by the New Island Clothing Factory. An Northridge, Mr. Chhay Rithsorn, Director of the Bureau of Urban Affairs, Municipality of Phnom Penh, discussed various aspects of the Phnom Penh City Development and Management Plan.**

We earnestly hope that this conference will have presented a true and fair picture of the strengths and challenges, opportunities and challenges of Cambodia. We further hope that the public and private, local and international dialogues, within and outside the conference hall, will create lasting benefits for Cambodia and for the international investment and trading community.

Frances Zwenig  
Senior Country Director  
US ASEAN Business Council  
Washington DC, USA

Christopher F. Bruton  
Director, Indochina,  
Dataconsul Ltd.  
Bangkok, Thailand

**Agenda**

**Conference Moderators:**  
Mr. Christopher F. Bruton, Director, Dataconsul Ltd.  
Mr. Frances Zwenig, Senior Country Director, US ASEAN Business Council

**Wednesday 15th May**

**10:30 "My Vision for Cambodia" Keynote address by  
HE Samdech Hun Sen, Prime Minister of Cambodia**

This session featured the views and viewpoints of the Prime Minister on Cambodia's development achievements to date, the directions of future strategies, and the role of foreign investment

HE Samdech Hun Sen, Prime Minister of Cambodia

**Session co-chairmen**  
Mr. David King, Director, KPMG, Cambodia  
Mr. Isakki Tsuchida, Managing Director, Chevron Texaco Asia South

**12:00 Lunch**

Presentation by Mr. Peter Wiesner, Vice-President, Marketing, Bangkok Airways

**12:30 Economic and Financial Outlook:  
Creating a viable Cambodia**

This session featured an analytical discussion Cambodia's economic and financial situation, and suggested how the funding of future development could be achieved. Both governmental and multilateral viewpoints were presented

HE Kei Chhoun, Senior Minister, Ministry of Economy and Finance  
Mr. Uroq Malki, Country Director, Asian Development Bank

**Session Co-chairman**  
Mr. Marlin Jiranek, Vice-President, Business Development, Unocal New Ventures  
Mr. Philippe Leng, Managing Director, Indochine Insurance

**14:00 Investment:  
Cambodia's Opportunities and Challenges**

This session detailed Cambodia's achievements in attracting foreign investment to date, and indicated the opportunities and challenges for the future

HE Sok Chenda, Secretary-General, Council for the Development of Cambodia

**Session Co-Chairman**  
Mr. Bretton Sciarra, Managing Director, Tilleke & Gibbins and Associates

**14:45 Investment:  
The Investors' viewpoint**

This session identified investor experiences and suggested what needed to be done to improve the environment

Cambodia

**Session Co-chairmen**  
Mr. David Doran, Partner, DFDL  
Mr. Vic Tee, Managing Director, Philips Electronics

**15:45 Coffee break**

**16:15 Trade:**  
**Cambodia's fast moving game on a more level playing field**  
This session presented the reforms underway in the trade sector, including accession to AFTA, moves towards WTO, and bilateral trade agreements

HE Cham Prasith, Minister, Ministry of Commerce  
**Session Co-chairmen**  
Mr. Khov Boun Chhay, Chairman, Association of Banks in Cambodia  
Mr. Kevin Whitcraft, Director, RM Asia Cambodia

**17:00 Official Development Assistance for Cambodia:**  
**Making effective use of foreign aid for national development**  
Official Development Assistance remains the essential basis for infrastructure development. It also offers opportunities for foreign investment, contracting and trade services. This session presented the situation and identified these opportunities

HE Chhieng Yanara, Secretary-General of the Cambodia Rehabilitation and Development Board  
**Session Co-Chairs**  
Dr. Robert Brewitt, Managing Director, Northbridge Communities  
Dr. Kao Kim Houn, Director, Cambodian Institute for Cooperation and Peace.

**17:45 The Summing Up:**  
**Public Sector Reform, the Governance Action Plan and Creation of a transparent environment for investment and trade in Cambodia**  
This closing session represented a personal viewpoint on how the reform process would enhance the foreign assistance, investment and trade environment in Cambodia

HE Sok An, Senior Minister, Office of the Council of Ministers  
**Session Co-chairs:**  
Mr. William Laffemandre, President, Conoco New Ventures Pte Ltd  
Mr. Rithvit Tep, Chairman and CEO, Power Investment Group  
**18:30 End of Day 1 proceedings**

Thursday 16th May 2002

**08:30 "Cambodia's Progress in Democracy and Transparency"**  
This session presented a personal viewpoint of HRH Krom Preah Norodom Ranariddh, President of the National Assembly of Cambodia, regarding the reality of democracy and transparency in Cambodia, and a vision of the way ahead.  
HRH Krom Preah Norodom Ranariddh, President of the National Assembly of Cambodia  
**Session Chair:**  
Ms. Frances Zwerig, Senior Country Director, US ASEAN Business Council  
**09:30 Industry Sessions, Series I**

**Session I**  
**Export of Manufactured Products and Commodities**  
Apart from tourism, Cambodia's main sources of external revenues are derived from export of garments and agricultural commodities. This session examined what traditional, and what innovative opportunities may exist to develop and diversify the export pattern.  
HE Khuk Ravy, Secretary of State, Ministry of Commerce  
Mr. Van Sou Ieng, Chairman, Garment Manufacturers Association in Cambodia  
Mr. Aolian Ross, General Manager, New Island Clothing (Cambodia) Ltd  
Ms. Elain Young, Director, European Trend Fashion (Cambodia) Ltd  
**Session Chairman**  
Mr. Jimmy Leow, Partner, KPMG Malaysia

**Session II**  
**Banking, Insurance and Financial Services**  
Cambodia's banking, insurance and financial services sectors are in the early stages of development, with few major international players in the market. This session evaluated to what extent the present structure serves Cambodia's current and future needs, and what could be done to ensure effective development for the future.  
Mr. Khov Boun Chhay, Chairman, Association of Banks in Cambodia  
Executive Vice – President, Cambodia Mekong Bank  
Mr. Chan Kok Choy, Vice – Chairman Association of Banks in Cambodia  
General Manager, Cambodia Public Bank  
Mr. Philippe Lenaix, Managing Director, Indochine Insurance  
Mr. Piseth Long, Programmes Analyst, Asian Development Bank  
Mr. Ry Ouk, Lawyer, Mekong Law Office  
Mr. Greg Beirne, Council, Titeks & Gibbins and Associates  
**Session Chairman**  
Mr. John Brinsden, Vice – Chairman,ACLEDA Bank Ltd

**Session III**  
**Energy, Oil and Gas**  
In the energy sector, Cambodia remains deficient in domestic electricity production and distribution. Its resources in offshore oil and gas have hitherto been hampered by resolution of border demarcation issues, but the future now looks more promising. This session reviewed the current status and outlook for this vital new sector.  
HE Ith Prang, Secretary of State, Ministry of Industry, Mines and Energy  
HE Ta Duong Tans, Director General, Cambodian National Petroleum Authority  
Mr. Ng Peng Seong, General Manager, Caltex Cambodia Ltd  
Mr. Gavin MacLaren, Legal Adviser, Aliens, Arthur Robinson  
Mr. David King, Director, KPMG Cambodia  
**Session Chairman**  
Mr. Trem Smith, Director, Reservoir Management, New Ventures and Technology, Asia South Business Unit, Chevron offshore (Thailand) Ltd.

**Session IV**  
**ASEAN, AFTA, WTO, GMS and Cambodia's Competitive Advantage**  
Cambodia is the latest of ten members of ASEAN and AFTA, but is seeking to move ahead as quickly possible to WTO accession, as well as being an active Greater Mekong Sub-region member. This session evaluated the advantages and downside risks of globalisation for Cambodia.  
HE Sok Siphana, Secretary of State, Ministry of Commerce  
Mr. Adam Sack, Regional Manager, Mekong Project Development Facility  
Dr. Chap Sotharith, Assistant Director, Cambodia Institute for Cooperation and Peace  
Mr. Stuart Cioccarelli, Partner, KPMG Indochina  
**Session Chairman**  
Mr. David Doran, Managing Partner, DFDL Legal Advisers  
**11:15 Industry Sessions, Series II**

**Session V**  
**Construction, Infrastructure and Telecommunications**  
One of the principal concerns of prospective investors is the relatively low level of infrastructure development in Cambodia. However this is a major focus of official development assistance. Meanwhile rapid progress has been made in the telecommunications sector. This session presented progress to date and identified opportunities and challenges for the future.  
Mr. Chhin Kong Hean, General Director, Public Works, Ministry of Public Works and Transport  
Mr. Dominique Catry, Managing Director, Comin Khmere  
Mr. Khaou Pallaboth, Managing Director, Khaou Chuly Group of Companies  
Mr. Wolfgang Kitz, Managing Director, Siemens AG Representation  
Mr. Stuart Cioccarelli, Partner, KPMG Indochina  
Mr. Nida Ouk, National Officer, Asian Development Bank  
**Session Chairman**  
Mr. Anthony Jude, Deputy Head of Mission, Asian Development Bank

**Session VI**  
**Consumer Environment, manufacturing and assembly for the local market.**  
Cambodia has a buoyant local consumer market. However, the smallness of the overall scale of this market, and the porous nature of the borders, has limited the scale of local manufacture. This session examined market dynamics and identified the potential for the future.  
HE Khuk Ravy, Secretary of State, Ministry of Commerce  
Mr. Kevin Whitcraft, Managing Director, RM Asia Cambodia  
Mr. Tim Smyth, Managing Director, Indochina Research Ltd.  
Mr. Jimmy Leow, KPMG Malaysia  
**Session Chairman**  
Mr. John Brinsden, Vice-Chairman, ACLEDA Bank Ltd.

**Session VII**  
**Tourism, hotels, transport and recreational industries**  
Tourism represents Cambodia's greatest hope for sustainable

HE Nuth Nin Doum, Secretary of State, Ministry of Tourism  
Mr. Thavetvong Thanasumtra, Senior Vice-President, Bangkok Airways  
Mr. Thomas Meier, General Manager, Hotel Le Royal, Raffles International Group  
Mr. Meng Hieng, President, Cambodian Association of Travel Agents  
Ms. Yui Rutten, Managing Director, First Travel Cambodia, Representative, Lufthansa  
Mr. Ry Ouk, Legal Advisor, Mekong Law Office  
Mr. Nida Ouk, National Officer, Asian Development Bank  
Dr. Tip Jahnviol, Legal Adviser, Tilke & Gibbins and Associates

**Session Chairman**  
Mr. Cameron McCullough, Partner, KPMG

**Session VIII**  
**Law, Tax, and Good Governance**

Cambodia has experienced a troubled past, and law, order and good governance have not always characterized the local environment. This session evaluated current efforts to strengthen the rule of law, develop the concept of good governance, and expand the tax base to make the country self-sufficient from a fiscal standpoint, in anticipation of the time when the aid stream finally runs dry.

HE Sok Siphana, Secretary of State, Ministry of Commerce  
Mr. David Doran, Partner, OFDI  
Mr. David King, Director, Tax and Consulting Services KPMG Cambodia  
Dr. Chap Solharith, Assistant Director, Cambodian Institute for Cooperation and Peace  
Mr. Rottanak Keo, National Officer, Asian Development Bank

**Session Chairman**  
Mr. Bretton Scaroni, Partner, Tilke & Gibbins and Associates

**12:00 Lunchtime Presentation:**  
The Greater Mekong Sub-Region: a new powerhouse of development in the making  
Mr. Urooj Malik, Country Director, Asian Development Bank

**13:30 Departure for Northbridge Communities International School**

**14:30 Phnom Penh City Development**  
This presentation discussed the overall development of Phnom Penh City and its impact on urban environment, infrastructure and industry.  
Mr. Chhay Rithisen, Director, Bureau of Urban Affairs, Municipality of Phnom Penh

**Session co-chairs**  
Dr. Robert Brewitt, Managing Director, Northbridge Communities  
Mr. Adrian Ross, General Manager, New Island Clothing

**15:15 Factory visit**  
During the visit to New Island Clothing, participants experienced an opportunity to observe factory working conditions, and industrial practices in Phnom Penh.  
Mr. Adrian Ross, General Manager, New Island Clothing.

**Inauguration: (Day one: 10:30 – 12:00)**

**"My vision for Cambodia"**  
**HE Hun Sen, Prime Minister of Cambodia**

As you are aware, three years ago, Cambodia finally turned a corner of history, putting firmly behind the darkness of its recent past history and emerged into a new dawn of its future. Following the July 1998 elections, which external and internal observer teams described as the "miracle on the Mekong", we conducted a "win-win" policy leading to genuine national reconciliation without external influences. This policy resulted in the dismantling of the political and military organization of the Khmer Rouge and the unification of our territory for the first time during the last four centuries. Cambodia therefore has marched into the new century with a vibrant peace, ample national reconciliation and strengthened democracy.

Soon after the 1998 elections, we worked out a new political platform and formulated a "Triangular Strategy", which has underpinned our domestic and foreign policy. The first side of this strategic triangle is building peace, restoring stability and maintaining security for the nation. The second side is Cambodia's rapid integration into the international community, especially into the comity of regional nations, and normalization of our relationships with the international financial institutions. The third side of the strategic triangle is to promote development based on favorable conditions created by the implementation of key reform programs: military demobilization, public sector, judiciary and economic reforms including fiscal and banking reforms, and reform, fisheries reform and stringent measures taken to crack down on illegal logging and to promote environmental protection.

The commune elections that we have conducted recently represent a forward step for democracy. The newly established commune councils represent a form of power delegated to local communities and become one of the main internal organizing principles of local governance in order to improve the delivery of public goods and services to Cambodians from all walks of life including the transfer of resources to the grassroots communities. These systems of power devolution and resource allocation will structure the process of change, which has become now "the blood and bone of the Cambodian", in order to achieve the anticipated progress. It is my conviction that this process will not only unleash the powerful force of financial devolution and engender a far-reaching stimulus for strengthening grassroots democracy, but also significantly structure the social capital of local communities and promote further political stability and security in the country, which is vital for the country's march toward improvement in the living standards of our people, better respect for human rights and sustainable development.

Hence, after going through untold sufferings, the Cambodian people, with the support and generous assistance from international development partners, have risen from the ashes as a truly free nation to rebuild a socially connected, educationally advanced, and culturally vibrant society in Cambodia. Once a small and backward country shattered by genocide, internal strife and armed conflicts, Cambodia has entered an era of globalization, information and communication technology (ICT) and would like to become a real partner in regional and global affairs on par with many countries in the region.

What I have stated earlier is not just happening by accident, but was a tremendous effort to carry out agendas, which are crucial for materializing my vision for rebuilding Cambodia.

My vision for Cambodia is to turn the first decade of the new millennium into the decade of economic growth, combating poverty, social progress and prosperity for Cambodia and Cambodians from all walks of life.

My vision for Cambodia is to create a socially connected, educationally advanced, and culturally vibrant society in Cambodia.

My vision for Cambodia is to bolster up a once strong and proud nation to become a truly free and independent nation, which can fully reclaim its own destiny, be a real partner in regional and global affairs.

My vision for Cambodia is to have democracy deeply rooted in the Cambodian society by strengthening the rule of law and good governance, as well as promoting respect for the rights and dignity of Cambodians from all walk of life, religion or social strata.

To make this vision come true as the Head of the Royal Government of Cambodia (RGC) I proposed some ideas, which have been used to prepare strategies and policies for Cambodia's development. May I raise some key issues, which are critical for realizing these visions:

**First,** Cambodia's development should be anchored on three pillars:

1. Development of the private sector by helping local investors to prosper and attracting foreign direct investment (FDI);
2. Attracting overseas development assistance (ODA);
3. Mobilizing domestic resources to fuel economic growth, create employment and improve the living standards of the population

The government's philosophy considers the private sector as a catalyst of development and the engine of economic growth. The government is a strategist and manager of development. In this role the government sets out visions and creates a favorable environment conducive to private sectors activities. In this sense, the health of the private sector is the key to development. Therefore, the government has given special attention to establish a proper legal framework that ensures fair competition, transparency, accountability of the private sector and its relations with the public sector. That is why the Royal Government has enacted laws and regulations to set proper and rigorous rules for the market.

**Second,** to create a socially connected, educationally advanced, and culturally vibrant society in Cambodia requires that the Royal Government should rigorously implement its strategy to reduce poverty and promote equitable economic development, which should be inextricably linked to social development.

As I have highlighted on many occasions, our government's strategy for poverty reduction consist of three key elements:

1. Ensuring a long-term economic growth rate of 6 to 7 percent per annum;
2. Promoting equitable distribution of the fruits of economic growth between the rich and the poor, urban and rural areas, and men and women and
3. Maintaining sustainable management and use of environmental and natural resources.

Economic growth is the most powerful weapon in the fight against poverty. Faster growth will require government policies that encourage macroeconomic stability, shift resources to more efficient economic and social sectors, and integrate our national economy with the regional and global economy to ensure economies of scale. However, the poor may not be able to fully benefit from economic growth if the distribution of income is not equitable. In this sense, the Royal Government of Cambodia (RGC) has adopted concrete measures that target interventions to improve health and education outcomes. At the top of the list are female education to ensure gender equality, safe water and sanitation, child immunization, as well as social safety nets to protect the most vulnerable. Attention is also given to the social structures and institutions, which affect development, otherwise called social capital. In the spirit of this objective, the government's pro-poor policy is being geared toward establishing a favorable environment to promote and generate economic growth without environmental degradation, while ensuring equitable distribution of resources.

**Third,** Human resource development and strengthening institutional capacity is crucial for Cambodia's development. In the 21<sup>st</sup> century, the age of knowledge and information, economic growth and most of comparative advantage are generated by creativity, innovation and know-how, much more than traditional production factors, such as land and labor. Further advance in information technology has created a new momentum for this development. The new era, which is characterized by the increase in the importance of intellectual energy and human factors, the intelligence of human capital plays a determining role in transforming economic potential and comparative advantages of each and every nation into the reality and competitiveness.

Moreover, institutions such as code of conduct, laws and regulations, determine the rules of the

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ECONOMIC GROWTH. BASED ON THIS PRINCIPLE, THE ROYAL GOVERNMENT HAS WITHINDED ON THE BASIS of the public sector, including implementing institutional reform and strengthening institutional capacity, and good governance has become the backbone of our government's reform program.

After making general comments, I would like to spend some time to make a brief overview and assessment of the political and economic developments in Cambodia, while highlighting our government's strategies and policies to promote private sector development and especially to attract foreign direct investment.

The commune elections that we have conducted recently testified to the fact that the political situation in Cambodia is solid and stable, since the big political parties in Cambodia have displayed their political maturity by putting national interests ahead of their own. Developments before and after the elections have shown that Cambodians from all walks of life have clearly understood democratic values, reflected in the dramatic decline in violence and the resilience and stability of the Cambodian economy. Moreover, the art of compromise between the two big parties-the Cambodian People's Party (CPP) and the FUNCINPEC- for our common national cause constitutes the main factor to ensure political stability during the second term of the current government. This has built up public confidence in peace, security and political stability in Cambodia, thus creating a solid, favorable condition for Cambodia's march towards sustainable economic growth over the long-term. The Royal Government is resolved and strongly committed to enhancing, in a systemic manner this democratic process. In this sense, the forthcoming 2003 general elections will further confirm this irrevocable determination of the government and further consolidation of political and economic stability in the Kingdom of Cambodia.

Cambodia has marched with resolve in rigorously implementing its economic and financial reform programs, aimed at sustaining macro-economic stability, strengthening banking and financial institutions, pursuing fiscal reforms, strengthening budget management, ensuring sound management of state property and increasing investments in physical and social infrastructure to promote human resource development and improving the living standards of our people. I am pleased to inform you that the National Institute of Statistics, Ministry of Planning, with technical assistance of the Asian Development Bank (ADB), has revised the macroeconomic data for Cambodia and released an encouraging report on economic performance over recent years. According to this report, the real GDP grew 7.7 percent in 2000 against 5.4 percent as previously estimated. In 2001 the Cambodian economy grew 6.3 percent, against 5.3 percent estimated. The three-month averaged inflation declined from 0.5 percent in December 2000 to -0.5 percent during the same period in 2001. The Riel/US dollar exchange rate was broadly stable. The latest figures show that the Royal Government has achieve the target of 6 to 7 percent of economic growth per annum over the long run. This would substantially contribute to our efforts to promote rapid poverty reduction. Indeed, the revised macroeconomic indicators will result in some quantitative changes in economic data of other sectors, including the budget framework. In this context, I wish to emphasize that the quantitative change in statistics will not affect our government's strong determination and commitment to ensure qualitative changes, especially in fiscal and budget reforms. The Royal Government will continue to proactively honor all qualitative benchmarks aimed at enhancing revenue and rationalizing expenditure.

To strengthen the banking system and promote corporate governance, the National Bank of Cambodia (NBC) has rigorously implemented the Law on Banking and Financial Institutions by re-licensing all commercial banks. To this end, non-viable, insolvent and badly managed banks are closed down through voluntary liquidation or legal process. The objectives of this bank-restructuring program are to build up a strong banking system, which mobilizes savings and enhance public confidence in the national financial system. Despite shrinkage of the total number of banks, liquidity of the banking sector recorded a robust growth of 20 percent in 2001 and 10 percent in the first quarter of 2002. Foreign currency deposits recorded an increase of 6 percent and credit to private sector rose by 4 percent. Gross official reserves continued to grow by 6 percent in the first half of 2001, reflecting strong export performance and sustained tourist arrivals.

From my earlier comment you can see that political and economic developments in Cambodia have created favorable conditions for development. As I have stated on many occasions the current government is an "economic government", which gives special attention to development and poverty reduction. Normalization of its relationship with the international community allows Cambodia to receive a substantial amount of international assistance for the rehabilitation and development of the country. However, to achieve sustainable development it is important to encourage the maximum inflow in private investment. An increase in private investment would allow us to reduce the reliance on ODA for a survival strategy and use this assistance to fuel economic growth. It is my confidence that Cambodia will be able to achieve this objective.

Private investment will not only increase budget revenue, but also reduce the gap between the rich and the poor, once these investments are brought under the legal framework. A private investment will not only bring profit to investors, but also help the people to keep up dynamism through employment creation. The government collects revenue using the tax system, which is an important mechanism for income distribution. The revenue is used for common national cause, especially to increase public investment in physical and social infrastructure and public utilities, whose development in turn facilitate private investment. Therefore, if we fail to attract private investment, we will not be able to create a dynamic and prosperous Cambodia, but also we will not be able to pull Cambodia from the shackles of poverty. In such conditions, we would have to rely forever on foreign aid.

Recognizing the crucial role of investment for progress and poverty reduction, I have made tremendous efforts to remove the impediments to investment in Cambodia. In this regard, allow me to elaborate on the following measures undertaken by the Royal Government to attract and facilitate private investment in Cambodia:

**First,** The RGC will continue to give top priority to ensure and promote social environment for peace, security and stability in all parts of the country.

**Second,** The RGC has developed and strengthened the legal and regulatory framework, conducive to private investment and business activities in Cambodia. To further improve and enhance investment climate in Cambodia, the Royal Government has recently adopted the amendment to the law on Investment of the Kingdom of Cambodia. This was done in a transparent manner with intensive consultation with the private sector and the donor community in order to ensure that the interests of investors, the government and the people of Cambodia are protected. As part of this amendment, I proposed that attention should be given to additional measures to facilitate investors by streamlining procedures and paperwork in applying for investment approval, imports and exports of goods and equipment within the framework of the investment project. The main objective is to simplify the paperwork, promote transparency and predictability of the approval, monitoring and implementation of investment projects. My colleagues in charge of investment will provide you with the details.

**Third,** I have initiated a mechanism for consultation between the government and the private sector. This is an open consultation forum chaired by myself, held once every six months to bring together both government officials and the private sector to sort out together any problem and to take measures to facilitate and promote investment in Cambodia. In between 7 sectoral working groups were established to allow investors an avenue to raise their concerns and address the difficult issues through the promotion of sectoral discussion of technical aspects of each and every issue. Overall, the consultation mechanism between the government and the private sector proves to be efficient in facilitating and promoting investment in Cambodia.

**Fourth,** To ensure equal treatment regarding price competitiveness between domestic products and smuggled goods, I myself decided to established an inter-agency cooperation to combat smuggling, detailing requirements and arrangements for the participation of the Royal Cambodian Armed Forces (RCAF), the Military Police, the Police and the local authorities at all levels to assist the Customs and Excise Department in preventing and cracking down on smuggling in Phnom Penh and in the provinces.

**Fifth,** The RGC recognizes that there is a significant correlation between sound institutions, especially effective legal and judicial systems and sustainable economic growth. Legal and judicial change is necessary to support the evolutionary process of social and economic change. Our efforts therefore are being concentrated on strengthening the legal framework to underpin the development of a vibrant economy, laws on property, especially the Land Law, the creation and winding-up of business entities, contract and a fair marketplace, banking, tax, investment, corporate accounting and audit. In this spirit, the Council of Ministers has drafted a Joint Master Plan for Legal and Judicial Reforms, which will become our national agenda for reforms in the next few years.

**Sixth,** To facilitate investment the Royal Government has given priority to the development of physical infrastructure by increasing government budget and mobilizing external assistance to improve physical infrastructure, especially roads and bridges in strategic areas of the country, which constitute the lifeblood of our economy. I name this campaign to build road and bridge infrastructure, the "Locomotive Strategy" for economic growth. In the near future Cambodia will have a sophisticated road network that helps to open up and link Cambodia's economic and tourism opportunities within the country and between Cambodia and other countries in the region. With adequately developed physical infrastructure, such as roads and bridges, the transportation of goods and services will be facilitated, further facilitating your investment and releasing the potential of other economic factors.

**Seventh,** To achieve gradual reduction in electricity tariffs, the Royal Government has carried out a Strategic Plan for the Development of the Power Sector, which envisages step-by-step installation of a national power transmission grid and initiate negotiations to link Cambodia's power transmission system with those of our neighbors. Moreover, the construction of the first Krirum Hydro-Power Station under the "Build-Operate-Transfer (BOT)" contract will be finished and operational in the near future. The construction of such a hydro power station is capable of supplying low-cost and reliable electricity. At the same time, the government is preparing for the implementation of the rural electrification project, beginning with the installation of a power network in eight provinces.

**Eight,** To prepare for Cambodia's participation in various regional and sub-regional initiatives, such as the ASEAN Free Trade Area (AFTA), the ASEAN Investment Area (AIA), the ASEAN Industrial Cooperation Scheme (AICO), the Greater Mekong Sub-Region (GMS), as well as for accession to the World Trade Organization (WTO), the Royal Government has taken many measures to reform the investment and foreign trade regime by focusing on the liberalization and decentralization of decision making process, reducing bureaucratic red tape, removing impediments to investment in Cambodia, implementing reform programs and initiating modernization of the national economy and upgrade its competitiveness to regional and international standards.

**Ninth,** While efforts have been deployed to reform the domestic trade regime, Cambodia has ready access to various international markets, including those through the "Generalized System of Preferences (GSP)" and the "Most Favored Nation (MFN)" status with its major trading partners, including the European Union, the US, Japan, Canada and Australia.

**Tenth,** The Royal Government has given due attention to the protection and insurance of investment in Cambodia. In this sense, Cambodia signed Agreements on Investment Protection and Promotion with a number of countries, including ASEAN members and other bilateral partners, such as China, Korea, Germany and Switzerland. We continue to work with many other bilateral and multilateral partners in this area. Cambodia has recently joined the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, which provides the guarantee of political risks for investors. Furthermore, following strenuous efforts of the RGC, Cambodia was admitted to the International Centre for Settlement of Investment Disputes (ICSID). I believe that in conjunction with the efforts mentioned earlier, these agreements will further improve the conditions and climate your investments.

Cambodia has some important comparative advantages and is endowed with great potential in agriculture, agro-industry, labor-intensive industry, processing industry, tourism and in some

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	<p>Taking into account this potential and the need for building up a solid foundation for economic growth and for ensuring Cambodia's long-term competitiveness, the Royal Government has given priority to develop the following six sectors:</p> <ol style="list-style-type: none"><li>1. Agriculture;</li><li>2. Physical infrastructure, transport and telecommunications;</li><li>3. Electrical power supply;</li><li>4. Labor-intensive and export-oriented industries;</li><li>5. Tourism industry; and</li><li>6. Human resource development</li></ol> <p>In this context, the Royal Government prepared a list of priority BOT and other forms of project related to physical and social infrastructure to be made available to investors for their participation, in particular in the following support sectors, such as roads and bridges, power and telecommunications.</p> <p>In the near future, apart from developing the garment industry the RGC will give priority to the development of other labor-intensive industries, such as toys, footwear assembly of electrical and electronics appliances for domestic and industrial use. The RGC will continue to attract technology and management transfer. In this sense, the RGC has set out policies to increase Cambodia's international competitiveness by focusing on development and improvement in physical infrastructure to effectively respond to the increasing needs for basic services, such as low-cost water and power supply, financial, information and telecommunications services.</p> <p>Overall, our industrial policy will be concentrated on seven main points:</p> <p><b>First</b>, continue to develop labor-intensive industry, such as garments, toys and footwear industries;</p> <p><b>Second</b>, promote the development of agribusiness by strengthening the legal framework for long-term land management. Moreover, the government will provide incentives to establish facilities to process agricultural products, such as cotton, jute, sugar, palm oil, cashew nuts, rubber, cassava and fruits.</p> <p><b>Third</b>, develop industries based on the utilization of basic natural resources, mainly by processing existing natural resources in the country such as fish, meat, cement production, bricks and tiles;</p> <p><b>Fourth</b>, promote small and medium enterprise (SMEs), micro-enterprises and handicraft. The critical issue for SMEs is to provide micro-finance, streamlining procedures, providing marketing services and supplying information on sectoral development;</p> <p><b>Fifth</b>, encourage the transfer of technology and diversification of export products by promoting the assembly of electrical appliances and electronics products for domestic and industrial use and improving product quality. It is necessary to establish a system of quality control for export products to meet international standards, and enforce intellectual property laws.</p> <p><b>Sixth</b>, establish industrial and export processing zones by developing infrastructure, improving service quality and encouraging investments. These zones can be established on the outskirts of Phnom Penh, Sihanoukville, Banteay Meanchey or Koh Kong. The RGC will take action to build the road network, develop power and water supply, ensure waste management and environmental protection, provide education and vocational training, upgrade health services, establish warehouses and reduce customs procedures, etc.</p> <p><b>Seventh</b>, increase the production of goods for import substitution to some extent by encouraging the development of paper, chemical industries, such as the production of fertilizers, acid, as well as daily consumption goods such as soap, paint, electrical appliance, water pumps and agricultural inputs etc.</p> <p>Let me elaborate on the importance of the tourism sector. Cambodia's geography provides a variety of rare natural attractions, which complement our unique cultural sites. These favorable conditions prompt the government to promote "cultural and natural tourism" development in Cambodia. These potentials will be crucial for Cambodia's economic take-off. That is why the Royal Government has included tourism as one of the six priority sectors in our strategy to fuel economic growth and reduce poverty in Cambodia. The government's open skies policy and other facilitation measures have already brought substantial benefits to the Cambodian people. It is my conviction that Cambodia's open skies policy, coupled with measures to open road and waterway transport will further facilitate tourism inflows and further promote economic development in Cambodia in general, and develop tourism in particular.</p> <p>Based on this concept, the Royal Government has made tremendous efforts to rehabilitate and develop road and bridge infrastructure, airports, seaports and other physical facilities, such as water supply and power distribution systems, as well as telecommunications network, which form the foundation and play a key role in turning the above great potentials and comparative advantages into reality.</p> <p>Apart from the efforts deployed to open up domestic tourist markets, we are conscious that there is a great potential to link up the ASEAN and CMS tourist markets. Liberalization of regional tourism markets by linking many countries into a single tourism destination would provide the economies of scale for the tourism sector and allow all participating countries to share the "win-win" situation. In this sense, Cambodia has been working so that we could reach a Framework Agreement on Tourism in the near future (T-ASEAN).</p> <p>I have spent a lot of time briefing you on the policies, strategies and measures set out by the RGC to establish a favorable environment conducive to private investments. Cambodia is endowed with great potential in many areas, which await investment. Cambodia needs financial resources to expand production and create employment. We are also in dire need for technology, knowledge and know-how to improve our capacity and productivity. These factors mentioned lately constitute the private sector's strength. This is the cornerstone of the government's policy, which regards the private sector as an engine of growth and its development partner. We clearly understand that in the world of globalization, capital and technology will flow into business and investment-friendly countries. As a government, we can guarantee to all investors a favorable environment conducive to investment, especially peace, security, political and macroeconomic stability, efficient legal and institutional framework, transparency, accountability and predictability.</p> <p>As I mentioned earlier the Royal Government has goodwill and strong commitment to build up a foundation for genuine cooperation with the private sector, both domestic and foreign with the view of improving the living standards of the Cambodian people, so that they are assured by improved welfare and life in harmony and may become masters of their own destiny and Cambodia's development. In this spirit, I invite all of you to join us to address these challenges in a more proactive manner.</p> <p>I would like to sincerely thank you all for your kind attention. My colleagues and I will be happy to answer your questions and provide comments or make clarification on any issues of interest to investors and business people.</p> <p><b>Lunchtime Presentation: (Day one: 12:00 – 13:00)</b></p> <p><b>"Mekong Heritage Tour"</b></p> <p><b>Mr. Peter Wiesner, Vice President, Marketing, Bangkok Airways</b></p> <p>Mr. Wiesner presented the Mekong World Heritage Tour being inaugurated by Bangkok Airways in Summer 2002.</p> <p>This circuit included Bangkok, Sukhothai (a former capital of Siam), Luang Prabang (former capital of the Lan Xang Kingdom) Hue (previously capital of the Nguyen Dynasty of Vietnam) and Siem Reap (former capital of the Khmer Empire). Sukhothai, Luang Prabang and Hue have all been accredited as UNESCO World Heritage sites.</p> <p>Apart from inaugurating air routes between major tourism sites not previously available to tour operations and individual travelers, this new initiative marked a major step forward in bringing together the individual Mekong countries, parallel with existing Bangkok Airways and its affiliated Siem Reap Airways flight schedules. Special composite airfares were available for round trips, and packages were also offered to tourists including hotel accommodation.</p> <p>This new initiative, along with other planned route expansions would do much to increase access to the Mekong Region, including Cambodia, and assist in the development of the tourist industry.</p> <p><b>Economic and Financial Outlook: (Day one: 13:00 – 14:00)</b></p> <p><b>"Creating a viable Cambodia"</b></p> <p><b>HE Senior Minister Keat Chhon, Minister of Economy and Finance</b></p> <p>Cambodia aspires to become a middle-income nation in the next 10-15 years. As Prime Minister Hun Sen stated, the long-term Vision of the Royal Government of Cambodia (RGC) is to have a socially cohesive, educationally advanced, and culturally vibrant Cambodia without poverty, illiteracy, and disease. It is my conviction that realizing the vision will require continued adherence to the principles of the market economy, the values of democracy and social justice, human welfare, and the formulation and implementation of policies to reduce poverty by promoting sustainable economic growth and social development.</p> <p>Cambodia has become a peaceful and united country, and aims to develop a strong economic and social foundation, garnering the full commitment and support of the people. It aspires to raise the quality of life of the people, build a cohesive nation, foster democracy, and enhance the quality of life of the people. This calls for transparency in the decision-making process by strengthening good governance. Provision of basic social services and amenities as well as physical infrastructure should be the starting points towards enhancing the standard of living of the people. We are committed to maintaining a stable macroeconomic environment by ensuring economic growth of 6-7 percent per year, maintaining modest inflation, containing the external account deficit to a level consistent with concessional financing and foreign direct investment flows, limiting external debt to a manageable level and increasing gross official reserves to about 3.5-4 months of import coverage. With such high growth, it is our ambition to increase per capita income to the range of USD800-USD1,000 by 2010. To achieve this goal, we will implement our second Socioeconomic Development Plan for 2001-2006 (SEDPH) and Interim Poverty Reduction Strategy Paper (PRSP), which articulates the national economic growth and poverty reduction strategy by taking actions to achieve the following objective.</p> <p><b>First</b>, Improving the efficiency and competitiveness of the economy;</p> <p><b>Second</b>, Diversifying the economy and expanding the export base;</p> <p><b>Third</b>, Promoting the private sector as the engine of growth by improving the environment, conducive to private sector development;</p> <p><b>Fourth</b>, Mobilizing international assistance to finance essential social and economic infrastructure;</p> <p><b>Fifth</b>, Increasing the national saving rate, including maintaining current budget surplus, so as to finance investment;</p> <p>To achieve the above objectives, reforming all aspects of our life is only way to go.</p> <p>Therefore, the years 1998-2003 represent a period of deepening the implementation of Cambodia's wide-ranging reforms and the decisive year for the Royal Government's development agenda. To facilitate the reform, we have received technical assistance (TA), funded by international financial institutions and bilateral donors, such as IMF, ADB, UNDP, the UK and the Netherlands in all principal areas of reforms related to macroeconomic policy, including fiscal reform (tax administration and policy, customs administration, and budget management), banking reform statistics, and the legal framework through the Technical Cooperation Assistance Project (TCAP).</p> <p>Comprehensive fiscal reform will be implemented with priority assigned to: (i) rigorously implementing the anti-smuggling programs; (ii) establishing a single treasury account and strengthening the budgetary accounting framework; (iii) improving the operations of the cash management unit; and (iv) allowing for direct payment of taxes to the National Treasury account at the NBC by transfer or check, especially for the largest taxpayers.</p>	



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by giving them a secure level of security can help reduce the opportunities for corruption.

Sustainable growth requires that resources are utilized in an efficient and effective manner and growth is balanced with equity considerations. In order to accelerate growth with equity and maintain the poverty reduction momentum, we have introduced a « New Social Policy Agenda » for Cambodia. To implement this agenda, we are pouring a massive proportion of our budget into the priority sectors – education, health, agriculture and rural development –, which provide foundations for future growth, equity and progress.

Progress has been made in restructuring the banking sector by reducing the number and improving the quality of commercial banks in an effort to instill public confidence.

Recapitalization, strengthened banking supervision, and privatization of the Foreign Trade Bank of Cambodia are designed to build a healthy banking sector. Moreover, these reforms are aimed at promoting a strong and well-functioning financial sector that can overcome the problem of self-financing and to mobilize idle financial resources for productive investment. To this end, the Royal Government adopted the "Vision and Financial Sector Development Plan for 2001-2010", which outlines a long-term vision and a strategy for sequencing policy reforms to develop the financial system over the next ten years.

We hope that by rigorously implementing this strategy over the next 10 years, Cambodia will be able to establish a vibrant, efficient and modern financial sector based on international standards, an insurance sector that protects businesses and individuals from catastrophic events and a pension system that provides a secure retirement, diverse non-banking financial products and institutions that create more balanced financial structure, a money market that enables an inter-bank market that provides banks, companies, and individuals with the means for effective liquidity management, an efficient and transparent capital market with a critical mass of issuers that mobilizes funds for long-term investment and legal infrastructure and accounting systems that promote the rule of law in commercial and financial transactions and support good corporate governance.

Having implemented the above reform programs, we have achieved good macroeconomic and fiscal performance. Moreover, global and regional economic developments have prompted greater optimism about economic prospects in 2002. Reflecting these overall improvements, the Ministry of Economy and Finance has revised upwards its macroeconomic outlook for 2002. Under the revised macroeconomic framework for 2002, GDP is expected to grow 5.5 percent, compared to 5 percent previously projected. The anticipated higher economic growth is attributable to the dynamism of garment exports and the vibrant tourism sector. Tourist arrivals increased by 25 percent during the first quarter of 2002. This is also reflected in revenue collection during the first quarter of 2002. Agriculture will rebound after last year's devastating floods and drought. Inflation is expected to remain low and the exchange rate stable. Sometimes, the Riel has appreciated against the US dollars. More employment will be created in the services sector.

As projected in our 2002 Financial Law, the current budget surplus will be maintained at about 1% percent of GDP, while the overall fiscal deficit (excluding grants) will be contained at less than 6 percent of GDP and financed by external concessional resources and grants. The external current account deficit is projected to widen to 11 percent of GDP. Also taking into account the position international environment, the increase in gross international reserves in 2002 is targeted to grow further to cover about 3 months of imports.

I am pleased to inform you that the National Institute of Statistics, Ministry of Planning, with technical assistance of the ADB, has revised the economic growth figures for 2000. The Cambodia economy continued its strong of 6.9 percent in 1999, 7.7 percent in 2000 and 6.3 percent in 2001, against 5.3 percent estimated. This remarkable performance is buoyed by continued robust growth of garment manufacturing and tourism activity.

Textiles, garments and footwear manufacturing posted a 27-percent growth in 2001, following increase of 41-percent in 2000.

The RGC considers the private sector, both domestic and foreign, as the major source of investment, and an engine of growth. It offers know-how, training, investment and tax revenue, which is crucial for development and employment creation. In addition to these tangible contributions, it is an important source of openness to ideas, innovation, opportunity and empowerment. FDI is an important contributor, particularly in promoting the transfer of technology, skills and management expertise.

However, a vibrant private sector requires that crucial elements of structural policy are in place. These include tariff policy, tax policies, trade policy, competition and regulatory policy, and corporate governance. Therefore, the RGC has doubled efforts to create conditions for a climate of investor confidence by establishing seven sectoral joint Working Group with the private sector, both domestic and foreign, to address a wide range of issues pertaining to private sector development. As the Chair for the government side of the Working Group D on Law, Taxation, Governance and SME, I have secured a good cooperation with the private sector in order to strengthen governance. Indeed, the Working Group D as a whole meets every first Tuesday of the month.

We have a considerable potential for obtaining a higher rate of sustainable economic growth and durable poverty reduction. To realize that potential we will make every effort to revitalize and attract more private investment both foreign and local, which is vital to the achievement of our national development objectives. We will not waver in our commitments to make our public expenditure more appropriate, effective and efficient and to reduce gender inequalities, as these are key elements in unleashing the productive potential of our country. We will continue our efforts to promote better governance so that our chosen policies will have the desired development effect including careful consideration of any environmental consequences of our actions, so that we will not undermine our sustainable growth objective.

“Cambodian Development Outlook: Issues, Challenges and Opportunities”  
Urooj Malik, Country Director, Asian Development Bank

It has now been just over 10 years since the signing of the Paris Peace Accords in October 1991. The UN-sponsored national election of1993 brought new hope to a country isolated by the international community for over two decades. Peace and reconciliation began in earnest and a coalition Government was formed. The national election of 1998 brought renewed hope for peace and development. **Cambodia today enjoys peace and stability that it has not seen over almost three decades.**

However, political disruptions in 1994 were not without cost. Economic growth, which is a lethal weapon to fight against pervasive poverty in the country, dropped significantly and was below the target set out the Government's first Five-Year Plan. The lessons learned from the evolution of the political situation points to the vital need for maintaining peace and political stability of growth and development has to be pursued in a sustained manner. **Hence, it is paramount that the next national elections planned for 2003 be held in a peaceful and fair atmosphere, and political stability upheld.**

There are many positive signs on the horizon which augur well for Cambodia's economic development. The country regained its seat in the UN and it has become a member of the ASEAN family. Cambodia successfully conducted its commune elections earlier this year, which will facilitate a gradual process of decentralization and change the manner in which development projects are designed and implemented, i.e. with greater empowerment to the local authorities commensurate with their capacity to manage resources effectively. **It is important however that, as decentralization initiatives will undoubtedly increase expectations, these expectations are managed carefully and there is no danger posed to political and macroeconomic stability.**

The Government should be commended for having managed the economy well in the midst of recent domestic, regional and global challenges. Despite severe flooding that hit the country in the last quarter of 2000, and again in 2001, Cambodia still managed to grow and maintain sound macroeconomic indicators. A recent revision of the GDP numbers by the National Institute of Statistics of the Ministry of Planning suggests that the economy may have grown by as much as 6.3% in 2001. The Government has also managed both the fiscal and monetary policies and, as a result, both prices and the exchange rate remained stable.

Moreover, after many years of war and internal strife in Cambodia, culture is being rediscovered, tourist arrivals have multiplied, the countries' major road network is being rehabilitated, there is a semblance of critical mass in various key line ministries to handle implementation of development projects, social development needs are being addressed, and the Government is making deliberate efforts to introduce market reforms in key economic sector. However, underlying these developments are some harsh realities.

- Cambodia's per capita GDP remains one of the lowest in Asia. About 36% of Cambodians still live below the poverty line and poverty remains concentrated in rural areas, where an estimated 80% of poor people live. Yet in recent years, growth remains sluggish in the agricultural sector, where greater economic activity has the potential of making the biggest contribution in improving the quality of life of the rural poor.
- Cambodia's social indicators are poorer than those in most other Southeast Asian countries. Only 65 percent of Cambodian adults are literate (compared to 94 percent in Vietnam and 95 percent in Philippines. Women are relatively disadvantaged in Cambodia compared with other countries in the region.
- Tax effort, or taxes as percent of GDP, remains one of the lowest in the region, estimated at 8.9% in 2001. As a result, Cambodia is not able to address the investment necessary to restore and improve physical infrastructure and to improve the quality and quantity of the country's human capital.

Further, as a result of past legacy, **Cambodia's governance environment requires substantial improvements despite some major efforts that the Government has been undertaking in recent years.** In this context, key public sector and economic governance initiatives, some of which have been included in the Governance Action Plan of the Government, that need to be taken to address the fundamental weaknesses include the following:

**Implementing the Second Socioeconomic Development Plan, 2001-2005 (SEDPII):**  
The Government needs to prudently implement the SEDP II, which enunciates the Government's *National Economic and Poverty Reduction Strategy*. This will require closer links between planning and budgeting and a clear delineation of investments to be undertaken by the public and the private sectors.

**Pressing Forward with Public Administration Reform:** The Government needs to push forward with the establishment of *Poverty Mission Groups* (PMGs) to foster the strengthening of the civil service and to develop a core group of civil servants to help spearhead economic and governance reforms.

**Undertaking Financial Management:** The Government needs to prudently implement its agenda for *Good Budgeting*. Higher revenues are needed for enhancing domestic investment and debt repayments, and this should be achieved by widening the tax base, strengthening tax collection and undertaking customs reform. Similarly, public expenditures should be aligned with pro-poor policies and strategies in priority sectors.

**Lowering the Transaction Costs for Doing Business:** This means reducing the cost of infrastructure and eliminating corruption. It requires operationalizing the National Audit Authority, establishing the discipline for external audit and strengthening internal audit function in key line ministries, as well as strengthening of the judiciary.

**Raising Trust in the Financial System:** This is a key element in Cambodia's pursuit of accelerated economic growth and development. The ADB's *Financial Sector Program Loan* is indeed intended for this purpose and a Blue Print for Financial Sector Development has recently been prepared.

Addressing the social and economic issues will continue to remain a major challenge for the country and will require concerted efforts with a strong political will, and resources from both the public and private sectors. There is however the **Good News**, and indeed there are many *good reasons to believe that the prospects for Cambodia's development are bright.*

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processing industry, as well as in other types of activities. However, it is not an appropriate time when there is the need to ensure transparency in the manner in which private sector transactions are undertaken to develop various businesses.

**Tourism Potential:** Cambodia has good prospects for developing both ecotourism and cultural tourism. The Angkor Temples and pristine environments of Cardamom Mountains, and other protected forest and wildlife areas offer good potential for development. However, this ought to be pursued on a sustainable basis.

**Willingness to Learn:** The Cambodian has a burning desire to learn and acquire new knowledge. This is a major asset of the new generation, and today, information and communication technology has brought the acquisition of knowledge closer to home.

**Reform Minded Government:** The pursuance of economic and political reform warrants a strong political will. Based on the number of initiatives being taken by the Government, there is reason to believe that the Government is committed in its resolve to establishing a well-functioning market economy. The leadership of the country is strong.

**Strategic Location and Links to Other Countries:** Cambodia is located at the heart of the Greater Mekong Sub-region (GMS). It provides for links to the People's Republic of China in the north, India and the West and other ASEAN brothers and sisters in the East.

In summary, the ADB is committed to helping the Government in its efforts for promoting growth and eradicating poverty in Cambodia. We are happy to work in close partnership with all development partners, including the private sector to make a difference in the lives of the Cambodian people.

Investment: (Day one: 14:00 – 14:45)

**"Investment and business opportunities in Cambodia"**

**Presentation by HE Sok Chenda, Secretary General, Council for the Development of Cambodia**

**1. Key Indicators:**

Cambodia has a land area of **181,000 Square kilometers** and **a population of 12 million. GDP growth has averaged 5.6% per annum, giving a GDP per capita of around US\$300. Inflation has averaged 2.1%** and the **exchange rate** is currently **US\$1 = Riel 3,816**.

**2. Annual Investment:**

From 1994 to 2001, some 927 projects have been approved, with investment of US\$ 6,370 million. The peak year was in 1995, with 125 projects worth US\$ 2,379 million.

Project implementation during the period from 1994 through 1997 averaged only 26%, but there has been a steady improvement from 1998 and in 2000/2001 the average implementation has reached 92%.

Company registrations from 1994 to 2001 have totalled 6,265, an average of 783 per year. Considering investment by sector, from 1994 to 2001, industry has accounted for 38%, tourism for 36%, services for 21% and agriculture for only 5%.

Regarding source of investment, ASEAN has represented some US\$ 2.25 billion, Cambodia itself some US\$ 1.5 billion, with the Americas US\$ 500 million and Europe only around US\$ 250 million, the remainder coming from elsewhere in Asia. The leading individual foreign country is Malaysia, with US\$ 1.8 billion, Taiwan with around US\$ 500 million, USA with US\$ 400 million, followed by China, Hong Kong, Singapore, Korea, Thailand and France each with around US\$ 200 million.

**3. Prospects for growth:**

Cambodia offers political and macro-economic stability, systematic reforms, access to key markets, and trade preferences in terms of MFN/GSP.

The country is going full speed ahead in its integration into the world trading system, including membership in the WTO, and as part of the Greater Mekong Sub-Region (GMS) development, is implementing AFTA/CEPT, AIA and WIPO membership, as well as adherence to International Accounting standards.

Cambodia has signed bilateral investment protection agreements with China, Croatia, Cuba, France, Germany, Indonesia, Korea, Malaysia, OPEC, Philippines, Singapore, Switzerland, Thailand, US (OPIC) and Vietnam.

**4. Infrastructure:**

Infrastructure is a priority, with emphasis on rehabilitation.

Multilateral aid is available, with decentralization of implementation, good regionalized opportunities through ASEAN and GMS. There are opportunities for private participation in infrastructure through various building, ownership and transfer mechanisms. There are potential linkages with Thailand, Laos and Vietnam, with Phnom Penh as the hub plus regional centers in Sihanouville, Koh Kong, Sisophon and Siem Reap.

Physical infrastructure work in progress includes the Asian Highway (AH), with building and rehabilitation of the route Bangkok – Phnom Penh – Vung Tao. In addition, work is proceeding on RN7 from Southern Laos to Sihanouville Deep Sea Port, which is itself being upgraded and expanded. In addition there are projects to upgrade and expand Phnom Penh, Siem Reap and Sihanouville airports.

**5. Tourism:**

Cambodia has natural beauty, world heritage monuments, an open sky policy to Siem Reap, ability to attract "add on" trips, and a novelty value for international travelers.

Visitor arrivals grew from almost zero in 1992 to 250,000 in 1996, and after falling away in 1997/8, recommenced growth in 1999 to reach 600,000 in 2001. Of these arrivals, 38% come from Asia beyond ASEAN, 25% from Europe, 21% from ASEAN and 16% from the Americas.

**6. Agri-business**

Cambodia has a basic agrarian economy, with natural endowments such as abundant land, rich fishery resources, and timber resources. There is potential for organic crops, value-added emphasis by food processing, and potential for new product development.

**7. Banking, finance and insurance:**

Cambodia offers a liberal legal and regulatory environment, free exchange convertibility, central bank independence, and privatization prospects for the Foreign Trade Bank of Cambodia.

**8. Trade and distribution:**

Cambodia has a young population, offers a strong consumer market, a regional location, a dollarized economy, openness and free trade tendencies.

**9. Manufacturing and export:**

Cambodia offers competitive labour cost, tax incentives, market access and potential for regional arrangements.

There are altogether 28 countries offering MFN/GSP privileges for Cambodia exports. Of total exports, 69% go to the USA, 28% to the EU and 3% elsewhere. Garment exports began in 1995 and have grown steadily ever since, reaching US\$ 1.1 billion in 2001, of which US\$ 800 million to the USA and US\$ 300 million to the EU.

**10. Investment potential:**

Cambodia has a pro-business government, a sound macroeconomic environment, generous investment incentives, competitive labour costs, access to ASEAN and World markets, preferential trading status, and a strategic location at the centripent of ASEAN. There are 500 million consumers on the doorstep of any potential investor starting business in Cambodia.

Investment: (Day one: 14:45 – 15:45)

**"The Investors' Viewpoint"**

**Presentation by Robert P. Hagemann, IMF Resident Representative in Cambodia**

I am delighted to have the opportunity to participate in this conference, notably on this particular panel. Interestingly, the panel is entitled *Investors' Viewpoint*. I am not an investor, but rather an economist by training and an international civil servant by employment. But my viewpoint and that of the International Monetary Fund are not fundamentally different from that of an investment community, taken as a whole.

I obviously cannot share with you any experiences as an investor. But I will take a few moments to describe what I think are the ingredients of an investment-favoring environment, be it investment from abroad (otherwise known as **foreign direct investment (FDI)**), or home-grown investment, relating these to Cambodia and its reform agenda.

As we all know, investment is undertaken in a context of uncertainty. In an already uncertain world, the government has a responsibility to avoid adding to those inherent risks. To this end, the government plays a very important role, especially in a country recovering from years of internal strife and devastation. Probably the most important precondition for favoring investment is **macroeconomic stability**, for which the government has the major responsibility. Relatedly, **investors require broad policy stability**; they need to know that the policy levers over which the authorities have control—monetary policy, tax and public spending decisions, import and export policies, regulation, etc.—will not be pulled and pushed without proper and sufficiently advanced warning. Investors also require certainty about their **legal rights and obligations**, and confidence in the **impartiality of the judiciary** when contract or other disputes require recourse to the judicial system.

I would contend that these are **preconditions**, without macroeconomic and policy stability, a well-defined legal framework, and an impartial judiciary, investment will always be anemic, well below levels it could otherwise reach. I think that it is fair to say that the Cambodian authorities have been very successful in recent years in securing and maintaining macroeconomic stability. In isolation, macro stability has surely been a positive force in attracting foreign investment, other things being equal. But other things are not equal, and progress on legal and judicial reform has been slower than envisaged, certainly slower than necessary to make Cambodia an attractive destination for FDI. It is my conviction that falling significant and rapid progress in these areas, there is unlikely to be the surge that is needed in FDI.

As the Prime Minister said this morning, changes to the LOI are designed to improve the investment climate. First, **the changes aim at reducing uncertainty for potential investors by providing a three-year tax holiday for all qualifying investments as per the published schedules**. Removing the discretionary element in investment approvals can be only a good thing. Witness, for instance, that between 1996 and 2000, only three firms were granted a zero profit tax concession, not a very impressive track record for what some claim cannot and should not be charged lest Cambodia be prepared to lose huge amounts of FDI.

Second, **the changes reflect a need to balance investment promotion against revenue mobilization**. But this has to be viewed in a broader context. Not only do the revenue increases implied by reforms to the LOI need to be judged against other aspects of the reforms which lower investment costs in Cambodia, but they have to be judged in their broader context. With respect to the former, **reduced uncertainty about approval and "one-stop shopping" hold the promise of reducing the scope for facilitation payments and lowering costs by accelerating dramatically the approval process**. Whether or not these offset the higher taxation envisaged in the LOI is perhaps an open question. But they are unambiguously good things to do. And here I would like to make a clear statement. I often hear that tax rates have to be lower because hidden costs of doing business are so high. Well, I, for one, believe that one should address a problem directly. Using the tax system to offset hidden costs in no way addresses the problem and, indeed, perpetuates it by deflecting attention.

This brings me to the broader context that I mentioned a moment ago. There are obstacles to investment in Cambodia, and challenges for everyone, and **these are related challenges interconnected in ways that make the sequencing of reforms a real challenge**. Reasonable people can disagree on where to break into this very vicious circle. I think **the government's approach is broadly the right one, even if more rapid progress in some areas would accelerate the improvement in the investment environment**. I think we can all agree that **hidden costs exist in the economy**. This requires systemic reforms, and, in particular, a better



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We unfortunately can't "have our proverbial cake and eat it too," or, for the francophones in the audience, "nous ne pouvons pas avoir le beurre et l'argent du beurre." **If you want a more transparent and motivated public sector, it has to be paid for.** If you want improved roads to reduce transportation costs, this has to be paid for too. This seems to me to be pretty straightforward. So, yes, in my opinion, the government will be making continued efforts to improve its revenue performance so as to be able to meet the large expenditure needs of the country.

I know many here think that revenue improvements are centered solely on the so-called "legitimate private sector". But this is not correct. The government has a very specific action plan for broadening the revenue base by extending the collection reach to the less formal sector that presently falls under the estimated regime.

Of course, **we all know that smuggling is a major impediment to investment**, in at least two ways. First, it causes a loss of revenue, such that other taxes have to remain higher than otherwise and/or the government must cut back on spending. The foregone revenue could help reduce poverty and improve the nation's infrastructure. Second, smuggled goods erode the market share of legitimate producers, with clearly adverse impacts on investor attitudes. Thus, it is critical and urgent that anti-smuggling efforts be effectively reinforced. Of course, one of the most effective means of reducing smuggling is to lower tariffs, as will unavoidably be done in the context of Cambodia's ASEAN membership. Obviously, we have to be vigilant as to the revenue implications of this tariff restructuring, and on this score, I would point once again to the need to broaden the domestic tax base to offset revenue losses from lowering tariffs.

But taxation is simply not the deterrent to investment in Cambodia. I think reasonable people would welcome paying taxes if they saw what they get for their money. The problem in Cambodia is that a huge share of taxation never makes it into the public coffers. We can point to other significant obstacles to investment in Cambodia, many of which can only be fixed once there is a broad-based shared vision of what is needed to rebuild this magnificent nation.

- There is a pervasive lack of transparency. **Transparency is fundamental in a market economy** to enable investors to assess the true total cost of operations and rate of return on investment. Transparency keeps everyone honest.
- The human capital base is very slim, due in large part to Cambodia's recent tragic history, but due also to the lack of financial resources in the public sector. It is a very broadly shared view among economists and policymakers that education is a key ingredient to sustainable growth and, thus, to durable poverty reduction.
- The health care system in Cambodia needs to be improved. Clearly, a healthy population is a more productive population. Moreover, the absence of an adequate health care system makes it difficult for foreign investors to establish complete health care plans and to provide the support most family units seek in a secure environment.

These, then, are just a few thoughts on what I think are obstacles to investment in Cambodia. Improving the environment requires that everyone contribute to improving institutions and relationships, to accelerating reforms.

**Presentation by Mr. Bretton Sciaroni, Managing Director, Tilleke & Gibbins and Associates**

When one looks at the investment environment of a country, there are a number of criteria that need to be considered. In some cases, the indicators are favorable. These include the following criteria:

- **Political Stability:** The first issue that favors investment in Cambodia is that today there is political stability. This has not always been the case, as the first government was marred by political infighting and tension. However, one of the hallmarks of the second government is its stability, although this point does not seem to be widely recognized overseas.
- **Coalition Government:** Another criteria by which one can judge the political stability today is that there has been a successful coalition government. There is a perception of instability, but the reality is that under the second government, there is far greater stability in Cambodia. It is a fact that the coalition government has worked well.
- **Commune Elections:** Yet another criteria by which one can judge political stability in Cambodia is the fact that in February of this year Cambodia successfully held commune elections. This is the third election held in the past nine years, and the first time that there has been such an election at local levels. This election was widely viewed as a success of democracy, as it represents power sharing at the local level for the first time. But it also signifies increasing political stability, as each successive election is better than the previous election. Not only has voter participation remained high, but the level of violence and the technical problems associated with the elections have declined over time. This is another sign of a maturing political system. As Cambodia looks toward the national elections next year, the experience of this past February augurs well for the successful holding of national polling.
- **Pessimism about the Cambodian Economy:** In addition to political stability, another important consideration for any potential investor is the state of the Cambodian economy. One will want to know if the economy is improving. There is some macro-economic data that indicates that the economy continues to grow. But considering where this economy started from – one decade ago – one can say that great progress has been accomplished. And while the economic data may not always be reliable, there is no doubt that the Cambodian public remains optimistic about the future. Polling by organizations such as the Asia Foundation indicates that the average Cambodian believes things are getting better here. And why shouldn't they? Anyone over the age of 10 has seen dramatic changes in his lifetime. There is an expectation that economic progress and development will continue.
- **Regional Economic Integration & WTO:** Furthermore, after decades of isolation, Cambodia is joining the mainstream of the regional and international economic system. Thus, discussion of ASEAN, AFTA, and WTO all will contribute to the potential investors' vision of Cambodia as being on the path to normalization of its trade and economic relations with other countries. Indeed, as you will hear from the Minister of Commerce, dramatic changes are occurring in order to prepare Cambodia for acceptance into WTO. Many laws are being prepared for passage, including legislation in key areas such as intellectual property rights, commercial code, legal and judicial reform, etc.
- **Infrastructure Improvements:** One other area of improvement concerns infrastructure. Costs remain high, but there have been improvements in the past decade. Areas of improvement include telecommunications, transportation, and power generation and distribution. As noted, the costs associated with these components of infrastructure are high, but the service one can expect has improved over the last decade, and should continue to get better.
- **Government-Private Sector Relations:** One other positive development in recent years has been the development of relations between the Royal Government and the business community. Under the leadership of the Prime Minister, dramatic steps have been taken in the last two years to improve the business climate through dialogue. The creation of the Government-Private Sector Forum and the system of Working Groups were accomplished under the direction of the Prime Minister, and these fora have improved relations between the Royal Government and the private sector. The private sector now has the means to have its views known to the government officials on a regular basis.

Some detail is required in order so that you understand how impressive this rapid development has been. There is no tradition in Cambodia of dialogue between the public and private sectors. Yet, on his own initiative, the Prime Minister held the first Government-Private Sector Forum in December 1999. This forum was created to give the private sector the ability to have dialogue, discussion, and debate with the Royal Government. Prime Minister Hun Sen convened the entire government, and devoted a full day for discussion with the business community. Subsequently, at the Private Sector Forum held on July 5, 2000, the Prime Minister announced another new initiative. Samdech Hun Sen announced that working groups would be created between the members of the Royal Government and the private sector. These working groups were to be organized on a sectoral basis and were to be held on a regular basis between the Private Sector Fora, which were to be held every six months.

By direction of the Prime Minister, Senior Minister Keat Chhon convened an initial meeting between the Royal Government and the private sector on August 4, 2000. It was decided that seven working groups be formed. Six of these groups were formed on the basis of sectors and include:

- Manufacturing and Distribution;
- Export Processing;
- Energy and Infrastructure;
- Tourism;
- Finance and Banking; and
- Agriculture and Food Processing.

A seventh working group was formed on a non-sectoral basis. The Working Group on Law, Tax and Good Governance deals with issues that cut across all of the other groups. It has been my pleasure to serve as Co-Chair of this working group, which is ably represented on the government side by Senior Minister Keat Chhon.

For the remainder of the year 2000, the private sector met to identify issues for discussion with the Royal Government. By January, 2001, the Prime Minister issued a Resolution Establishing the Working Groups, and the process of dialogue between the private sector and the Royal Government began in earnest.

To date, members of the business community are pleased with the results of the working group process. Speaking for myself and on behalf of my working group, I am very happy with the collegial working atmosphere that has been established by Senior Minister Keat Chhon. At our meetings, we have a frank exchange of views. Even if we cannot reach agreement on all issues, we in the private sector feel that we have had a fair hearing. But in a number of cases, we not only understand the position of the other side better, but also can agree on a solution to a given problem.

A special word should be said about the revision of the Law on Investment. Coincidental with the initiation of the Working Group process was the review of the Law on Investment. Mandated by a condition of the World Bank for release of a Structural Adjustment Credit, the Royal Government invited the views of the business community concerning a proposed revision of the investment law. This sort of consultation was unprecedented, but the private sector became heavily involved in discussions with the Royal Government concerning amendments to the investment law. What started as an ad hoc group from the private sector, organized to review the draft law, analyze it, and, when necessary, make counter-proposals, later merged into the Working Group on Law, Tax and Good Governance. But the important point is that a process of consultation was initiated on legislation of considerable importance to the business community. This would have been unheard of, even five years ago.

**Presentation by Van Sou Ieng, President, Garment Manufacturers' Association in Cambodia**

The purpose of this presentation was to recount personal experience in investing in Cambodia. After leaving banking in 1995, Mr. Van Sou Ieng started a garment factory in 1996, with help from the Council for the Development of Cambodia, gaining paperwork completion within two days. Later on, documentation became more difficult, and bureaucracy increased.

The period from 1997 to 1999 was especially difficult, until the Prime Minister started the Private Sector Forum. Different ministries realized that they had to change their practices.

Within 1996, 35 garment factories had started up. However, export procedures became more difficult, with more bureaucracy involved. In one case, a directive was promulgated required labeling "made in Cambodia". When factory owners complained that their own overseas

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to know the companies which are doing so, and this helped to restore the export sector growth rapidly.

At the present time, there were 190,000 workers in the garment industry, with garments representing 90% of total exports. The industry made a US\$400 million contribution to the national budget. Recognising the need for prompt completion of procedures, the Ministry of Commerce had allowed garment factories to locate representatives in the Ministry to monitor paperwork and completion of procedures.

Recently there had been a ban on the entry of heavy trucks into Phnom Penh. This resulted in container trucks being stranded and many factories almost had to close. The concerned ministers personally helped to intervene and release the containers.

Certainly problems did still arise in Cambodia, but it was possible to raise issues with concerned ministers and gain workable solutions. It was also always possible to raise issues with private sector representative groups and gain solution.

**Trade: (Day one: 16:15 - 17:00)**

**"Cambodia's fast moving game on a more level playing field"**  
**HE Mr. Cham Prasith, Minister of Commerce, Vice-Chairman of the Council for the Development of Cambodia**

I wish to highlight today to the Conference's participants 3 main points:

- Past performance of our trade sector
- Development of our trade policies in context of the global economy
- Current strengths and weaknesses, and opportunities for the sector

While I believe that trade and investment should go together as a package, and indeed, on a personal level, I am also responsible for both portfolios, and since my colleague HE Mr. Sok Chenda has already just covered the investment component, my focus will primarily remain on the trade sector.

Cambodia has made great progress in establishing a modern trade regime. The process of **market-oriented liberalization** which began way back in the late 1980s have been dramatically accelerated in recent years, culminating in the establishment of a very conducive business environment, which resulted in **Cambodia's export performance exceeding the US\$1 billion mark for already 2 consecutive years.**

Some of the key policy reforms include the **abolition of the state monopoly for foreign trade; trade policies liberalization: removal of restrictions limiting the ability of firms and individuals to engage in international trade; elimination of binding quantitative restrictions and rationalizing the rates of taxes on imports and exports so that they are for the most part not prohibitive.**

The Royal Government of Cambodia continues to reform its tariff rate system. In April 2001 the number of tariff bands was reduced from 12 to 4 with the maximum tariff rate falling from 120 to 35 percent. There are currently some attempts by the Ministry of Economy and Finance and IMF to lower them furthermore.

**Licensing** requirements are for the most part abolished and those remaining on certain imported goods are typically in place for public health and security reasons as well as to implement specific arrangements with some trading partners, concerning notably textile and clothing to the US and the European Union (EU). Currently, Cambodia has an absolute ban on exports of logs, and garments quotas. There are few items that are still subject to the export or import licensing requirements: processed wood products (including furniture, wooden handicrafts etc), weapons, all vehicles and machinery for military purposes, pharmaceuticals and medical materials, chemical fertilizers, pesticides and insecticides. Ministerial authorizations are required for exporting or importing these items.

On the matter of **economic integration**, Cambodia became the 10<sup>th</sup> member of ASEAN when it joined the regional grouping in April 1999 and has committed itself to a gradual reduction in almost all of its tariff rates to 0-5 percent on imported goods from other ASEAN members by the year 2010. The Common Effective Preferential Trade Area (CEPT) process requires Cambodia to allocate all tariff lines or categories into one of four lists. Inclusion List, Temporary Exclusion List, Sensitive List, and General Exclusion List.

The main features of Cambodia's reduction of tariff rates under the Agreement on the CEPT show that, first, only 46 percent of all tariff lines are in the Inclusion List. The bulk of goods are in the Temporary Exclusion List while the remaining 1.95 percent of lines remain are in the restricted lists. The second feature is the slow pace in reduction in tariff rates. Goods in the Inclusion List will not be fully liberalized to the 0-5 percent range until 2007. Moreover, goods in the Temporary List will be phased into the Inclusion List only between 200 and 2010 with the commitment that their tariff rates will be between 0-5 percent by 2010.

In light of intense international and regional competition, I am of the view that **Cambodia should choose to accelerate its tariff reductions by transferring virtually all goods from the Temporary Exclusion List to the Inclusion List immediately and accelerate tariff reductions to 0-5 percent in 2003 at same time as the 6 original members of ASEAN are going to do.** This is what I call the **"Super Fast Track for Cambodia's implementation of AFTA / CEPT"**. The reasons are clear and obvious. First, by accelerating tariff reductions, this will make Cambodia a viable base for exports to ASEAN. But Cambodia will be a potential site for ASEAN oriented investment only for those goods that can be exported to member countries at the lower CEPT tariff rates. For this to happen, goods must be on the Inclusion List and the transitional CEPT rate must be 15 percent or less. A more effective way to establish Cambodia's place a potential investment site would be to ensure that most tariff items are immediately placed in the Inclusion List, and that the maximum rates are reduced to no more than 15 percent, preferably less. I do intend to submit very soon this **"Super Fast Track" approach** to the consideration of our Prime Minister Samdech Hun Sen. It used to be our **unofficial stance during the past years but I think time has come to make it our formal stance vis-à-vis CEPT/AFTA. Time is of essence for Cambodia. We intend to join the WTO as soon as we can, and this approach shall form the core of our competitive edge in this fast changing world.**

On a **Regional development front**, Cambodia is currently cooperating with Thailand to develop the so-called **"Crescent of Opportunities"**. We have completed the Thailand-Cambodia Joint Development Study (TCJDS), which altogether identifies 6 development strategies on promotion of trade and investment defined through the assessment of comparative and competitive advantages of Cambodia and Thailand namely:

- Integration of production base and developing strategic partnerships in marketing;
- Establishing the concept of "two Kingdoms one destination" and "two countries one coastline";
- Import substitution for Cambodia;
- Reallocation of Thai industries to Cambodia;
- Strengthening competitiveness; and
- Utilization of existing infrastructure in TCJDS area. I invited all the participants to have a look to the various projects that Cambodia and Thailand would like to have investment from the private sector.

A last point on the **regional front**: Cambodia intends to take advantage of the recent revitalizing of the **Bangkok Agreement** by becoming its member in the near future.

With China's recent membership, the Bangkok Agreement, which is a regional trade preferences arrangement, is now offering great potential for us to maximize Cambodia's **"complementarities"** in exports with the major Bangkok Agreement countries. Trade **"complementarities"** between two countries is the extent to which one country's export structure matches another country's import structure more closely than it matches the pattern of world imports. This accession to the Bangkok Agreement will be soon submitted to our Council of Ministers' decision. This accession is an **intermediate step of Cambodia joining the ASEAN-China Free Trade Area**, which is looming in the horizon.

On the **WTO front**, Cambodia is quite advanced in its accession process. We have just completed our second working party meeting last February and we are now preparing to return to Geneva again this coming **June or July for the third round of negotiations**. Of great interest to you is the fact that, through this accession process, Cambodia is tackling several issues concerning trade liberalization policies and mainstreaming trade strategy for national development policies aimed at poverty reduction in Cambodia. Several actions would be taken, namely: the use of fixed of specific duties to overcome Customs valuation issues; devising a strategy for Cambodia's binding tariff offers to other WTO member countries; and building institutional capacity to implement WTO rules.

Crucially important as in the AFTACEPT, low binding tariff rates would provide stability and certainty in the country's trade policy framework. Investors like a policy framework that is transparent and predictable. Setting bound rates close to current applied rates would also help achieve this predictability.

As part of the accession process, Cambodia has also set out a very ambitious legislative agenda to implement the WTO requirements. Examples include various intellectual property laws, competition law, insolvency law, law on business enterprises, commercial contracts law, secured transaction law, law on rules of origin and various laws on anti-dumping and countervailing duties. Equally important are a series of legislation pertaining to the good functioning of the court system.

Last on my topic are my thoughts on the **strengths and indeed the weakness of our market**. Cambodia offers a strong consumer market and a growing young population. The country abounds of natural resources, and adaptable workforce, and a business community eager and willing to do business. Every businessman or investor coming to Cambodia will need at least to see the occurrence of **4 key factors**:

- Political stability
- Macro-economic stability
  - Sound, Transparent and Predictable Legal Framework
  - Special and Differential LDC Trade Preferences (GSP and MFN Treatment)

These 4 key factors do exist in Cambodia for already 3 years and everything points out that this is the type of sustainable growth that Cambodia is going to enjoy during the next decades.

With a dollarized economy coupled with an open and free trade tendency, the cost of entry may be high but the profit recovery is also fast. But what really is going to make a difference between Cambodia and other countries in the short and medium term is the fact that Cambodia was the first country in the world to link trade with labor standards. Such a policy is now bearing fruits with the influx of foreign buyers eager to source their products from a country known as free from child labor, free from forced labor, a country where the major world famous brands names would feel secure to source their products from. (Since we do not have enough time to explain to you the pros and cons of such a policy, I attach to this speech a copy of a speech I have delivered at the Asia Global Sourcing Conference in March 2002 in Jakarta, Indonesia)

On the **weakness side**, Cambodia still suffers from a small domestic market, price sensitivity still high hidden costs, still heavy red tape, slow and imperfect marketing mechanisms, inaccessibility of rural population, lack of quality retail outlets, counterfeit products, and smuggling. Tremendous efforts have been deployed by the Royal Government of Cambodia in order to mitigate and erase those weaknesses through frequent deliberations between the various ministries concerned and members of the private sector and civil society within 7 specific Working Groups, culminating with a bi-annual forum between the RGC and the Private Sector chaired by Samdech Prime Minister. Many forthcoming seminars on trade facilitation combined by proper technical assistance from the major donor countries would provide a new impetus to get rid of those weaknesses. What is important is that in Cambodia you will always find top government officials with receptive ears and easily accessible.

On the issue of smuggling, Cambodia has launched a major anti-smuggling initiative under the provision of Government Order No. 02 issued by Samdech Prime Minister Hun Sen on 6

SMITH THROUGH THE "COCOA" WITH "TECHNICAL COOPERATION ASSISTANCE PLAN (TCAP)" TO STRENGTHEN the capacity of the Customs and Excise Department and to improve its level of integrity. For instance, the new anti-smuggling initiative provides generous financial rewards to Customs officials who participate in successful anti-smuggling operations. Under the TCAP, the enforcement strategy has been developed. Technical assistance is being sought to equip enforcement teams with appropriate tools and facilities.

Opportunities still exist for brand loyalty, foreign competition, and localized products and packaging. Market access wise, Cambodia is one of the two remaining LDCs in the region (the other being Lao PDR) which still benefits from the GSP scheme of major developed trading partners like the US, EU, Canada, Australia and Japan. The "Everything But Arms" (EBA) Initiative of the EU for the LDCs shall be used to the maximum extent through many innovative projects such as those in the "Crescent of Opportunities" between Cambodia and Thailand.

**Addendum:**

**"Towards Building Cambodia as a Sound and Safe Sourcing Place for World Textile and Apparel- Experience of Cambodia in the linkage between trade and labor standards**

10 years ago, there were only some small handicraft workshops and factories that are obsolete, non-competitive, producing low quality goods. There was not even a single garment factory. The sole textile factory in Kompong Cham, which was built in the 1960s, was not operational because nobody grows cotton anymore in the surroundings.

In 1996, I signed with the USA a bilateral Trade Agreement in which a permanent MFN status was granted to Cambodia. The same year, I concluded another Textile Agreement with the European Union. With these 2 agreements being concluded, we started to see the appearance of garment factories in Cambodia. Without many obstacles, and seeing that the type of MFN status Cambodia got from the USA was on a permanent basis rather than based on a annual review through the Jackson-Vanik Amendment, many investors started to build their garment factories and to export in the most intensive way. Our garment export towards the US market was very impressive: 70% increase in 1997 (US\$1.5 million to US\$106 millions), 270% in 1998 (US\$106 millions to US\$287 millions). The numbers might not be high enough to be comparable to those of Indonesia, Bangladesh or Hong Kong, or even Mainland China, which have done more than 30 years of textile trade with the USA. Starting from small numbers and growing at a rate of 2,000 to 5,000 % per year might be hair-raising but the total value and quantity were still low. Anyway, the USA did not wait long enough and in 1998 they started to impose quantitative restrictions on Cambodia's garment exports. Negotiations lasted almost a year with the US attempting to incorporate in a textile agreement a linkage between trade and labor standards. The negotiations were not easy. All of you know perfectly well that, in those days, no country in the world has ever agreed with the US position regarding the linkage between trade and labor standards. The reason is very clear: no one trusted the US altitum, some people might agree that there could be some genuine interests from the US aimed at protecting the workers rights in sourcing places but everybody sees this linkage as a clear attempt to create another technical barrier to trade.

Nevertheless, Cambodia did agree to the linkage. Why had we set up such a precedent in the annals of textile negotiations? How?

First and foremost, I would like to recall the circumstances that led to the signing of the US-Cambodia Bilateral Textile Agreement on January 20, 1999. It is not a secret that the United States was looking to promote its goal of incorporating labor standards in trade agreements and it was also not a secret that this initiative had always been opposed and rejected in many international trade fora, because of fear that it would constitute another hidden obstacle to trade. As negotiator on behalf of the Royal Cambodian Government, I was aware of that attempt. I was also aware that, as a non-WTO member, we could not have any recourse to the review process of the WTO Textiles Monitoring Body, and that our leverage would be very limited. But the main reasons that pushed us to accept the terms and conditions of the above Textile Agreement were very obvious:

- We believe that linking trade with the implementation of labor standards will going to be the most efficient internal mechanism for a developing country to secure that foreign investors are not exploiting our local workers. Effectively, the power of the Minister of Commerce to deny the issuance of export documents to any manufacturer because of his/her violation of the Cambodian Labor Law has so far never failed to force him/her to take corrective measures. Without that intervention, the implementation of the Labor law would be ignored by the foreign investors who would prefer paying \$100 or \$200 penalties and continue to infringe the Law by firing any worker he/ she disliked.
- The linkage of trade issues with labor issues was not a "stick" which the USA could use to bar entry of Cambodian exports to the US market. It was a "carrot" to reward Cambodia when working conditions improved in the textile and apparel sector. There have been enough assurances and re-assurances from the US side that this carrot is a "real" one and not a "virtual" one.
- The monitoring system using ILO offered enough assurances that it would not be biased or used for hidden political agendas.
- We were also very confident that American buyers would certainly set up their own rules (Vendors Code of Conduct) to ensure that they were not buying from any "sweatshops" and thus, would help the Royal Government of Cambodia enforcing its Labor Law in the most appropriate manner.

As you know, in accordance with the U.S.-Cambodia bilateral textile and apparel agreement dated January 20, 1999, the U.S. shall make a determination by December

One of each agreement period whether working conditions in the Cambodia textile and apparel sector substantially comply with the labor law and internationally recognized core labor standards. If the U.S. makes a positive determination, the quotas will be increased by 14 percent for the following agreement year. During the last 3 years of implementation of the 1999 Textile Agreement, rewards granted to Cambodia were consecutively only up to 9% out of the 14% goal, despite many substantial improvements in labor conditions have been made. This is a situation that raised eyebrows. People may wonder why there is only a 9% quota increase reward? Was the US really sincere in its commitments?

To be true and fair to the US, the economic situation in the USA has never been very favorable for the implementation of this linkage. While there is certainly some genuine intention to help Cambodia improve its labor conditions, there were also bad intentions from some circles in the USA, which tried hard to prevent any additional increase of quotas for fear of creating more hardships to the textile industry in the USA, which anyway is no more competitive. The changing of the guard and the changing of policy in the USA with the Bush administration replacing the Clinton Administration has created uncertainty for almost a year because the new administration has not been able to take a clear-cut policy towards the linkage. This may also be because of tug-of-war lobbying efforts for a Trade Promotion Authority in the USA. It seems that they have now been able to forget some kind of consensus on continuing the linkage.

Nevertheless, the Royal Government of Cambodia as well as other US friends of Cambodia are still trying to secure the support of both Democrats and Republicans for better US market access for Cambodian textiles and textile products.

What we set up as a precedent cannot be duplicated nor copied into another country because:

- Cambodia started from scratch, with little vested interests from any sphere of influence
- Cambodia's current leaders have the political will and the gut to link trade to labor standards because, whatever people say, the Cambodian Labor Law shall be enforced by the Cambodians, and with some foreign "carrots" (the incentives) plus some local "sticks" (our measure to deny issuance of export documents to labor law violators), this Labor Law would be certainly better implemented and enforced.
- Cambodian society is still very open to democratization. Strikes and street demonstration occurred frequently and were not repressed even most of them are illegal by law. Governments other than the RGC would take tougher stances in the case of illegal strikes
- The linkage with labor standards is a double-edged sword: theoretically, it shall encourage American buyers to place orders in Cambodia (no sweatshops, no child labor, no forced overtime...), but in practice, the occurrence of too many strikes sometimes agitated by RGC's political opponents, or sometimes for petty reasons--deter also the American buyers (disturb production and delivery time). But when time passes by, the unions would grow more educated, more mature and more responsible towards the workers.
- RGC does not involved those garment factories exporting only to the USA but all garment factories (even if they are only exporting to the European Union), that is why 163 factories were registered with the ILO monitoring mechanism (including their subcontractors).
- The RGC wants this rewards incentive because it constitutes Cambodia's competitive edge vis-à-vis textile exporting countries.
- While quotas shall be phased out by end of 2004, there shall be some larger and more generous quota levels being given to exemplary LDCs like Cambodia, in order to build up a stronger private sector, and provide jobs to more Cambodians (So far over \$12 million per month were spent for wages of over 180,000 garment workers).

In the current extension of the Textile Agreement between Cambodia and the USA for the period from 2002 to 2004, there have not been substantial changes provided by the US Administration. The precedent in Cambodia will be hard to be duplicated in another country if the same unfavorable context is prevailing.

If you take into consideration the possible situation that would emerge in early 2005 where there were no more quotas imposed on WTO members, there will certainly be more reluctance for other countries to follow the Cambodian model. No other country would be willing to do the same, because those countries which are WTO members despite the fact that they are still subject to quota levels till the end of 2004 will never try to bind themselves with things that would be phased out. Linkage of labor standards in a quota-free environment? That's nonsense! The linkage can be exercised only on current non-WTO members until or after end of 2004-and only if they are willing to do such a linkage.

What is important is not really the linkage between trade and labor standards, but securing larger market access for Cambodian products so that more FDI a flow into Cambodia and create more job opportunities for Cambodians: that's the best way to reduce poverty in Cambodia.

In sum, the RGC does encounter difficulties in the implementation of this linkage but they are not insurmountable nor could they deter it to move forward.

The above experience with the linkage has proven that it might be desirable for a non-WTO member to secure some additional access to the US market, but it is not without danger : irresponsible labor activists might scare away both the buyers and the investors. Cambodia has come out of this 3-years period of implementation of the Cambodia-US Textile Agreement with substantial success but with a lot of wounds and bruises. 250 factories registered in Cambodia during this period and over 60 factories shut down for various reasons. But new factories are still coming to open their doors, existing factories are expanding their output capacity, because a maturation process is now going on among the workers, the managers, the labor unions.... Prospects are much better for a quieter labor environment.

But, all in all, what is more important, Cambodia has been able to develop a new image: that of a country free from sweatshop, free from child labor, a stable country.... In a nutshell, Cambodia is now providing a safe haven for all the world's famous brand names: a safe and sound sourcing place.

Official Development Assistance for Cambodia:

(Day one: 17:00 - 17:45)

HE Chhling Yanara, Secretary-General, Cambodia Rehabilitation and Development Board

Official development assistance is of vital importance, not only for encouraging national

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as the main engine of growth, they improved productivity, private investment and consumer confidence and also be improved.

The review of the new investment law has now been completed by government. This represents a balance between needs for revenues by government and maintaining competitiveness for Cambodia in relation to other countries. With peace and security now assured, 2002 is a decisive year for the reform and development of all major sectors. GDP growth is projected at 6-7%.

To ensure the necessary level of growth, Cambodia needs US\$ 1 billion in investment, public and private. But this target has never yet been attained. In 2001, total investment attained US\$769 million, with nearly 70% represented by local sources.

However, when one analyses public investment, 80% of this is funded from external sources.

The key issues are to improve the business environment, which is essential for growth, bring about poverty reduction, and create sustainable development.

Inadequate infrastructure has led to high cost of essential services. There are many bottlenecks impeding throughputs. Public investment is needed to support basic infrastructure both social and physical, with greater private sector participation in development of such infrastructure.

To realize these objectives, government is engaged in two basic initiatives, namely

(1) Development of a human resource strategy.

(2) Support for governance, environment and state reform

Foreign aid has been generous. From 1992 to 2001, donor aid reached over US\$5 billion. Of this, US\$4.1 billion was already disbursed through end 2001. Of the US\$4.1 billion, 45% can be defined as investment. The June 2002 Donor Meeting will discuss a three-year public investment program.

In the short term, funds of US\$14 billion per year will be needed, with high dependence on external assistance.

However the availability of aid is diminishing, and few donor nations can achieve the target of 0.1% of GDP given as an external assistance benchmark by the OECD.

**The Summing Up: (Day one: 17:45 – 18:30)**

**Public Sector Reform, the Governance Action Plan and creation of a transparent environment for investment and trade in Cambodia**

**HE Sok An, Senior Minister in charge of the Office of the Council of Ministers, Chairman of the Council for Administrative Reform**

Today, we have talked extensively about the RGC vision for Cambodia, the country's economic outlook and opportunities, the needs of investors and entrepreneurs for a level playing field (a fair and predictable environment). Foremost we have talked about integrating the Cambodian economy into the world (through investment, trade and commerce). As a country, we cannot afford to stand by and watch the train of globalization go by. Globalization is a reality that Cambodia must deal with.

Our topic of discussion, this late afternoon is: how can the State best create an environment conducive to investment, trade and commerce in Cambodia and directly contribute to sustainable development, social justice and poverty alleviation? How can the State be an effective regulator and provider of public services? In this context, where do good governance and an effective public sector fit? My colleagues on the panel will talk about needs of the private sector. They will make suggestions. For my part, I will talk about what we are doing (and intend to do) to address needs within available means.

In my presentation, I will outline the vision behind all those efforts to bring about good governance and to reform the Administration. I will highlight where we are at, and the progress made since the Royal Government presented its political agenda to the National Assembly and Senate in November 1998. I will focus on key points and will conclude my remarks by pointing out priority initiatives we are now pursuing in governance matters and the Administrative Reform.

What are we trying to do? And why?

First, please allow me to give you some perspective. Following the Paris Peace Agreement and 1993 election we entered a period of national reconciliation and of developing the levers of government. Peace and security, a pluralist democracy, a market economy, a country open to the world, and the reform of State institutions were the keys.

The focus was on implementing the Constitution, on stabilizing the economy and launching it on a path of growth, on rehabilitating the country's infrastructure, on updating the legal framework (thousands of legal texts were promulgated), on reforming processes that were central to government (revenue collection, budgeting, expenditures management....) the amalgamation of the administrations of the various factions party to the Paris Peace Agreement into a unified Public Administration and adapting the legal framework within which this Administration would operate. And so on, throughout the whole range of government responsibilities.

From the formation of the present government in 1998, in addition to consolidating progress, our attention turned to putting in place necessary conditions for realizing the Government's political agenda as approved by the National Assembly and the Senate. Success entails the pursuit of Good Governance by State institutions and the reform of these institutions. Form follows function.

As the Prime Minister has said on numerous occasions: "Good Governance is the backbone of development, social justice and poverty alleviation". Transparency, accountability, participation, predictability are principles we are all familiar with. They define good governance. They also define the partnerships that are necessary for Cambodia to marshal the resources at its disposal.

The Royal Government has often said that the State and its Administration must become strategists and partners in development. They must become catalysts and facilitators. But foremost, they must set the stage for others to take advantage of opportunities. The Government undertook the development of a Governance Action Plan to better coordinate efforts and provide a road map to all concerned.

The GAP is an umbrella for governance related initiatives. It is a dynamic rolling plan. In effect, it is the blueprint for the reform of the State. You are all familiar with it by now. The objective is to bring about the Rule of Law in Cambodia, a necessary condition for a vibrant business community. But also, and perhaps more importantly, the Rule of Law is the enabler for society to attain its objectives.

Allow me to recall the major elements of the GAP. There are five cross-cutting areas: (1) judicial and legal reform. – through which basic rules of fairness and predictability are established, (2) public finance – which provides the financial underpinnings through which all government activities must take place, (3) public administration – which relates to the effectiveness of government and its employees in carrying out public programs, (4) anti-corruption – which establishes the framework of behavioral rules that set standards of probity in economic, social and political life, (5) gender equity- an area critical to the Government's objectives of poverty alleviation and social justice.

In addition to these crosscutting initiatives, the Government has identified two specific policy issues on which governance reforms must be implemented in order to ensure sustainable national development and poverty reduction. One such initiative is the demobilization of the armed forces to secure peace and stability and to free up resources for economic and social development. The other initiative is the reform of natural resources management, including land, forestry and fisheries management. It addresses issues relating to social justice, environmental sustainability, poverty alleviation and economic development.

Already, a majority of the first year's priority initiatives have either been completed or are well underway. Witness the communal elections. The demobilization of the armed forces, economic and fiscal reforms, reform of financial sector, strengthening of natural resources management, the strategy to rationalize the Civil Service-to cite a few of the very significant strides we are making.

Allow me to stress three points. First, we are making good progress on a wide front but we need to accelerate the pace of change particularly in areas relating to the preparation adoption and implementation of laws and regulations (a primary function of the State). Second, in one way or another, each and every GAP initiative addresses root causes of social justice, sustainability and poverty alleviation. I may add that each GAP initiative also addresses root causes of corruption. Last, but not least, our success as a country depends on available means. As I have said on many occasions, without means the best of plan remains a dream, a fairy tale. This is where ODA has a key role-- in addition to helping rehabilitate the country's infrastructure, it must help build the capacity of our institutions so they become effective partners.

To succeed, the Government needs the cooperation of all its partners, the legislative and judicial branches of the State, the private sector, the civil society, donors, and, especially, the Administration (the Public Service) must be an effective partner to all. Cambodia is lucky. Thousands of Civil Servants in every corner of the Administration--officials, teachers, doctors, nurses, are fully dedicated, proud individuals. Our job in the Council for Administrative Reform is to give all of them the means they need to do a good job. To do that, we need to set direction, design and implement a realistic change agenda, to coordinate efforts, to provide an enabling environment. In one word, we need to manage.

We envision that, in a few years, the Civil Service and the Administration will be made of men and women, and of institutions that have a clear sense of purpose, that have tools and resources adequate for the tasks at hand, that operate in an environment conducive to professionalism and productivity, and that respect principles of good governance. By the way, the list is not in decreasing priorities nor it is exhaustive. Their focus is to provide quality public services where they are needed.

Before I go on, please allow me to make a brief digression. Yes, adequate pay is also a key to success. But the design and implementation of a reasonable and sustainable regime is elusive. Ideas abound but means are dramatically wanting. There are those arguing that unless the Civil Service is competitive, it will not be able to attract, retain and motivate the talent it needs to realize the change program and become a respected partner. Competitiveness is a two-way street. When talent leaves the Administration for the private sector, I personally think it is not a total loss, but can have also a positive impact over time. I am not talking about salary supplement practices which is a rather different matter.

What have we achieved?

It is, at the same time, gratifying, encouraging, and disappointing.

Gratifying. Because with rather limited financial and human resources, we are succeeding at doing what we set out to do and said we will.

Encouraging. Like building a house much preparation is required to build sound foundations. To illustrate: for the most part, GAP year-one initiatives have been completed; phase one of the National Program for Administrative Reform is for all practical purposes completed. They set the stage for visible change.

Disappointing. So much needs to be done for the sake of the people and time is of the essence. There is too much of a time lag from conception to implementation.

Let me illustrate my point with examples from the Administrative Reform. Suffice to say that from a governance perspective, we are preparing GAPII to follow-up on the initial GAP. I hope that the new GAP will include sections targeted at social development and investments, trade and commerce. Work is underway to that effect.

At the Tokyo Consultative Group meeting in 1999, (a mere four months into its mandate) the Royal Government presented its National Program for Administrative Reform. To this day, this is the program that guides our action.

By Tokyo 2001, we were on the verge of completing phase 1 of the program. It was designed to achieve five major outcomes, to document and control the composition and distribution of the workforce, to develop essential instruments to monitor and motivate personnel. To assess

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We are not in the process of updating the GAP in consultation with concerned ministries. We intend to use the upcoming Consultative Group meeting as a stepping-stone to launch extensive consultations with external partners to complete the GAP. We will also take the opportunity to fine-tune the GAP monitoring and coordination mechanism.

On the Administrative Reform front, we are now fleshing out a strategy to rationalize the Civil Service to guide our actions during phases two and three of the reform. It covers such issues as the size, composition and distribution of the workforce, classification and remuneration, Priority Mission Groups, deconcentration, Human Resource Development, the introduction of information technology within the Administration. Last October, the Royal Government agreed to the thrust of the strategy and to the early implementation of three of its core components: a new classification regime, a new pay policy and the PMG program.

While the size of the Civil Service will remain at current levels over the next five years (some 163 000 employees), the composition and distribution of the workforce will change dramatically. Thousands of public servants will be redeployed from the back office to the front office and from non-education and non-health sectors to meet anticipated needs in those two sectors. Such redeployment will require a careful analysis of human resources needs to optimize the organization of work within the Administration. We will need to introduce innovative measures to facilitate the redeployment of the workforce. The CAR Secretariat has approached the UNDP and the World Bank for assistance to articulate such programs.

The new remuneration regime now being introduced will satisfy, over time, the needs of those working outside major centers, the majority of the workforce. Already, starting in 2002, average base salaries increased by about 38% with take home pay more than doubling in some instances. This increase in salary is taking place within the existing fiscal framework and is being financed out of savings achieved through the application of good governance within HR management. The Government is also introducing performance-inducing elements that, over the years, will become more important. The basic pay based on one's classification will be complemented by a set of allowances to account for such things as risks associated with a job, remoteness and difficulties. The Royal Government is looking forward to be able to pay decent living wages for all civil servants but in the context of an overhaul of remuneration within State institutions (including the Legislative, Judicial and Security apparatus) and within available means. The change must be sustainable.

Naturally, we will want to push the envelopes as much as we can. Again it is a matter of means and sustainability. Better pay will not only bring about increased productivity, it will also allow for the enforcement of such codes as the existing Manual on Civil Service Obligations and the Code of Ethics now under preparation.

I have just given you a preview of two of the Aide Memoires we are preparing for the upcoming Consultative Group meeting to be held from June 19 to 2, here in Phnom Penh. The first is on Good Governance and the other is on Administrative Reform. Change is a matter of vision and means. There is nothing like the urgency of the situation and the plight of the people to force a better focus on how best to use available means and to what purpose. Our reforms are profound and all encompassing, and they are intended to lay the foundations and create a favourable environment for future investment and trade relationship with all parts of the world.

For the Royal Government, there is no doubt that the Civil Service must become a full-fledged and effective partner in the pursuit of our societal objectives. It must facilitate the work of investors, entrepreneurs, merchants and businessmen and provide them with the tools and environment they require to apply their trade effectively. It must also help meet the needs and rights of the individuals.

The Royal Government has embarked on a long road to reform the country's institutions. It needs the support of all its partners in development. It also needs to mobilize necessary resources. I have asked that documentation be circulated to inform you better on specific aspects of our effort.

**"Cambodia's Progress in Democracy and Transparency"**  
(Day two: 8:30 - 9:30)

**H.R.H. Samdech Krom Preah Norodom Ransiddh, President of the National Assembly of the Kingdom of Cambodia**

I have been asked by the organizers of this conference to speak on "Cambodia's Progress in Democracy and Transparency", a topic that I believe has much relevance to the overall theme of the conference-investment and trade in Cambodia. Certainly, I would not be able to talk about democracy without touching on economic development and the role of private sector investment. Neither would I be able to talk about transparency without discussing the current process of reform and the important of the role of the power of enforcement or the courts. Every issue is interrelated; there is always a nexus between democracy and economic development and between transparency and investment. I will share with you my views and insights on the achievements, the challenges and the way ahead for Cambodia's democracy, economic development and transparency.

**I. The Achievements**

As you all are well aware, Cambodia has been through almost three decades of painful experiences, setbacks, then changes and transformation. Peace and national reconciliation have finally been re-established with the grace, determination, and constant efforts of His Majesty King Norodom Sihanouk. Now Cambodia has made significant progress in the consolidation of peace and stability, democracy building, economic development and transparency. Whether we are happy with the current development and the economic reality, we must strive to improve them in the future by building what had been achieved thus far. Now, I wish to single out some of the most notable achievements that we must acknowledge.

**First**, Cambodia is an open society today. No one can deny the fact that Cambodia is an open society today; it is a society that has come a long way, despite its difficult past. Cambodia has been embracing liberal democracy, market economy and globalization. Without political pluralism, market economy, and an integrationist foreign policy, Cambodia could not be where it is today. And I might add, it has been the National Assembly that has been at the forefront of encouraging a new culture of open debate, and through constitutional guarantees of freedom of expression and press as well as the strengthening of the parliament members in the performance, of their functions that a culture of democracy has been established. The growth of democracy, the expansion of freedom and the advancement of human rights is a living testimony of the progress that this society has been able to make in a short period of time.

**Second**, the important role of the private sector. The private sector has been instrumental contributing to Cambodia's national reconstruction and economic development, alongside the donor community. As recognized by the Royal Government of Cambodia in the National Programme to Rehabilitate and Develop Cambodia (NPRD) and the most liberal investment law of 1994, and through the Council for the Development of Cambodia (CDC), Cambodia designated the private sector as the "engine of economic growth" and an important "partnership in development". Despite various challenges, the development of the private sector is undoubtedly an important pillar of democracy and national development.

**Third**, is the emergence of civil society. As I mentioned earlier, the emergence and proliferation of a civil society movement in Cambodia is another positive change in Cambodian society. As a force of social change, civil society-I believe- represents another dynamic force for a growing democracy in Cambodia. Today, Cambodia has no less than 1,000 civil society organizations, NGOs and trade unions operating in the country.

**Fourth**, is the growing pluralism in politics and the vibrant role of media. Furthermore, over the past decade there has been a growing pluralism through multiparty system and liberal democracy. In particular, since 1998 Cambodia has a strong functional opposition party. At the same time, press freedom has been expanding and thriving through a liberal press law. I wish to underline that Cambodia's press freedom today is by far more liberal than other countries in the region, despite its lack of certain professionalism, ethics, and experience. Political pluralism and the media freedom are the other key pillars of democracy and transparency.

**Fifth**, is the strengthening of the role of parliament. In addition, I am very proud to say that the role of parliament, especially the national assembly, has been further enhanced and strengthened since I took over office of the National Assembly as the President in 1998. As legislative branch, the national assembly has an important role and function to play in a democratic and open society, where the rule of law is the order of the day. Despite the shortcomings, the new culture of open debate and dialogue within the national assembly has taken roots in the society. Certainly, the parliament-not just the national assembly-will need to continue strengthening its role and mandate not only as an important law-making body but also as pole guardian, monitoring the Government activities.

**Sixth**, the deepening and expansion of Cambodia's integration into the region and the world. Another major achievement for Cambodia is the active integration of the country into regional and international arenas. Since 1993, Cambodia has no longer been isolated from the international community. Besides renormalizing relations with various countries and reestablishing relations with the international financial institutions, Cambodia has been very active in regional and international organizations, including ASEAN. At the same time, Cambodia has been seeking to join the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM), and the World Trade Organization (WTO). The deepening and expansion of Cambodia's integration is vital for the future of Cambodia.

**Seventh**, the strengthening of public institutions and the improvement in the rule of law. Another area of progress is the development and strengthening of public institutions as well as the improvement in the rule law, at least in certain sectors. We should keep in mind of where Cambodia was and where it is today. To be sure, we will need to continue to improve the functionality and role of the public institutions through training, capacity building and institutionalization. The rule of law has gained important momentum and support by the government, the parliament and the people. I am sure that this is a vital area where we will need to work on in the coming years.

**Eight**, the improvement of labor conditions and human rights. Cambodia also has been able to improve labor conditions for its workers as well as overall human rights in the country. Through its liberal labor code and through the active human rights approach, various issues related to labor situation and human rights abuses had been addressed or dealt with. As a developing country making an important transition, Cambodia is not free from problems associated with labor and human rights. Nevertheless, Cambodia could be happy with the progress and positive change over the recent years.

**Ninth**, the importance of democratic governance as a prerequisite for economic development and democracy building.

Finally, I believe that there has been a significant recognition of the importance of democratic governance by the Cambodian government as a prerequisite for reform and change in the society. There can be no substantive reform without genuine democratic governance where transparency, moral leadership accountability should take center stage. Cambodian leadership has become increasingly aware of the importance of democratic governance and reform.

I am proud to say that FUNCINPEC Party has made significant contributions to these achievements.

**II. The Challenges**

Now, I wish to share with you what I consider to be the key nine key challenges that Cambodia must overcome or manage between now and in the medium and long terms. Economic development and the reform agenda are the twin factors propelling Cambodia's democracy and prosperity. Cambodia can either choose to move ahead or to continue to lag behind other countries in the region. However, in order for Cambodia to move ahead strategically or for the country to make further advances in democracy and transparency, we need to address some, if not all, of the following challenges:

**First** is the acceleration of reform. I am convinced that Cambodia should accelerate the pace of reform in order to sustain the current momentum, public confidence and the support of the donor community, and improve the investment climate in the country. Substantive reform with



THE KEY TO SUCCESS OF THE COUNTRY OF CAMBODIA'S INVESTMENT PROJECTS FOR CAMBODIA, IN THIS RESPECT, THE VIEW OF THE THIRD PARTY'S POWER OF enforcement or the role of the court is absolutely essential. I believe that Cambodia will continue to do its best to make judicial reform a success because without it Cambodia will not be able to attract key investors to the country. In essence, the challenge is to ensure the successful reform of the courts.

**Third** is the challenge of human resource development and manpower planning. In both short and medium terms, Cambodia will need to continue to invest more resources in human resource development. The new economy essentially focuses on new skills, access to information and appropriate technology. In addition, Cambodia will need to know how many people will work in certain sectors in order to have proper manpower planning for the coming years. In other words, Cambodia will need to assess the labor market and future directions where people will need to be trained in order to meet the changing markets.

**Fourth** is the challenge of raising the national revenue. Another critical challenge facing Cambodia is the problem of raising the national revenue to an appropriate level, given the growing expenditures. In the next five years or so, Cambodia may need to raise its own national revenue to somewhere around US\$1 billion per year through diversification of tax sources and non-tax sources. However, raising national revenue to US\$1 billion will depend on a number of factors, including economic growth, the state of economy, and significant improvement in good governance.

**Fifth** is the challenging of attracting private sector investment and the promotion of job creation. One of the greatest challenges for Cambodia is to attract private sector investments into the country and to promote employment creation in order to contribute to social stability. While the official development assistance to Cambodia is crucial, the share of private sector investments is imperative if the national economy is to make substantial growth. Private sector investment is absolutely essential for generating new employment for people. Nonetheless, Cambodia will have to compete with other countries and at the same time faces external challenges. But the external challenges are mainly those from Vietnam because of US-Vietnam trade relations and China because of the recent admission of China into WTO and shifting of private sector investments to China. In this respect, there is a concern that Cambodia's textile industry may lose out in the medium term, if investors choose to move to other countries. Therefore, the challenge is not only to attract new investors but also to maintain those investors who are already investing in the country.

**Sixth** is the challenge of mobilizing internal resources. I am of the view that Cambodia may have to do more to mobilize internal resources and invest them in the appropriate sectors of the economy. We must make use of the resources inside the country as a magnet to attract external resources or investments. In this context, the challenge is to mobilize internal resources to help boost the investment situation in the country. Cambodia, in my view, cannot and should not only wait for outside investments.

**Seventh** is the challenging of reducing poverty and the increasing gap between the rich and the poor. Certainly, we will need to put a lid on the growing poverty and narrow the widening development gaps between the rich and the poor. Democracy and development cannot move ahead if a certain percentage of the population is living in dire poverty. Thus, the challenge here is to continue reducing the number of people who live in abject poverty and to make sense of development by closing the gap between the rich and the poor through various approaches, such as progressive taxes. Otherwise, there is a growing social instability in the long term.

**Eight** is the challenge of integrating Cambodia into regional and global community. While Cambodia has made significant progress in its integration into sub-regional, regional and international community, the country will ensure that continuing integration will bring greater opportunities and benefits, both tangible and intangible to Cambodia. Integration can be viewed as either an investment or as a cost or as a cost and an investment. Meaningful and substantive integration must work in favor of Cambodia's interests in both medium and long terms, if not in the short run. The challenge is that Cambodia's membership in regional and international organizations will help promote Cambodia's democracy, development and prosperity. I believe that Cambodia's integration will help expedite not only the reform agenda but also the development process and democracy in the country.

**Ninth** is the impact of the external challenge. Finally, Cambodia needs to manage the external challenges brought about by the negative effects of globalization. For example, the widespread incidence of HIV / Aids and other infectious diseases has affected Cambodia's labor forces and human resource development. Illegal immigration could also negatively affect Cambodia's economy. Cambodia will have to find ways to transform the negative external impact into positive externalities.

**III. The Way Ahead**

These are some of the challenges that Cambodia will need to deal with in the coming months and years in order to improve the overall conditions inside the country. Some issues will require Cambodia to work with other countries and through the multilateral framework. Other issues will require political commitment, resources and greater attention and priority. Although I have raised these challenging issues, I remain optimistic for the future of Cambodia.

Democracy and transparency have taken roots in Cambodia for good. They can help contribute to the building of a conducive political and economy environment for economic development and economic growth in the country. While there are many daunting tasks ahead, Cambodia has achieved much already only in the past decade.

I am convinced that we need to look at Cambodia's economy not in isolation of itself but as an integral part of both region and global economies. Any investment made in Cambodia will have to be viewed within this context.

I encourage all of you, the investors from overseas and those are already inside the country, to look at all sectors of Cambodia's economy and find the sectors, which interested you. Then, you should work closely with our respective governmental institutions, in particular the Council for the Development of Cambodia (CDC), to help you to invest in our country. Your investment is important to us. I hope that you will seriously consider Cambodia for your future investments.

**Industry Sessions: Series I**

**Session I**

**Export of Manufactured Products and Commodities**

**(Day two: 9:45 – 11:15)**

As chairman, Mr. Jimmy Leow of KPMG introduced the session by remarking that over 90% of Cambodia's manufactured exports were garments, mostly to the USA, and therefore vulnerable. Other exports included shoes and rubber.

Cambodia's main assets were abundance of cheap labour, and developable land, with good soil and irrigation.

Secretary of State Khie Ravy explained that one had to move forward from the garment orientation, but where? One had to be realistic. Cambodian labour was not ready to move to high tech assembly.

Although 80% of labour force was in agriculture, only 5% of exports were from the agricultural sector, despite the fact that Cambodia once used to be a successful agricultural country.

There was poor organization of agricultural crop markets. Markets needed to be near rivers, for strategic distribution.

There was a pilot EU market project, 80 kilometres south of Phnom Penh, with a well – exported market, designed for export to Vietnam. Rentals were low, and vendors were trained in proper presentation. Warehousing had been reorganized, along with wholesale distribution.

However the long-term goal was diversification of exports.

Mr. Adrian Ross explained that he was a shirt manufacturer for Marks and Spencer. His factory in Cambodia attained world class, and he was impressed with the quality of workforce.

However anyone who invested in Cambodia needed to do all the necessary investigation before setting up.

Language skills and good location were important.

Elain Young had grown up in Australia but returned six years ago to start up a family garment business, manufacturing for overseas brands. Her Cambodian partner took responsibility for administration, including handling of customs procedures. Cambodia's main advantage was access to GSP quotas.

Van Sou Ieng drew attention to the rapid growth of the garment industry, which now had US\$1 billion export value. The main reason for rapid growth was that the manufacturers already had their established markets, and Cambodia was just a manufacturing base.

Other products were not successful.

The shoe industry was hampered by control of chemicals import.

For toys, the problem was that locally there were no marketing skills. One needed an assured market access before investing in Cambodia.

The main problem about the garment industry was sourcing. Supply and support industries such as weaving, knitting, buttons, thread were all needed in order to reduce manufacturing costs.

Labour regulations were also burdensome. Dealing with government was possible only on the basis of working with an industry association. If one tried to deal on an individual basis, there were demands for facilitation payments.

The mental damage from the Khmer Rouge era required another era to repair.

Cambodians were good as garment workers because they had small hands and fingers, were eager to learn, and were more diligent than, for example, African labour.

A question was asked about the potential for Cambodia to move away from basic production.

This had been done in other places. Seagate had produced in the IT industry in upcountry areas of Thailand.

The response was that garments were interesting only because of customs tariffs and quotas. The labour force had the potential to be as productive as in Thailand, but all other costs were much higher.

After 2005, half of the garment industry had the potential to move away. The remainder of the industry was in the process of maturing, and would secure a share of orders. This would be helped because transport costs were falling, and China was getting more expensive.

The idea that Cambodia could manufacture in a high technology environment was just a dream. The environment was not conducive for investors, and labour did not have sufficient basic qualifications to be able to acquire high level skills.

Agriculture had more potential than technology. It might be possible to set up joint deals with Thailand. Access to the EU was still difficult because of sanitary standards.

**Session II: Banking, Insurance, Financial Services**

Introducing the session, panel chairman John Brinsden presented the panel as representing banking, insurance and legal advisory services, all panel members with extensive experience in Cambodia. Big changes were taking place in this sector, with new licensing procedures, better standards and new insurance laws. Previously there had been too many banks, but now numbers had been reduced and quality improved. The new banking law was being better enforced. Two of the banks that had pulled out – Standard Chartered and Credit Agricole Indosuez, had done so more on the basis of worldwide policy than specific Cambodia reasons, although the rate of return on investment was also too low to justify the cost of full branch presence.

On the whole, the Cambodia economy did offer more investment opportunities and more quality risk options, and there were better financial services than before.

Regarding the dollarisation of the economy, HE Keat Chhorn, from the audience, observed that the heavy presence of US dollars in the economy had helped in 1997 to save Cambodia from the regional crisis. Cambodia used to have all sorts of currencies circulating including the



however, interest rates were very high. Investment capital was expensive and administrative costs were very high. For example, ACLEDA had 80,000 customers spread over 14 provinces, and visiting them resulted in very high costs.

As far as regulation of interest rates was concerned, speaking as a leading private commercial banker, Mr. Khov Boua Chhay felt that regulating interest rates was not a good policy. The market had to determine the level of rates. The main need was to set up an interbank market. The present level of 14% to 15% was rather high. Banks had to turn to the international market and if there were official intervention on local rates, it might bring lending to a halt if the result was too narrow a spread between borrowing and lending rates.

Chan Kok Choy recalled his experience in Vietnam from 1992 to 1997, when the maximum lending rates were regulated. Many banks were state-owned and profit was not the main consideration. In any case, for small borrowers, there was little choice but to take loans at high rates of interest.

Turning to the insurance market, Mr. Philippe Lenain noted that insurance had developed in a very free environment. Over the past 8 years, the market had developed with exposure to the international market. Regulations had now been created, with an Insurance Act and sub-decrees, including creation of a supervisory body and classes of compulsory insurance along with defined institutions.

An insurance market was considered to develop best in conditions of compulsory requirement for cover. Otherwise not enough people were willing to insure.

The questions at the moment were whether insurance underwriters were willing to undertake required levels of minimum capitalization. This depended on the enforcement of mandatory insurance. If there were enforcement, then the minimum capital levels were not too high.

If the environment remained unregulated, then with low insurance premium rates, activities would not be profitable.

In the case of Vietnam, regulations were issued in 1993, but no licences were given until 1999. Many companies were trying to gain entry. On the life side, Prudential had taken most of the Vietnam market.

There had been no effective action in Cambodia as yet to set up a life assurance industry. Generally, people did not have much trust in banks and, if life assurance were sold on the basis of a long-term savings scheme with an acceptable interest rate return, life assurance had the potential to become a major industry.

In addition to life assurance, SME financing was considered to have major potential. There was plans to expand such activities. The main problem was, however, funding, because it was difficult to obtain finance on reasonable terms. The Cambodian government was now seeking funds from OPEC, and the National Assembly had approved OPEC, to have equal status to IFC. Another agency with which the government was working was the Agence Francaise de Developpement, of the French government.

However, in general external finance was not cheap. People did have savings, and there was much idle capital, but did not want to take risks.

It was noted that generally investors had to introduce external funds into the country. All foreign transactions had to go through the National Bank, and transactional costs were quite excessive. However Cambodia had the advantage that there were no controls on foreign exchange.

Regarding the issue of excessive charges of the National Bank, HE Keat Chhon mentioned that there were plans to privatize the Foreign Trade Bank by the end of 2002, as part of the policy to dispose of state trading organisations. The same was to be the case with Camico, the state insurance company.

Mr. Piseth Long of Asian Development Bank said that SME development was the main emphasis of the ADB.

But the ADB would make loans to government, which would then have to channel the loan through the Rural Development Bank. There used to be a problem that, with the onward lending from ADB to Ministry of Finance and on to Rural Development Bank, costs rose and interest rates became uncompetitive.

The issue was raised that progress in Cambodia could come about only with wealth creation, but Cambodian regulations remained protective. Greg Beime of Tileke & Gibbins and Associates pointed out that in the new investment law, foreigners could own buildings and mortgaging would be possible. However the court system was not well-developed enough to ensure enforcement of mortgages.

The new land law would clarify procedures. There was already a secured transaction law, but there was need for legislation relating to movable property.

Session III: Energy, Oil and Gas

HE Ith Prang, Secretary of State, Ministry of Industry, Mines and Energy ("MIME"), commenced the session with a speech. HE summarized the current energy situation in Cambodia. **No national electricity grid exists, and only 13% of the population have access to electricity. The total installed capacity of the country is 150 MW, of which 100 MW is attributed to Phnom Penh.** The government, however, has developed **a long-term Power Sector Strategy (1999-2016) to make electricity available to the nation.** This Strategy includes the development of a power generation and transmission master plan **to meet the estimated electric power demand in 2016 of 7486 MW.**

With regard to electricity generation planning, the government envisions the establishment of a gas power plant in Sihanoukville and hydropower projects located in the western portion of Cambodia. The government also plans to develop a national grid linking the larger generating units to population centers, starting initially in the southern portion of the country (Phnom Penh to the Vietnam border, Takeo, Kampong and Sihanoukville), and later expanding to the northern region, including Banteay Mean Chay, Siem Reap and Battambang. The government has also initiated a rural electrification program that includes the development of renewable energy sources.

The government has commenced power sector reforms such as privatizing its power utility, Electricite du Cambodge, and promulgating an Electricity Law in 2001 to attract private investment. Citing political stability, HE accordingly welcomed foreign investment in the power sector.

The next panelist, HE Te Duong Tara, Director General of the Cambodian National Petroleum Authority ("CNPA"), discussed the development of both offshore and inland petroleum resources. The offshore areas can be divided into two groups: (1) the Overlapping Claims Area ("OCA") (a region of disputed jurisdiction between Cambodia and Thailand); and (2) 100% Cambodian jurisdiction.

Cambodia and Thailand executed an MOU in July, 2001 to resolve the dispute over the OCA. Since that time, the two countries have held numerous discussions on the matter. Cambodia, meanwhile, awarded Block 8 of its offshore area to Chevron/Texaco and its partner, Mitsui.

Most of the interest in Cambodia's inland petroleum potential has been focused on the Tlele Sap region. To date, little data exists, but recent remote sensing has provided good results. HE Te Duong Tara emphasized that the government wants to further develop the inland petroleum resources as well as awarding more offshore blocks.

Lastly, the panelists entertained a Question and Answer session. Addressing inquiries about potential future power shortages, HE Ith Prang explained that power transmission lines to Vietnam may not be completed until 2004, and that captive power outside the electricity grid accounts to 20 to 30 MW. HE also confirmed that the Kirirom hydropower projects are viable in the short-term, while the Kamchay and Battambang hydropower projects are considered mid-term. All other potential hydropower projects, including the proposed Mekong River "Santor" project, are considered long-term.

In response to a query, Chevron/Texaco explained that it and Mitsui plan to commence exploratory drilling by early 2003 and will decide on its future plans based upon the results of the drilling.

Lastly, a member of the audience asked whether the government would provide to power sector investors guarantees and the availability to transfer U.S. dollars offshore. In response, panelists stated that although guarantees would not likely be provided, investors have protection under the Investment Law and U.S. dollars can be converted from Cambodian currency at the retail level.

The power sector of Cambodia, never more than rudimentary and completely destroyed by two decades of conflicts, is making progress on the path to normality. Only 12% of households have access to electricity. There's no national grid, except a 115kV single circuit transmission line of 120km to Phnom Penh from Kirirom mini hydropower station rehabilitated under BOT system by a Chinese company CETIC to be put into operation by end of this month. Power supply is available through small isolated systems using diesel generators with medium and low voltage distribution systems, and as a result the price of power is the highest in the region. The total installed capacity of the country is about 168MW, of this 100MW are in Phnom Penh. Per capita consumption is only about 48MWh per annum. Annual growth of power demand is forecasted at 12%.

The Royal Government of Cambodia formulated policy to provide adequate energy throughout Cambodia at reasonable and affordable price and is determined to take accelerated action and initiative in making available the energy to the disadvantaged group of population. In order to achieve these objectives the Royal Government has developed a long-term (1999-2016) Power Sector Strategy. This Strategy includes the development of Power Generation and Transmission Master Plan to meet growing demand of electric power of 7486MW in 2000-2016 planning horizon, the rural electrification, and the power sector reform.

The generation development planning consists of developing in stages a gas power plant in Sihanouk-Ville, and hydropower resources in the western part of the country which are listed as priority projects for private investment. (Please refer to the list of hydropower projects).

The transmission planning includes the development of a national grid linking the larger generation units to population centers in phases. The first phase consists of construction of the southern grid Phnom Penh-border of Vietnam 220kV transmission through Takeo with a branch link from Takeo to Sihanouk-Ville through Kampey, and the northern grid, a 115kV interconnection from Thailand to Banteay Mean Chay, Siem Reap and Battambang provincial towns, to benefit from regional power trade opportunities. The long-term development framework considered in the master plan allows for a better optimization of investment decisions with a view to reduce the cost of electricity to consumers.

The rural electrification program includes the development of renewable and other energy resources. Rural electrification systems involve grid extension and stand-alone systems (concluding mini grid with diesel generator, micro-hydropower plant, or solar-home-system). The Government is promoting rural electrification development with consideration of creating a Rural Electrification Fund to subsidize part of investment of private rural electricity enterprises in order to help lower the cost of electricity for rural households.

The Royal government of Cambodia has also initiated power sector reforms to attract private investment. Electricite du Cambodia (EDC) a state owned power utility has been commercialized and is now working as an autonomous legal entity since 1997. The Electricity Law of Cambodia was promulgated on February 2, 2001 and the Electricity Authority of Cambodia, an independent regulatory body has been established. The main function of the Authority is to (i) license and regulate the electricity services and (ii) approve the electricity tariff on competitive approach. This will create the condition to attract private investment in Cambodia.

Cambodia is peaceful, safe and stable. Cambodia welcomes foreign investment. Peace, political stability, security and the power sector regulatory framework are creating a sound environment favorable for investment in the power sector with minimum risk.

List of the Hydropower Projects for private sector's Participation

Site	Potential (MW)	Invest. (Million \$)	Period of Const. in (Years)
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2	Kinrom III	13/70	29	D/S; P
3	Kanchay	127/558	250	D/S; P; I
4	Battambang II	36/187	65	D/S; P
5	Battambang I	24/120	49	D/S; P; I
6	Slung Alay	110/558	156	D/S; P; I
7	Middle Slung Russey Chrum	125/688	275	D/S; P
8	Lower Slung Russey Chrum	125/656	130	D/S; P
9	Upper Slung Russey Chrum	32/221	65	D/S; P
10	Slung Cheay Areang	280/1 350	502	D/S; P
11	Slung Talay	80/250	215	D/S; P
12	Sambor	487/2 800 3,300/14,870	700 3,940	D/S; P; I
13	Lower Ste Pok II	222/1 174	339	P/S; P
14	Lower Sesan II	207/1 065	374	P/S; P

**HE Te Duong Tara Director General of Cambodian National Petroleum Authority (CNPA)**

- Cambodia joined ASEAN in 1998 and considers it to be the key regional forum for cooperation amongst South East Asian countries. Cambodia vies its membership and participation in ASCOPE as providing it with an invaluable opportunity to share knowledge and expertise regarding all aspects of planning and developing national energy and petroleum industry policies.
- A chance to share regional experiences and to develop of all aspects of national and regional energy policy;
- An important forum in which to discuss issues of common interest with its regional neighbours.

Accordingly, the Royal Government of Cambodia and the CNPA place a high priority on participating in ASCOPE and supporting its numerous regional activities and projects. In particular, Cambodia supports and encourages ASCOPE's regional project regarding a possible trans-ASEAN pipeline network for natural gas. Cambodia views this project as of great regional importance, particularly with regard to the project's potential to:

- Provide South East Asian domestic consumers with greater access to affordable and secure supplies of energy
- Facilitate and attract investment in South East Asian countries, by providing:
- A regional market for gas, and thereby encouraging exploration, development and production activities; and
- Affordable and secure supplies of energy for commercial activities, and thereby encouraging industrial development; and
- Encourage regional cooperation and the development of strong neighbourly relations

**Cambodia's Policy on Energy**  
**Present Access to Energy**

An effective energy policy is considered by the Royal Government of Cambodia to be critical to Cambodia's future economic and industrial development, and to improving the standard of living of its citizens. At present, only between 5% and 10% of Cambodia's population has access to networked power, and the Government is strongly committed to significantly increasing the percentage of its citizens having access to the electricity distribution network.

**National Energy and Gas Development Working Group**

The Royal Government of Cambodia has a strong desire to facilitate development of its natural gas resources, and to encourage appropriate international investment in the generation of electricity in Cambodia for both export and domestic consumption. In order to achieve these aims, the Royal Government established a National Energy and Gas Development Working Group on 8 August 2001 and gave it a mandate:

- Devise and document an appropriate national policy for the development and operation of Cambodia's energy sector, including electricity and gas;
- Co-ordinate consultation on these matters between the Royal Government and the private sector, and facilitate partnership arrangements between the Government and private sector where appropriate;
- Evaluate Cambodia's capacity to supply gas to power plant, and to generate and distribute electricity to the southern region of Cambodia by way of the network of transmission lines;
- Advise the Government on the appropriate technical, financial, commercial, legal and other arrangements necessary to promote the development of Cambodia's energy sector; and
- Submit reports to the government on the results of each of the above.

The National Energy and Gas Development Working Group is chaired by the Senior Minister in charge of the Offices of Council Ministers and Chairmen of the CNPA who report directly to the Prime Minister.

**Developing National Energy Strategy and Policy for Cambodia**

Cambodia currently has a varied mix of energy sources, with a patchwork of large, medium, and small-scale producers. There is also a growing demand for different fuel because of the widespread use of hydrocarbons from transportation and household needs. In the last five years, growth in energy demand has been rapidly resulting in a mismatch between demand and supply. Therefore it is common practice that the industrial as well as individual users generate their own electricity. The World Bank for example indicated in its study conducted in 1998 that there are estimates of 25,000 small generators in Phnom Penh only with an average capacity between 350W and 6MW. This is mainly caused by a vicious circle of a high tariffs and stagnation in the development of the electricity sector as a whole. As a result of this there is a significant lack of generation capacity, which makes the system unreliable and unattractive to the user. Results from the demand forecasts made by several studies from World Bank, JICA, Siemens, Hydro Tasmania and other on the same issue, compiling all data from these individual studies to be noted, however that all the study results indicate the same trend.

Since the demand side of the market will be influenced by industrialization, with surely a boost as soon as there will be affordable and reliable power supply it will be correct to assume a demand in the area of 600 to 700 MW in 2010. Adding a spinning reserve of 15 to 20% to the system, crucial in order to secure the reliability of supply, brings the required generation capacity to approximately 750 to 800 MW.

In this context, Cambodia now requires a structured and well-documented energy strategy which can form the basis of a subsequent, detailed, **energy master-plan** that supports an industrialization capability. Such a strategy is essential for several reasons. In the first instance, it calibrated the current energy demand and supply and sets the base case from which to design an appropriate policy environment for the future. And at a second level, it allows competing interests to debate the current energy concerns and reach a consensus on the way forward while addressing the needs of conversation. Objectives of an energy strategy are as follows:

- Develop the base case energy demand and supply scenario
- Defines fuel and generation mix for the medium and longer-terms
- Develop the policy framework to support growth in the energy market

The Royal Government of Cambodia, through its National Energy and Gas Development Working Group, is presently in the process of formulating a new energy policy for Cambodia. The key objectives of the policy will be:

- To create a legal, fiscal and regulative environment which encourage and rewards international investment in Cambodia's energy sector, including necessary infrastructure;
- To facilitate the establishment of export-oriented industries in Cambodia by procuring a reliable supply of electricity at regionally competitive prices; and
- To increase the scope and coverage of Cambodia's energy distribution network, so that as many Cambodian citizen and businesses as possible can benefit from access to affordable and reliable electricity.

The Royal Government is also in the process of developing appropriate criteria by which it will evaluate proposals for investment in Cambodia's energy sector

**Overview of Cambodia's Petroleum Industry**  
**Establishment of CNPA**

In 1998, the Royal Government of Cambodia formed the Cambodian National Petroleum Authority (CNPA). The CNPA is responsible for managing the development of the petroleum industry in Cambodia.

The role, objectives, structure, and profile of the CNPA are discussed in detail below.

For Cambodia, the last few years have been a time of political stabilization, economic growth and social development. While there is still a great deal to be done, the petroleum sector is seeing the benefits of these developments. In December 1998, the Government of Cambodia formed a new governmental authority, the Cambodian National Petroleum Authority (CNPA), to supervise both upstream and downstream activities within the petroleum sector.

The CNPA sees the discovery and processing of oil and gas products within Cambodia as a vital step in accelerating the country's economic development. At present, petroleum products for domestic and industrial use are imported, at an ever-increasing rate and at great expense, from Singapore, Vietnam and Thailand. The development of a successful domestic oil and gas industry would benefit the country in a number of ways including:

- Providing Cambodia with a significant, and hopefully cheaper, energy source for both industrial and domestic use;
  - Supplying "feed stock" to future petrochemical operations;
  - Generating revenue from the export of petroleum products;
  - Generating government revenue;
  - Providing the means for achieving the economic and social development objectives of the new Cambodian Government;
  - Providing employment opportunities for Cambodian citizens
- In order to create a climate where such gains and benefits are possible, the CNPA is committed to putting in place certain regulatory and physical infrastructure. To this end, the CNPA's current development goals and objectives include:
- Providing a comprehensive legislative framework and a fair petroleum policy for the exploration and exploitation of oil and gas, comparable with international standards;
  - Putting in place the necessary incentives to promote, encourage and accelerate the exploration and exploitation of oil and gas by the private sector;
  - Establishing a National Petroleum Training Center to ensure that sufficient local personnel are trained and skilled in relation to petroleum and minerals potential and production;

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	and sale of crude oil, natural gas and other derivative products.		
	<b>Resource Location</b> Exploration activities undertaken in Cambodia to date indicate that the geology of Cambodia is such that it is more likely to be prospective for gas resources than petroleum, although considerable petroleum reserves may exist. The following areas of Cambodia are considered to be the most prospective for hydrocarbons: <ul style="list-style-type: none"><li>• The offshore areas in the Gulf of Thailand, being an area of approximately 27,000 square kilometers i.e. areas I, II, III and IV (totally 9 blocks), in relation to which Cambodia and Thailand have asserted overlapping claims to sovereign rights;</li><li>• Offshore Blocks I to VII located entirely within undisputed Cambodian waters, being an area of approximately 37,000 square kilometers which covers portions of the Khmer Trough; and</li><li>• The onshore Tonle Sap basin, which extends for approximately 30,000 square kilometers in the north-west region of Cambodia</li></ul>		
	<b>Overlapping Claims Area (OCA)</b> Within the last year, the Royal Governments of Cambodia and Thailand have made considerable progress towards resolving their overlapping claims to sovereign rights covering the OCA. The OCA is considered to be highly prospective for hydrocarbons, with some estimates of up to 11 trillion cubic feet of natural gas and undetermined quantities of condensate and oil.  In June 198 <sup>th</sup> last year, the Royal Governments of Cambodia and Thailand agreed and signed a Memorandum of Understanding regarding the Area of their Overlapping Maritime claims to the Continental Shelf to lay down the foundation for new era of cooperation in relation to the Joint Development of Petroleum Resources which recorded their intention to divide the OCA in to two zones and to attempt, through accelerated negotiation, to agree upon: <ul style="list-style-type: none"><li>• A treaty for the joint development of the hydrocarbon resources located within the Areas II, III and IV of the OCA which have been designated "the Joint Development Area (JDA)"; and</li><li>• A defined maritime border for the northern Area I of the OCA, which area has been designated "the Area to be Delimited"</li></ul>		
	Cambodia has previously proposed to Thailand that the costs and benefits of exploiting the hydrocarbon resources in the Joint Development Area should be shared on a 50:50 basis, and remains convinced that such an outcome would be fair, just and properly reflected the legitimacy of each country's maritime claim.  In 1971, Thailand awarded acreage in the disputed area to a number of foreign oil companies, including Idemitsu, Amoco, British Gas, Chevron, Unocal... etc., Cambodia followed suit in late 1987, awarding four Conditional Petroleum Agreements (CPAs) covering the Joint Development Area to various consortia that included BhpBilliton, Conoco, Enterprise, Idemitsu, Inpex and Marubeni. However, commencement of exploration is dependent upon satisfactory resolution by Cambodia and Thailand of their overlapping claims to the area.  In accordance with the recent and historical agreement reached under the Memorandum of Understanding, resolution of these claims is likely to be by way of a joint development treaty between the two countries. Cambodia is hopeful that significant progress will be made on these matters within the next 12 months. Following the signing of the MOU, the Joint Technical Committee (JTC) comprising senior officials of Cambodia and Thailand has been promptly and separately set up. The First JTC Meeting was conducted positively on 6-7 December 2001 in Bangkok, Thailand. At the press briefing following the meeting both sides expressed their view that the remaining outstanding issues would be resolved next year. Both sides also agreed and set up a Sub-Committee of JTC, comprising of 12 members from each side which is responsible for working through the detail of the Joint Development Model to be adopted and analysing possible lines of delimitation for northern area. The First Meeting of the Sub-Committee of Cambodian-Thai JTC was then held in Phnom Penh on 18-19 February 2002.  The OCA includes part of the extended Pattani basin, the western side of which has previously yielded impressive results for Thailand. The CNPA is confident that an agreement between Cambodia and Thailand on the appropriate terms for jointly developing the Joint Development Area may have significant economic potential.		
	<b>Offshore Blocks</b>  In 1987, Soviet and Cambodian geologists performed a geological and geophysical study of areas offshore from the Cambodian coastline. That study identified sedimentary basins containing potential oil and gas reserves lying within undisputed Cambodian territory. During the 1990s, Cambodia licensed a variety of offshore blocks and awarded Production Sharing Contracts to international petroleum companies for offshore Blocks I to IV. Nine wells were drilled between 1991 and 1998 and three discoveries were made with these finds containing varying amounts of gas, condensates and light, waxy crude with low sulphur contents. Test flow rates were less than 5m cubic feet a day (d/d) and 225 barrels a day (b/d) of oil and condensate. However, by the end of 1997, each of the original holders of the Production Sharing Contracts had relinquished their blocks, at least in part due to collapsing world oil prices.  Chevron/Texaco and Mitsui Oil Exploration have been awarded Block A, Offshore Cambodia for the exploration and production of oil and gas on March 18 <sup>th</sup> , 2002. Chevron Overseas Petroleum (Cambodia) Limited which is the Operator, received a 70 percent interest in Block A, which covered 6,278 square kilometers. The remaining 30 percent interest was awarded to Moeo Cambodia Co., Ltd., as a 100% subsidiary of Mitsui Oil Exploration CO., LTD. (MOECO)  The offshore area includes the Ktmer Trough, part of which is located in the OCA. This trough contains all of the offshore wells which have been drilled to date and is considered to share a geology similar to the highly-productive Pattani Basin in the Gulf of Thailand. However, while it has the potential for further discoveries, exploration will be challenging.		
	<b>The Tonle Sap Basin</b> Onshore Cambodian basins are mostly covered by Quaternary, and little is known about the depth to the basement and possible location of older basin beneath it. The Tonle Sap Basin is the largest Quaternary basin and at the center of the basin locates a large Tonle Sap Lake. In the late 1990s, the Japan National Oil Corporation (JNOC) conducted airborne gravity and magnetic surveys over the onshore Tonle Sap and Mekong Basins in the Kingdom of Cambodia. The survey area covers about 54,000 sq.km, in total, 48,000 sq.km for the Tonle Sap and 6,000 sq.km, for the Mekong Area.  Under such conditions, JNOC has acquired 21,675 line km of airborne gravity and magnetic data with a 3 x 10 km of line grids and a flight altitude of 1,600m above the mean sea level.  Only two deep sedimentary features have been identified. These lie to the north and west of the lake and appear to be related to Tertiary age grabens. Geologically, it is very interesting that the current lake is not centered over the deepest grabens seen on the gravity data.  The CNPA is looking at marketing the data produced by the JNOC studies in order to attract international companies to further explore the area, with a view to eventually awarding licenses to explore and develop the potential hydrocarbon resources of the area. The CNPA is particularly interested in facilitating a seismic programme so that it, and companies interested in investing in Cambodia, may further understand and evaluate the geology and potential hydrocarbon resources of the area. It is also considering its options with regard to authorising exploration in the area.  <b>Joint Study for Applied Remote sensing Techniques for Geological Evaluation of the Tonle Sap Basins</b> According to some geological study reports, it is considered that Tonle Sap Sasin was formed by strike-slip movements associated with the Indian Plate colliding into the Asian continent during the Tertiary age in this study area. Satellite images are one of the appropriate tools to study the Tonle Sap Basin and are expected to detect the strike slip faults around the Tonle Sap Lake.  Petroleum potential assessment work of the sedimentary basin based on images was undertaken in 2000 and 2001 and the work produced the following results: (1) Two types of sedimentary basins exists in the periphery of Tonle Sap Lake. These sedimentary basins are grouped into Tertiary sedimentary basins with a major axis stretching in a northwest-southeast direction and a Paleozoic basin that lies almost east to west. The basement depth of these basins are between 3,000m to 4,000m. In the case of the case of the former, the depth is barely enough for generation of hydrocarbon from the source rock and it is possible that sufficient hydrocarbon has already been formed therein. Nevertheless, as in the Superbon Oil Field of Thailand, it is also possible to reasonably assume that intrusive rock has accelerated maturation of the source rock. On the other hand, the same play as that found in the Nam Phong Gas Field in the northeast of Thailand can be expected in this basin.  Promising areas in the periphery of Tonle Sap Lake are listed below: <ul style="list-style-type: none"><li>• Tertiary basin: The entire sedimentary basin are west of Tonle Sap Lake and northern rim of the sedimentary basin along the southern shore of Tonle Sap Lake.</li><li>• Paleozoic basin: The southern and western rims of the basin</li></ul>		
	It was proved that a possible Paleozoic basin is also located in the study area other than the Tertiary / Mesozoic basin. This suggests that Tonle Sap has much more hydrocarbon potential than ever expected.  <b>Infrastructure</b> The Government of Cambodia has stated its firm intention to facilitation investment in the onshore infrastructure that is necessary to support the development of its energy and resources sectors. In particular, the Government has stated its commitment to facilitating the establishment of at least one refinery. Cambodia has not had an operational oil or gas refinery since its previous petroleum refinery was destroyed. That refinery, which was commissioned in 1969 and operated in the seaport city of Sihanouk Ville, was the first to operate in the South East Asian region and processed 500,000 tons of crude oil per year. With the recent progress towards unlocking the hydrocarbon resources of the OCA, the CNPA is hopeful that it can offer a sufficiently attractive investment regime to encourage foreign investment in the infrastructure necessary to support Cambodia's petroleum industry.  <b>Opportunities for Investment</b> There are presently numerous opportunities for investment in Cambodia's petroleum industry. In particular, the CNPA is seeking foreign investment in: <ul style="list-style-type: none"><li>• Renewing offshore hydrocarbon exploration;</li><li>• Further examining the potential of its onshore acreage; and</li><li>• Developing the necessary infrastructure to support petroleum operations</li></ul>		
	Cambodia presently offers an attractive environment for investment in its petroleum industry, assisted by the following factors. <ul style="list-style-type: none"><li>• The political environment in Cambodia has been stable in recent years and is likely to remain so going forward. Cambodia has rejoined the United Nations and has become a member of the Association of South East Asian Nations (ASEAN).</li><li>• Cambodia has been experiencing consistent economic growth of between 4 and 6% per annum, and is the beneficiary of a variety of multilateral assistance programs, including soft loans through international agencies</li><li>• The security situation in Cambodia has dramatically improved in recent years</li></ul>		
	The Government has made it clear that one of its highest priorities is to encourage and facilitate the development of Cambodia's petroleum industry, recognizing that development of this industry may be critical to Cambodia's future prosperity and economic development. The CNPA		

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CONSIDERED BY THE CNPA ON A CASE-BY-CASE BASIS, AND THE TERMS OF WHICH INVESTMENT proceeds are flexible and may be negotiated with the CNPA. To date, all exploration arrangement have proposed production share terms between investors and the Government. The CNPA has data covering most of its available acreage and is willing to share this information with companies that are interested in conducting further exploration.

**Cambodia National Petroleum Authority**  
**Establishment and Objectives**

The CNPA was formed by the Government of Cambodia in 1998. It is responsible for managing the development of Cambodia's petroleum industry.

The Government views investment in Cambodia's emerging petroleum industry as vital to Cambodia's future development and prosperity. The CNPA recognizes the strategic importance of the petroleum industry to Cambodia and is accordingly fully committed to attracting international investment that supports the early development of Cambodia's petroleum resources. The CNPA is seeking to put in place a regulatory and investment regime which:

- is sufficiently flexible and attractive to reward investment in all aspects of petroleum exploration, production, processing and distribution; and
- Encourages investment in the infrastructure that is necessary to support the petroleum industry within Cambodia.

The CNPA is committed to ensuring that a simplified process exists by which interested companies may be authorized to participate in any aspect of the petroleum industry .

The CNPA is also authorized to conduct petroleum operations as Cambodia's national petroleum company, although it has not yet adopted this role.

**Structure of CNPA**

The CNPA is well-placed to consider and approve investment proposals. The Chairman of the CNPA reports directly to the Prime Minister, while the Director-General of the CNPA, who is ultimately responsible for the day-to-day administration of the CNPA, reports to the Chairman. This structure enables any investment proposal to be considered and responded to in a timely manner and at the highest levels of government. It also ensures that unnecessary bureaucratic delays can be avoided.

**The departmental structure of the CNPA is set out below:**

Senior Management

Upstream Management	Downstream Management	Legal and Negotiations Department	Adm. & Inform. Department
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**Challenges Facing Cambodia**

The Key Challenges

The government of Cambodia and CNPA see the following key challenges facing Cambodia's petroleum, gas and power sectors in the coming years.

Further refining Cambodia's legal, regulatory and fiscal regime for petroleum investment, so that it:

- Remains attractive for foreign investment in Cambodia's energy and resources sectors;
- Provides a framework for managing the development of Cambodia's resources sectors in a rational, coherent and efficient manner; and
- Provides a fiscally responsible basis for the ongoing economic development of Cambodia.

- Bringing forward the exploration and development of Cambodia's petroleum, gas and other resources.
- Maximising the social and economic well being of Cambodia's citizens, by providing as many citizens as possible with access to affordable and reliable networked power.

The key challenge facing Cambodia is therefore to attract the investment necessary to develop the energy, gas development and resources sectors of its economy in a timely and efficient manner. The Government of Cambodia and CNPA hope that this Conference will provide further opportunities of prospective investments within which Cambodia can learn and benefit from the experiences of its neighbours in the region with respect to these matters.

**Achieving Objectives**

The Government of Cambodia and CNPA hope to achieve the following key objectives regarding Cambodia's petroleum, gas and power sectors within the next 5 years.

- Sign up PSCs as soon as possible with international companies to explore Cambodia's available acreage.
- Prove up petroleum and gas reserves.
- Commence development of petroleum and gas reserves.

Cambodia's oil and gas industrial development strategy will address various elements both upstream and downstream activities: exploration, development and production as well as distribution, refinery, business and trade. In the longer-term, The complimentary combination of sound policy climate and market-friendly strategy is the most encouraging lesson for public and private partnership (PPP) in the oil and gas industry.

As a conclusion, I would like to take this occasion to emphasize that the development of oil and gas industry in Cambodia has enormous potential for far-sighted and long-term investors. The promulgation of our flexible regime for oil and gas development means Cambodia now offers the best business inventive package of oil and gas industry in the Asian region. Making the Kingdom's outward-oriented economy, a very attractive place to invest.

Once again, I would like to express my congratulation and sincere admiration to the Conference Organizers and their staff whose great efforts have made this Conference possible.

Finally, on behalf of the Royal Government of Cambodia and the Cambodian National Petroleum Authority and my own behalf, I would like to convey warm regards and best wishes for Guests of honor. Excellencies, Ladies and Gentlemen to have good health, great success in particular for this Conference as well as in our further cooperation and businesses.

**Session IV: ASEAN, AFTA, WTO, GMS and Cambodia's Competitive Advantage**

Session Chairman David Doran of DFDL opened the session. Secretary of State of Commerce, HE Sok Siphana dominated it, focusing almost exclusively on Cambodia's accession to WTO. According to him, WTO accession is a political imperative on PM Hun Sen's agenda. It is also an overarching economic imperative for Cambodia. Why? It is crucial for Cambodia to secure, protect, and maintain its only performing industry sector, the garment industry, which currently employs 200,000 people. The MFA will expire in January 2005, and China will have no quota restrictions by 2008. Without WTO membership, Cambodia will not be competitive in a quota-free world. The horizon is not clear for the garment industry, and time is short. Cambodia must be seen as a country playing by the global rules. It must undertake a series of serious legislative agenda; to make new laws. It must have deadlines to accomplish these tasks. If Cambodia does not accede by next year, it will lose a year to the political process of general elections. Cambodia has a special task force with direct horizontal access to over 100 officials in different Ministries to work on WTO accession. The task force has carte blanche to make it happen. The Donors' Conference (next month) would like to see progress on the legal reform agenda. WTO accession process is focusing on 3 areas: tariff binding, market access, and predictability and transparency. According to Sok Siphana, Cambodian accession is now one of the three most active cases at the WTO. The RGC is pushing for the next working party in July. Cambodia's submitted Memorandum of Foreign Trade Regime food relatively few questions (in the low hundreds) as compared to more than 4000 for Vietnam. China took 15 years to join, but Cambodia hopes to be the first LDC to accede. Cambodia's WTO integration policy recommendation is outlined on [www.moa.gov.kh](http://www.moa.gov.kh).

Dr. Chap Sotharith of the Cambodian Institute for Cooperation and Peace discussed regional and sub-regional integration strategies. He listed the Greater Mekong Sub-region (GMS), the concept of the Growth Triangle, and bilateral arrangements with Thailand (Cham Prasid's growth crescent) and Laos. Cambodia, benefiting the least from GSM currently, will host GMS Summit in November. He listed, as rationale for Cambodian regional integration, political security (to avoid embargoes), poverty reduction, changing negative image, and multilateral diplomacy. Cambodia has to catch up with ASEAN and compete with neighbors such as Vietnam and China. Regional integration will allow Cambodia to share in the benefits of future ASEAN-China FTA or Japan-Singapore FTA. Cambodia must be engaged to influence the process and gain benefits such as GSP from China, ASEAN-Australia summit, ASEAN+US summit. Cambodia must be part of the bigger picture in order not to be left behind. It must be good at (WTO) negotiations, must do homework, must diversify exports beyond textiles, must develop its human resources and find its competitive stance in the region.

Adam Sack of the Mekong Project Development Facility (MPDF) called Cambodia the most open economy in the region and discussed MPDF mission to promote small and domestic enterprises. He discussed the distinction between globalization and liberalization. Globalization promotes exports and is good for all domestic sectors. Liberalization opens up the domestic market and will have mixed results. Across the board removal of tariff protection will hurt small and rural communities. Certain sectors like rice and fish processing are doing well and has competitive advantages but need to be protected against huge Multinational Corporations (MNCs). MPDF has list of best sectors it can share. MPDF supports local subcontractors to foreign direct investment projects and can subsidize capacity development of local suppliers. MPDF would like to avoid the "race to the bottom" where projects have no linkages to the local economy, as seen in some EPZs. It promotes not low-cost producers, but low cost per unit producers, or high productivity.

Sok Siphana stated that Cambodia cannot avoid globalization but cannot afford full liberalization. It has a "pro-poor" trade sector strategy it wants to implement. He further mentioned that Cambodia was one of three countries selected as pilot participants in the Integrated Framework Scheme. The role of the State will become minimal/facilitation only. Ultimately business is the role of the private sector.

Asked what the RGC can do to facilitate Multinational Corporations' entry in to Cambodia, bringing with them new technologies, Sok Siphana stated the RGC helps by setting the right policies on tariff and non-tariff barriers, and industrial standards. He mentioned that both Australia and the EU provided technical assistance for setting up industrial standards.

A participant commented that the textiles industry in Cambodia is there because of favorable market access to the U.S. and the EU. Lack of financing infrastructure in country does not facilitate investment. The participant asked how aid money can be channeled more effectively to facilitate private sector development.

Adam Sack of MPDF responded that it is difficult to get money into the private sector, but that local banks are trying to find ways to get funding to the private sector.

Stuart Ciccocentli of KPMG mentioned that there are opportunities for companies looking to invest in the region to supply the region.

Sok Siphana then made a pitch for more foreign direct investment in Cambodia. Cambodia should be able to liberalize more because it doesn't have much to protect. His Ministry of Commerce already lifted restrictions on foreign ownership and foreign distribution. If there is no tariff differential, there would be little incentive for exportation, and the problem can be fixed.

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border smuggling, implying that it is done with Kiz's consent. The government must give serious consideration to the private sector. Technical assistance must be allocated to benefit the private sector.

Responding to the question regarding what are Cambodia's real competitiveness in the region, given its small size, Sok Siphana stated that Cambodia must seek to benefit from GSP schemes, particularly the U.S. GSP program. He repeated Minister Cham Prasidh's development crescent concept where in Cambodia would seek Thailand's investment and cooperation in relocating manufacturing facilities across the Thai Cambodian border and use Cambodia labor in order to maintain GSP for their products.

Responding to another question regarding the status of dispute resolution legislation: how can an arbitration judgement against Cambodia be enforced, Sok Siphana mentioned that his Ministry is trying to push through a Commercial Arbitration Act. This will provide the mechanism to enforce the New York Convention. He calls this issue a core issue for Cambodia's WTO accession. He recognized that the weakness of the court system will undermine all efforts, and expressed his hope that major foreign partners will apply enough pressure for Cambodia to make necessary judicial reforms. He mentioned, in closing, that he hopes the Civil Code should will be moved up in the National Legislative Action Plan.

**Industry Sessions, Series II: (Day two: 11:15 – 12:15)**  
**Session V: Construction, Infrastructure and Telecommunications**

This session began with a presentation by the National Officer of the Asian Development Bank, Mr. Nida Ouk and his colleague Anthony Jude, Deputy Head of Mission on the various current and pipeline ADB-supported infrastructure projects in Cambodia. Siemens AG Managing Director Wolfgang Kitz told the group that there are approximately, to his knowledge, 20 foreign companies that would like to set up or move operations to Cambodia ASAP but for very high operations costs. **He cited \$1,500 - \$1,800 in monthly electric utility for an average [western family to run their air conditioning all day].** There are 28,000 small generators in Phnom Penh.

According to Mr. Kitz, **Cambodia has the highest power cost in the world**, and only 120 megawatt of installed capacity. He cited 21-23 cents per Kwh in Phnom Penh, 36-40 cents per Kwh in Siem Reap and 37-40 cents per Kwh for hotels (these figures were disputed by others, including a Northbridge representative). There are **550 thousand mobile phone subscribers in Cambodia**, but the fixed line system is very weak and must be improved. Mr. Kitz concluded that investors will not come to Cambodia with no reliable and inexpensive power.

Anthony Jude of ADB continued the session with his presentation on the Bank's activities in GMS, the Greater Mekong Sub-region. Since 1992, there has been 10 infrastructure projects of \$2 billion, and \$46 million in co-financing. ADB does provide partial risks guarantees for these very high country risk projects. Projects must be openly bid and be very transparent.

Responding to a question on whether ADB would support an EPZ project such as proposed by the Ministry of Commerce, Mr. Jude responded that ADB has not received RGC request. Mr. Stuart Ciccocelli of KPMG mentioned that certain EPZ (Export Processing Zone) projects on the Thai border can piggy back on Thai infrastructure.

Mr. Wolfgang Kitz stated that AMATA has made some commitments to the RGC to build IPZ (Industrial Processing Zone), but only if cheaper power is available.

The discussion turned to smuggling as a problem for Cambodia. **Cement was cited as an example.** Power is expensive because of the **145% tax on gasoline.** This also encourages smuggling, but the government has few other sources of revenue. **Heating coal is very expensive in Phnom Penh.**

**Session VI:**  
**Consumer Environment, Manufacturing and Assembly for the local market**

There were many handicaps confronting consumer marketing in Cambodia. The most significant hurdle was smuggling of products, to compete with the same goods legitimately imported into Cambodia, which had to pay duty.

Other problems included the very limited market size and low spending power, and the lack of any banking system outside Phnom Penh.

**A panelist noted the pro-business attitude of government, which was very helpful.**

However, anyone who invested in Cambodia needed to come with a view to the long-term, with adequate financing.

One advantage for legitimate suppliers was that consumers were becoming much more demanding, requiring quality and not date-expired products. That was a big change from the past, when it was possible to dump expired products on the market.

According to Secretary of State Khok Ravy, there were no longer many stores selling smuggled products. Those that did so, were well known and it was possible to intervene and set an example, which would deter stores from buying from wholesalers who specialized in smuggled products.

There was not much counterfeiting in Cambodia, because the market was too small to make this worthwhile. However it was possible that counterfeits came in from adjoining countries.

One of the best solutions to smuggling was AFTA integration. The policy of the Ministry of Commerce was to expedite AFTA integration even ahead of schedule. However the Ministry of Economy and Finance was against this, because it prejudiced revenue streams for an already tight budget.

On behalf of Indochina Research, Tim Smyth drew attention to a number of consumer trends affecting the Cambodia market. There was evidence of increasing consumer segmentation, requiring a more focused marketing effort to develop awareness and sales.

There was an emerging middle class consumer base, demanding improved product availability, quality and range.

**The youth market, that defines the future of Cambodia, is split between a traditional and modern approach to home, life, work, leisure and consumer behaviour.**

**Phnom Penh was the dominant market for influencing and controlling the Cambodia retail scene.** For any national distribution strategy, however, coverage of several key regional centers in the East and West of Cambodia was necessary. Of late more consolidated and specialized distribution channels and supply chains were emerging. They were not yet efficient, but this would come later.

The media scene was an open market although it was likely that increased regulation would emerge over the medium term. There were still many inexpensive advertising options available.

**Session VII:**  
**Tourism, Hotels, Transport and Recreational Industries**

HE Nuth Nin Doeun, Secretary of State, Ministry of Tourism, commenced the session with a speech. He explained that Cambodia has much to offer tourists, including over 1000 temples. The open skies policy has made Cambodian tourist destinations, particularly Siem Reap, accessible to travelers who find themselves in neighboring countries. He stated that in 2001, 665,000 tourists came to Cambodia, a 30% increase from the previous year. He estimated that in 2002, Cambodia would attract 800,000 visitors, and in 2003 Cambodia would reach a milestone of hosting 1 million tourists.

He further explained that the current tourism infrastructure of hotels, restaurants and travel agents will not be able to meet the estimated increased demand. He noted that the government must establish such infrastructure, including a convention hall, and called on the private sector to partner with the government to accomplish this. The government will provide incentives to the private sector for building three-star, four-star and five-star hotels. Lastly, he recognized that 2002 is the Year of Eco-tourism, and suggested that Northeastern Cambodia holds promise of developing an eco-tourism presence.

A panelist from the travel agent sector remarked that whether Cambodia attracts 1 million tourists by 2003 may depend on how rapidly the borders are opened to overland travelers. Cambodia's tourism sector must address the poor state of its road infrastructure in order to lure more overland tourists.

A panelist from the hotel sector explained that it is extremely expensive to operate a hotel in Cambodia due to high import taxes, the cost of electricity and other costs.

Panelists from the legal sector explained that investors must follow new government procedures, but that such procedures are not overly onerous and have been designed to streamline the process.

A member of the audience, the manager of a Phnom Penh hotel, stated that tourists largely ignore Phnom Penh's attractions, and instead focus on Siem Reap. He proposed that tour packages be marketed to include substantial stays in both Phnom Penh and Siem Reap.

In conclusion, HE Nuth Nin Doeun responded to concerns raised over tourist sector infrastructure, stating that new roads were being constructed. He also added that Phnom Penh and Siem Reap should be packaged in tourist marketing and that applicable laws should be amended to provide more incentives for investors in the tourist sector.

**Session VIII:**  
**Law, Tax, Good Governance**

The session Chairman Bretton Sciaroni opened the proceedings by mentioning that the Private Sector Forum working group on law, tax and good governance was operating very well and serving as an excellent linkage between government and the private sector.

David King said that his own 14 month period with KPMG coincided with the preparation of the revised Law on Foreign Investment. At the same time, there was also a revision of the law on taxation under way. Some 23 articles of the present law had to be addressed, and a good working relationship had been developed with the taxation authorities over that time.

Many international concepts had been introduced to the tax authorities, and there was a feeling that the authorities did listen to practical and workable concepts.

Bretton Sciaroni went on to say that there were many differing public policy viewpoints. Cambodia was now facing many challenges, because although a lot of work was being done to amend the laws, there were many that still did not correspond to realities.

Entry to the WTO would require substantial legal reform. At the present time, the National Assembly and the Council of Ministers had 18 laws pending. The laws were sometimes in the Anglo – Saxon system and sometimes in the French system.

The Law on Foreign Investment had changed from time to time, with amendments from 1994 onwards. There were laws pending on bankruptcies, securities and stock exchange.

A broader tax base was needed in Cambodia. The country was poor and it was difficult to collect tax revenue.

There were Priority Mission Groups designed to improve the efficiency of public servants, but this would take a long time. Computerisation would also take a long time. Even the banking system was not fully computerized yet.

From the viewpoint of the Asian Development Bank, Rotanak Keo said that the main emphasis of the bank was in poverty reduction. The Bank was also helping to advise on the Audit Law, establishing a National Audit Authority for Cambodia, with wider coverage for auditing, especially in the public sector. Work was being done on a Statistics Law, whereas the Banking Law had been studied in the mid – 1990's.

The Bank was actively involved with the public sector, especially public administration and had an excellent relationship in the field of good governance.

Following its annual review of operations, the Bank was increasingly inclined to work with the private sector.

Bretton Sciaroni confirmed that the Government had expressed willingness to encourage dialogue, and the private sector had a strong commitment to help Cambodia to develop its legal system.

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For Cambodia, the WTO had an important political dimension. In 2005, the Multi – Fibre Agreement would expire, and by then Cambodia would have to access the WTO or face restrictions. The WTO itself was a rule – based organization, and Cambodia could not meet all requirements in a short time frame. The Council of Ministers had adopted a timetable and was able to speed up preparatory work and debate. There was also strong pressure to have judicial reform, a civil procedure code and a criminal code. The Civil Code was very important because almost any dispute could result in criminal charges. There was an urgent need to create a level of assurance in the business community that legitimate business operations would not be disrupted.

The Consultancy Group meeting would emphasize poverty reduction and civil and legal reform. There was now a task force working on WTO, legal and judicial reform.

Cambodia had now acceded to the New York Convention. A draft Commercial Arbitration Law was being finalized. Dispute resolution could take place through commercial arbitration.

It was observed that the Cambodia court system was corrupt, and any kind of litigation was likely to turn into a criminal action. Many business people had been harassed and had left Cambodia as a result. Many disputes arose which were basically civil and commercial, but the device of breach of trust was used to turn the action into a criminal dispute. It was necessary to strengthen the Supreme Council of Magistracy and exercise tighter supervision of the judiciary.

HE Keat Chhon observed that the government's willingness to participate actively in private forums demonstrated their commitment to dialogue. Whenever new laws were written, the interests of the private sector were taken into account through consultation.

In many sectors, activity was now based on partnership, helping towards greater transparency and creation of a proper environment for doing business.

**Lunchtime Presentation: (Day two: 12:15 – 13:15)**

**Regional Cooperation and the Greater Mekong Sub-region Program**

**Presentation by Urooj Malik, Country Director, Asian Development Bank, Cambodia Resident Mission**

This presentation includes comments on regional cooperation, the regional character and cooperation initiatives of the Asian Development Bank, and details of the Greater Mekong Sub-region Program.

**Regional cooperation and Globalisation**

Regarding regional cooperation and globalisation, globalisation is a dominant trend including trade, capital flows, global communications, global production systems, global exchange of cultures and even cuisines. However the process needs to be maintained and managed, as there are risks of reversal.

Regional integration is a building block approach to globalisation, through cross border activities clustered in regions. Cooperation to address shared goals, with coordination better handled in a hierarchy of smaller groups, whether sub-regional, regional or global. Cross-border infrastructure initiatives and public health programs also assist the globalisation process. Regional cooperation approaches can be formal or informal. The Greater Mekong Sub-region is one example of informal regional cooperation.

Economic development is facilitated by cross border projects, drawing on economies of scale and enlarged markets for smaller countries. It is also advantageous to coordinate systems and procedures for cross-border movement of goods and people.

Social development is facilitated by cross-border health and educational initiatives. Other aspects of regional cooperation include environment and national resources management, including such issues as deforestation in one country, which causes floods downstream elsewhere, and pollution of air and water. Crime prevention also requires cross-border initiatives to eliminate trafficking of people, drugs, arms and money-laundering.

**Role of Asian Development Bank**

The Asian Development Bank was established to foster economic growth and cooperation in the region, and contribute to the acceleration of the process of economic development collectively and individually. The Bank is required to give priority to regional, sub-regional and national programs and projects that contribute most effectively to harmonious economic growth in the region.

Set up in 1966, the Bank now has 60 country members. Lending in 2001 included 26 loans totaling US\$3.9 billion from ordinary capital resources and 72 loans totaling US\$ 5.3 billion from the Asian Development Fund, with concessional loan rates. Technical assistance totaled US\$130 million.

The Asian Development Bank supports the Indonesia, Malaysia, Thailand Growth Triangle, the Brunei, Indonesia, Malaysia, Philippines, East Asian Growth Area, the Central Asian Republics, South Asia and Pacific Island countries, and the Greater Mekong Sub-regional Economic Cooperation Program

The role of the Asian Development Bank is to act as facilitator and catalyst, to provide a forum for dialogue, identify sub-regional projects, provide technical advice, and to mobilize resources.

**Greater Mekong sub-regions**

The Greater Mekong Sub-region Program has as its goal to promote economic and social development by strengthening economic linkages between the members: Cambodia, Laos, Myanmar, Thailand, Vietnam and Yunnan. The priority sectors are transport, telecom, energy, environment, tourism, trade facilitation, investment, and human resource development.

There is a ministerial-level conference, national coordinating committees, and working groups in each sector, with a secretariat at the ADB.

Over the past ten years, there have been 10 loan projects, with ADB financing of US\$772 million, and co financing of US\$234 million. In addition, there have been 51 technical assistance activities, with ADB financing of US\$38 million, co financing of US\$13 million with US\$15 million directed to environment and US\$6 million directed to human resource development.

**Progress in Transport**

In transport, major corridors are being implemented or planned, with ten priority sub-regional road projects endorsed by the member governments. There include the Bangkok-Phnom Penh-Ho Chi Minh City-Vung Tau Road, the East-West Transport Corridor, the Chiang Mai-Kunming Road. Three economic corridors: north-south, east-west and southern are envisaged.

An agreement has been concluded for facilitation in the movement of goods and people, with a framework agreement signed by Cambodia, Laos, Thailand and Vietnam, with full implementation by 2005.

**Progress in Telecommunications**

Regarding progress in telecoms, a backbone transmission network will be developed to interconnect national networks. For the first phase, there will be an integrated approach with a telecommunications sector policy study to commence in late 2002 with a support program and investment in Cambodia, Laos and Vietnam.

**Progress in Energy**

In energy, a regional power market and transmission grid system will be developed to achieve energy efficiency and reliability. A regional indicative master plan on power interconnection has been finalized. An intergovernmental agreement on regional power trade is to be signed in late 2002.

**Progress in Human Resource Development**

In human resource development, there is cooperation in employment promotion and training, as well as projects addressing the health and educational needs of ethnic minorities. Work is also proceeding on the prevention of spread of communicable diseases, and reduction in the production and consumption of illegal drugs.

**Progress in Environment**

For the environment, progress is being made towards the building of a reliable database and capacity for comprehensive environmental impact assessment. Degraded wetlands and watersheds in remote and border areas are being protected, and a framework for cumulative impact analysis, identification of fragile areas, and an early warning information system are being developed.

**Progress in Trade and Investment Facilitation**

For trade and investment facilitation, there is pilot testing of single-stop, single window inspection mechanisms, and improvement of transparency of customs services. Assistance is also being given for building institutional capacity for investment promotion and facilitation, and provision of a channel for private sector participation.

**Progress in Tourism**

For tourism, the Greater Mekong Sub-region is being promoted as a single destination, with development of tourism related infrastructure, promotion of Mekong River Tourism, and encouragement of private sector participation in tourism development.

**Progress on Success**

Over the next ten years, the sub-region will be more integrated, prosperous and equitable, with stronger infrastructure linkages, cross-border trade and investment, and developed human resources and skills. The role of the private sector is to be enhanced and improved in competitiveness, with environmental protection and sustainable use of shared natural resources.

A financing gap remains, since, for the period 2002-2004, 19 Projects are envisaged costing US\$1 billion and technical assistance for 39 projects costing US\$30 million. So far loans have been secured of US\$245 million, and technical assistance of US\$5 million.

Projects in progress include the Boten to Houei Sai road costing US\$35 million, the Poipet-Sisophon Siem Reap road costing US\$45 million, and the tourism infrastructure project of US\$30 million.

A Greater Mekong Sub-region Summit is to be held in Phnom Penh from 3 November 2002, as agreed at the Brunei ASEAN Summit in October 2001. The ADB is the lead coordinating agency. The outcome is to be enhanced visibility of the program, a strengthened partnership, endorsement of the GMS Program Strategic Framework, and closer coordination among donors.

**Afternoon Presentation at Northbridge Communities**

**Phnom Penh City Development**  
**Mr. Chhay Rithissen, Director**  
**Bureau of Urban Affairs, Municipality of Phnom Penh**

**The Phnom Penh City Development and Management Plan covers the city area of 375 square kilometres, with population of 960,000.**

**The city is divided into 7 districts and 70 sangkat (or sub-districts).**

The intention of the City Administration is to have a well – balanced development with quality public and social service and safety, infrastructure and economic development is designed to attract investment, with improved living conditions and poverty elimination. Environment preservation and historical preservation is intended to attract tourism and make Phnom Penh a major area of attraction.

**A number of projects are in process of implementation, including:**

- Explosive weapon management and elimination
- Licensing of motorcycles
- Implementation of Immigration Law
- Public order and traffic management
- Development and rehabilitation of public infrastructure
- Flood protection
- Drainage improvement

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- Poverty reduction with relocation
- City beautification with green space preservation
- Historical heritage preservation
- Tourism development
- New Mekong Convention Centre
- Social care and education

(for detailed maps, see "selected audio visual materials")

**Official Hosts:**  
**Council for the Development of Cambodia**

Recognizing that the real economic growth necessary to achieve the country's developmental goals lies in the development of a healthy private sector, the government undertook a program of reform to promote private sector investment. As part of this reform program, the Law on Foreign Investment in the Kingdom of Cambodia of 1994 established the Council for the Development of Cambodia (CDC). This law made the CDC the highest decision-making level of the government for private and public sector investment. **It is chaired by the Prime Minister and composed of senior ministers from related government agencies.** The Cambodian Investment Board (CIB) is the CDC's operational arm for private sector investment. The CIB reviews investment applications and grants concessions to investors and investment projects meeting the requirements laid out in the 1994 Foreign Investment Law. This law streamlined the foreign investment regime and provided generous and competitive concessions for direct private sector investment. The government is committed to speeding up new investment project approvals and making the CDC a truly effective one-stop service. To this end, the CIB is required to give a decision regarding approval and investment incentives within 28 days of the application's submission.

**What CDC Provides**

In addition to reviewing applications for investment incentives, the Cambodian Investment Board's (CIB) mission is to promote and facilitate foreign and local investments. In order to accomplish this goal, it is charged with several functions: to provide information to potential investors; to review investment applications and grant incentives; to monitor investment projects after implementation.

**Reasons to Invest in Cambodia**

- Competitive investment incentives
- Pro-business government
- One stop service-fast-track investment approval process (28 days)
- Low labor cost
- Access to ASEAN and world markets
- Preferential trading status
- Sound macroeconomic environment
- Strategic location to serve the Mekong region

**Spirit of the Investment Law**

- Job creation
- Export-oriented policy
- Free market system
- Open and outward-looking economy
- Conducive environment
- Integration into regional and world economy

**Investment Opportunities**

- Labor intensive industries
- Manufacturing
- Light and electronic industries
- Agriculture & agro-industry
- Tourism
- Infrastructure

For more information on the investment process please look at our website [www.cambodiainvestment.gov.kh](http://www.cambodiainvestment.gov.kh).

**Ministry of Commerce**

The Ministry of Commerce administers and regulates both the conduct of international and of domestic trade. Ministry of Commerce key objectives are:

- To foster the integration of the Cambodian economy into the regional and the international economy
- To establish and develop a sound legal commercial framework
- To promote the rapid growth of Cambodian exports

The Ministry of Commerce is structured into eight functional divisions and a state-owned enterprise.

**These divisions are:**

**Intellectual Property Division:**

The Intellectual Property Division is mandated with the task of registering and granting certificates of trademarks and service marks to domestic and foreign applicants and resolving all disputes. There is a Registration Office and a Dissemination Office.

The Registration Office is responsible for processing trademark registration applications. It also resolves disputes arising from trademark registration.

The Dissemination Office is responsible for drafting trademark laws and regulations and acts as the main counterpart with the World Intellectual Property Organisation. It prepares trademark statistics and publishes a quarterly Official Trademark Gazette.

**Foreign Trade Division:**

The Foreign Trade Division is a technical unit under the General Directorate, composed of the Export Office, Import Office the External Relations Office and the Price and External Market Research Office.

**The respective faculties are as follows:**

- The Export Office establishes foreign trade policies and strategies, conducts market research on overseas demand, compiles export statistics and maintains a data base of trading companies, as well as issuing export licences.
- The Import Office conducts market research for domestic product demand and issues current licences.
- The External Relations Office negotiates and drafts bilateral trade and cooperation agreements with foreign countries. It acts as the contact point for overseas commercial counselors.
- The Price and External Market Research Office is responsible for conducting and publishing market research on price and demand for goods on the international market.

**Internal Trade Division:**

The Internal Trade Division had four offices, the Planning Statistics and Information Office, the Agricultural and Industrial Domestic Production Office, the Price Management Office and the Business Service and Competition Management Office. The Internal Trade Division collects data on provincial trade and prepares regular national statistical and business data published in the Ministry weekly business bulletin. It prepares details of needs for agricultural goods for domestic market consumption and import export strategies for domestic goods. It also conducts surveys on prices in domestic, markets and regulates price labelling for goods on sale. It issues business licences for merchants and encourages the establishment of business and trade associations.

**Export Promotion Division:**

The Export Promotion Division prepares projects for promotion of Cambodian exports, including national and internal trade exhibitions and fairs, helps identify new export markets. The Division has a Technical and Cooperation Office and an Information and Publication Office.

The Technical and Cooperative Office is responsible for undertaking marketing studies, public relations, organising and participating in national and international fairs, planning of export promotion, and devising regulatory and policy affairs.

The Information and Publication Office is responsible for conducting research on trade information and publication of export related documents for overseas markets, and dissemination of export promotion information.

**ASEAN and International Organisations Division**

The ASEAN and International Organisations Office comprises the ASEAN office, the WTO Office and the Coordination and International Organisations Office.

The ASEAN office acts as the focal point for all ASEAN matters with cooperation with other ministries. It serves as the Secretariat for the National AFTA Unit and coordinates working groups on services, e-commerce and Economic cooperation. It prepares Cambodian trade policies and strategies to benefit from implementation of ASEAN Economic Agreements, especially the Common Effective Preferential Tariff Schemes.

The WTO office is responsible for preparing the National Memorandum of Foreign Trade Regime for Cambodia's accession into the WTO. It prepares trade policies and negotiates trade matters including tariff and non-tariff barriers.

The International Organisations Office works primarily with international organisations such as UNCTAD, APEC, ESCAP, EU, UNDP, ADB, IMF, WB, and MRC.

**Trade Preferences Division:**

The Trade Preference Division has the responsibility to disseminate information on the Generalised System of Preferences to investors and manufacturers interested in export and the inspection and issuance of certificates of origin to exporters. The division is composed of the Information and Registration Office, the Technical Inspection Office and the Office of Certification.

The Information and Registration Office conducts research on duty rates of countries granting MFN and GSP preferences to Cambodia, as well as producing trade reports and maintains information on companies that use Cambodia Certificates of Origin.

The Technical Inspection Office is responsible for negotiating with countries granting GSP to Cambodia, including investigation and inspection.

The Office of Certification issues Certificates of Origin for manufacturers and investors, maintaining export statistics and maintaining quota allocation for garment factories.

**Legal Affairs Division**

The Legal Affairs Division maintains the commercial register and governs the conduct of commercial activities. The Legal Affairs Division has three Offices, the Commercial Law Office, the Company Registration Office and the Commercial Dispute Settlement Office.

The Commercial Law Office is responsible for drafting all laws and regulations making up the Commercial Code, undertaking studies, providing regular training and providing legal advice.

The Company Registration Office registers companies and maintains the Commercial Register.

The Commercial Dispute Settlement Office settles disputes including shareholder disputes and other commercial disputes.

**Cambodia Import Export Inspection and Fraud Repression Division:**

Cambodian Import Export Inspection and Fraud Repression Division is responsible for controlling and suppressing the circulation of fraudulent goods. It inspects exported and imported goods and analyzes quality of food and consumption products. It supervises and certifies compliance with national standards on quality safety and trademarks of goods and

**Green Trade Company:** is a public enterprise under the supervision of the Ministry of Economy and Finance and the Ministry of Commerce engaging in commercial activities in domestic and foreign trade, including trade in agricultural products, purchasing and selling rice to ensure market stability, and support production cost of farmers.

**Organisers:**

**Datasouk Ltd**

Datasouk Ltd was established in 1982 as a wholly Thai – owned company specialising in market entry consulting, conference organisation and publishing.

The principal activities of Datasouk in Thailand include the Thailand Regional Forum, a peer group forum operated in association with the Economist Corporate Network, and the Thailand Corporate Observer, a peer group forum on issues of finance, treasury, tax and accounting. Both forums include regular meetings and monthly publications designed to respond to the professional needs of chief executive officers, regional managers, and senior financial and accounting directors. Publications include Thailand Corporate Alert, Thailand Corporate Finance Alert, Business Indicators and Asia Pacific Executive Brief, all produced for a client base of more than 130 multinational companies.

In addition to peer group forums, Datasouk has, since 1990, organized major international conferences including government – level roundtables in Bangladesh, Cambodia, Laos, Myanmar, Thailand and Vietnam, a total of more than 20 significant public – private sector gatherings designed to promote investment, trade, and economic advancement of the Bangkok region. The present Cambodia Investment and Trade 2002 conference is the third in the series of conferences organized in Cambodia.

Other conference activities include organisation of special conference events in the areas of healthcare, private industry, tourism and other key sectors of business concern. In Singapore, Datasouk has held more than twenty special meetings to promote investment, trade and economic development for each ASEAN nation. The Council provides timely information and has included wide range of projects in Thailand and throughout the Indochina region.

Datasouk is the official ASEAN of the Economist Corporate Network covering Thailand and the Indochina Region with affiliate companies in Australia, Hong Kong, India, Indonesia, Malaysia, New Zealand, Pakistan, People's Republic of China, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam.

**US-ASEAN Business Council**

**Profile**

The US-ASEAN Business Council is the premier national organization in the United States representing US private sector interests in ASEAN, the Association of Southeast Asian Nations. The ten member nations of ASEAN are: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. ASEAN is a market comprising 500 millions people, GDP approaching US\$11 trillion, and over US\$130 billion in two-way trade.

For nearly two decades, the US-ASEAN Business Council has built strategic alliances and solid working relationships with the ASEAN governments and private sector leaders. Together with its corporate membership, the Council impacts trade and investment policy-making and promotes expansion of the US competitive position in the region. Through use of its powerful bilateral and multilateral channels, for each ASEAN nation, the Council provides timely information and strategic economic and political updates, as well as high-level programs, meetings and events, assuring members essential visibility and unparalleled access to the most significant government and private sector decision makers in the region.

**Mission Statement**

The US-ASEAN Business Council is dedicated to effectively strengthening bilateral and US-ASEAN relations through strong economic and commercial ties. The Council is committed to promoting US competitiveness in the most dynamic global growth market - ASEAN. Our objectives are to:

- Promote trade, investment and technology cooperation
- Remove all barriers from the expansion of commercial relationships
- Promote US competitiveness in ASEAN through strong private sector participation in business-government partnerships

**Cambodian Institute for Cooperation and Peace**

The Cambodian Institute for Cooperation and Peace (CICP) is an independent, neutral, and non-partisan research institute based in Phnom Penh, Cambodia. CICP promotes both domestic and regional dialogue between government officials, national and international organizations, scholars, and the private sector on issues of peace, democracy, civil society, security, foreign policy, conflict resolution, economics and national development.

CICP's mission is to provide for each ASEAN nation, the Council provides timely information and strategic economic and political updates, as well as high-level programs, meetings and events, assuring members essential visibility and unparalleled access to the most significant government and private sector decision makers in the region.

In this regard, the Institute endeavors to:

- Enhance the ability of government officials and the public to make informed decisions about public policy
- Participate in and to promote regional and international cooperation
- Advocate human rights and advance democracy within civil society in Cambodia
- Promote peace and cooperation among Cambodians, as well as between Cambodians and other nations in the regional and international community

- Conduct research on development issues that concern Cambodia, as well as disseminate the resulting research findings

The CICP was founded in 1994 and registered as a non-governmental organization with the Royal Government of Cambodia. At the time of CICP's formation, Cambodia was emerging from more than two decades of war, although still grappling with internal conflicts throughout the country. CICP's primary focus was to help emerging from almost twenty years of isolation from the international community. In this context, the founders of CICP pressed a role for the institution with respect to providing various inputs into public policy formulation. Cambodia's new presence regionally and internationally, also meant that the country would be presented both with the opportunity and the need to re-examine its policies for addressing the needs of the people and the key factors affecting Cambodia's transition process and future development. For both policy reasons and the general public, it was necessary to comprehend these key issues in terms of their impact on a national basis, as well as regionally and internationally.

In this respect, CICP set out to form a mandate for staff that included conducting research, drafting policy training, disseminating information, and formulating policy recommendations that could be used by government decision makers. At the end of the institute's first five years, it has become a leading policy-oriented think-tank in Cambodia.

In 1997, CICP became affiliated with a regional association of similarly oriented think tanks known as the ASEAN Institutes of Strategic and International Studies (ASEAN-SIS), which is now made of eight leading institutes from Southeast Asia.

**Hearts**

**ChevronTexaco** is a leading global company with more than 53,000 employees working across 180 countries in a regional and international presence across all sectors of the economy. It includes exploration and production, transportation, refining, marketing, and power plants.

In Asia, ChevronTexaco has a long-term commitment dating back to 1924 when it began oil exploration in Indonesia. We have also been active in markets across the region for over 50 years under our own 70 Star brand. ChevronTexaco has been a significant investor in oil and gas exploration and production in Asia. We produce gas oil in oil fields in Papua New Guinea, China, and the Philippines. Our involvement in Thailand started in 1972, with interests in Blocks 7, 8 and 9. In 1999, ChevronTexaco purchased the stock in Thailand Block 88-92 and ChevronTexaco (S) Ltd. was formed to operate the block. In Bangladesh, ChevronTexaco has been active since 1991, with interests in 2001. In March 2002, the Royal Government of Cambodia awarded oil exploration and production rights in Blocks A. The region has rich deposits of oil and natural gas, which now forms a significant part of the total energy picture. ChevronTexaco believes economic growth, large population and a growing gas market will drive the demand for oil and gas in the region.

In all markets, we build on our tradition of safety, environmental protection and operational excellence, while assisting the local community. It's all part of our commitment to partnership wherever we operate.

The refining and marketing activities of ChevronTexaco within Asia, Middle East, Africa, Australia and New Zealand (AMEA Region) are grouped into a fully integrated business unit of ChevronTexaco Global Energy Inc. (formerly Calcas Corporation) group of companies. Calcas ChevronTexaco was formed in 1936 as a downstream energy company jointly owned by the former Chevron Corporation and Texaco Inc.

AMEA Products continues to offer products and services to its retail and commercial customers through a network of retail stations and operations in 60 countries across the AMEA Region.

AMEA Products continues to offer products and services to its retail and commercial customers through a network of retail stations and operations in 60 countries across the AMEA Region. In refuelling and more than 7,000 retail-trading outlets. Its activities also include convenience store sales through its nearly 700 Star Mart outlets. In Cambodia, AMEA Products has 196 employees with 29 Calcas retail outlets, 11 Star Marts and a distribution terminal at Sihanoukville.

AMEA Products has an enhanced competitive position as it is now a fully integrated business across the entire value chain from exploration and production to retail.

For more information about the Calcas brand, visit [www.calcas.com](http://www.calcas.com). More information about ChevronTexaco can be found at [www.chevrontexaco.com](http://www.chevrontexaco.com).

**KPMG**

**KPMG International**

KPMG is a network of professional service firms whose aim is to turn understanding of information, industries, and business trends into value.

With more than 100,000 people worldwide, KPMG member firms provide assurance, financial advisory, tax and legal, and consulting services to more than 760 clients in 155 countries.

We offer our clients the benefits of a global delivery system and an intimate understanding of each of the markets in which our offices are located.

**KPMG Cambodia**

KPMG Cambodia was established in September 1994 and is a member firm of KPMG International. KPMG Cambodia office is currently staffed by over 50 expatriates and Cambodian professional staff. Our professional staff are either holding or working towards obtaining internationally recognised qualifications in their chosen fields. We have also formed strategic relationships with other professional service providers to enable us to provide a depth of services to our clients. Our strong business partnerships with our government, non-government and commercial clients.

KPMG Cambodia forms part of Thailand Indochina Business Unit (TIBU), a sub-region of the Asia Pacific region. TIBU comprises KPMG's practices in Thailand, Cambodia, the Lao PDR, Vietnam, and Myanmar. The five practices serve the market as a single firm, allowing us to combine the strengths of the national practices, all of which are well-established members of the KPMG network.

Each day our dedicated and talented professionals stake their reputations on providing clients with superior services that enhance performance and build profitability.

<b>Assurance</b> Statutory audit Internal audit function Management assurance services Information risk management Other assurance services	<b>Taxation</b> Corporate tax services Personal tax services International tax advice Tax investigation and audit support Other tax services
<b>Financial advisory services</b> Corporate recovery Corporate finance Forensic services Mergers and acquisitions Due diligence Other transaction services	<b>Business advisory services</b> Bookkeeping Accounting system set up Company start-up Executive search Secretarial services Payroll administration

PO Box 2352, Phnom Penh 2 Street 208 Phnom Penh 3 Phone: 855 (23) 216 899 Fax 855(23) 216 405

**Sponsors:**  
Conoco

Conoco Inc. is an integrated oil and gas company that operates in more than 40 countries and has approximately 20,000 employees. The company is active in both the upstream and downstream segments of the global petroleum industry. In addition, three emerging businesses hold significant future potential for Conoco - carbon fibers, natural gas refining (which includes our promising natural gas-to-liquids technology) and power generation. Conoco has been active throughout Southeast Asia for nearly 40 years. Our acquisition of Gulf Canada last year elevated the region to one of Conoco's four worldwide core areas. Later this year we expect to complete a merger with Phillips Petroleum Company that will create the sixth largest energy company in the world and will serve to further strengthen our commitment to the region.

Four years ago, Conoco signed a conditional petroleum contract with the Kingdom of Cambodia covering a portion of the Gulf of Thailand that is claimed by both Thailand and Cambodia. Since this contract will not become operative until the overlapping claims have been resolved, we have been working with the Cambodian government to facilitate such a resolution. The two sides are currently engaged in an active dialogue and we are confident that they will agreed upon a fair and equitable resolution very soon.

**Ford Motor Company**

**Polishing the Oval**

99 years is a long time... but that's how long it has been since Henry Ford first unveiled the Model T and changed the automotive landscape forever. At Ford Motor Company, preparing for our second century means concentrating on timeless fundamental that made us great. Great products made Ford a leader in the past and great products will again lead us to greater heights in the future. The Ford F-Series is the best selling truck in the world - for an unprecedented six years in a row - while the Ford Focus is the best selling car in the world for the second year running. Still, we're not content to rest on our laurels. Over the next five years, Ford Motor Company will unveil 20 new or fresher vehicles a year across our brands as we "get back to basics".

In 2001, over 5.7million Ford vehicles were sold worldwide with Asia Pacific making up 4 percent or 280,000 units. Ford Motor Company believes that Asia Pacific region will increasingly become a core market in the 21<sup>st</sup> Century, and thus has invested over 8million to expanding its facilities in the region. From Thailand - "The Detroit of the East" - and other ASEAN countries such as Philippines and Malaysia which manufacturers complete Ford cars and trucks, to smaller direct market such as Mongolia, Brunei and Cambodia, Ford is committed to delivering quality products that are built tough and priced right.

By having solid, dependable products is just half the equation. Customer satisfaction is equally important and our consumer driven 6-Sigma vision is one of the core pillars of our revitalization strategy. Teams are assigned to address and correct the top 25 customer concerns across all vehicle lines - with special emphasis placed on high-volume models to achieve maximum impact on customer satisfaction and warranty cost.

Dealers have long been Ford's principal allies in finding and retaining customers - a network of independently owned and operated Ford dealerships first put the world on wheels. With 13,000 dealers worldwide in 139 markets, they are the front-line in our commitment to our customers. Our partner in Cambodia, R.M. Asia Group, is as committed to our vision as we are glad to have them on board. With a brand new showroom in Phnom Penh, RM Asia has done an outstanding job of providing potential - and existing - customers with top quality service since taking over the distributorship in 2000.

"We are very excited about the Ford brand. The Ford Ranger has been widely accepted in Cambodia and we are looking forward to introducing new and exciting models into Cambodia's growing market soon" says Kevin Whitcraft, Director of R.M. Asia.

**RM Asia Group of Companies**

RM Asia Group is one of South East Asia's premier trading houses with offices and projects spanning the region, offering:

- Internationally recognized products
- After sales service for long term success
- Experienced regional management & staff
- Precise local knowledge and global resources

**Automotive Division**  
Sales and Service of leading international brands of cars, trucks, specialty vehicles and related automotive accessories.

**Engineering Division**  
RM Asia represents world-renowned suppliers of equipment and technical support for Power Generation, Road and Infrastructure Construction Projects, Mining and Quarry Industries and Heavy Transport and Materials Handling

**Special Products Division**  
Supplying a wide range of Consumer Products and Specialty Industrial Consumables

**Trading Division**  
Sale of Agricultural and Construction Commodities and Industrial Raw Materials

**After Sales Service**  
After Sales Service is a critical component for ensuring long-term business development for our Trading Partners

**Procurement & Logistics Division**  
Supporting the Group Companies for sourcing products for procurement projects; and coordinating order processing and delivery schedules to ensure on time supply of goods and services

**RM Asia Co., Ltd. In Cambodia**  
RM Asia Co., Ltd. boasts a long history of successful operations in the Kingdom of Cambodia. We are one of the largest Western managed trading, distribution and service companies in the Kingdom.

Working with our numerous trading partners, RM Asia delivers value added elements to projects large and small.

With the recently opened International standard Ford showroom and engineering and automotive service centers RM Asia is structured to consolidate our leadership position for its trading partners in the growing Cambodia market.

**Indochine Insurance**

Indochine Insurance was launched in 1994 and created its market and operated without serious competition until 1998. Eventually three players managed to enter the market as Caminco's agents.

The Cambodian Parliament passed the Insurance Law in June 2000, but delays in the implementation of the corresponding sub-decree have minimised its impact. From 1996 to 2000, Indochine Insurance's activity grew by 13%. However, some lines of business have seen their premium decrease. Such was the case for Motor insurance, for the first time in 7 years, owing to the softening of premium rates in a downward rating pressured environment created by unregulated competition.

In contrast, local health (Workmen's Compensation and Hospitalization Insurance) grew by 40% in 2000 over 1998. Marine cargo as well as Property have benefited from internationally funded rehabilitation programs, with an increase of 30% in number of covers taken from Indochine Insurance. Expatriate presence in the country is still strong with 230 such individuals covering emergency evacuation and medical expense in 2000.

**Motor Insurance**  
Indochine Insurance is the largest motor insurer in the Kingdom of Cambodia, covering over 4,000 vehicles out of 80,000 total. As a result of this considerable market share, Indochine has also suffered its share of claims: 450 have been settled in 2000. In response to clients' need, we launched the first 24-hour emergency center on 1<sup>st</sup> September 1999 in order to settle motor claims in minimum time.

**Workmen Compensation**  
We sold the first Cambodian Workman's Compensation policy in September 1994 and, since then, the demand for workmen's compensation insurance has soared. In 2000, Indochine covered 28,700 workers from the perils of bodily injury at the workplace. The cost savings in spreading the risk have been passed on to the buyers and this insurance is considerably more affordable today than it was in earlier times.

**Health Insurance:**

- **Expatriates**  
Indochine Insurance represents three Underwriters for Health and Travel Insurance products. Goodhealth, William Russell and Joumeymen Services offer a variety of health and evacuation policies to our expatriate clients. By utilizing different options, we are sure that we can provide the policy that best meets their needs.
- **Cambodian Nationals traveling abroad**  
Cambodian Nationals who travel abroad are also taken care of with a range of travel plans backed by Europe Assistance.
- **Cambodian Nationals in Cambodia**  
Indochine created the first Health Insurance Policy for Cambodian Nationals. We used our knowledge of the market, to meet the needs of Cambodian nationals. As a result, we were able create an affordable tailor-made product. This has been designed to cover all serious medical conditions leading to in-patient or day-patient treatment without the costly and additions designed for foreigners' policies (evacuation etc). This product has been extremely popular with responsible employers in the Kingdom for some time.

**Property Insurance:**  
Because of the long absence of an Insurance law in Cambodia, many investors used to insure their property with Insurers based outside Cambodia. However, in 1998, Indochine Insurance experienced a substantial increase in activity in this field. For the first time since 1975, The Cambodian insurance industry has been supported by a pool of reinsurers led by Swiss Re, the largest reinsurer in the world. These reinsurers gave their support to Indochine Insurance in order to show their commitment to supporting the new domestic insurance market. The result of

WE HAVE FORMED PARTNERSHIPS WITH MAJOR GLOBAL BROKING HOUSES TO HELP MARKET OUR BUSINESS. CARGO INSURANCE IN 2000 EXPERIENCED A THREE-FOLD INCREASE OVER THE PREVIOUS YEAR, REFLECTING THE RECOVERY OF THE ECONOMIES IN THE REGION.

1999 SAW A BREAKTHROUGH WHEN INDOTIVIE ADDED A DOMESTIC AIRLINE TO ITS LIST OF CLIENTS. THIS WAS A PROUD MOMENT FOR US AS IT WAS EVIDENCE OF OUR CLIENTS' CONFIDENCE IN OUR ABILITY TO DEAL WITH LARGER AND MORE COMPLEX RISKS.

**MobiTel**

MobiTel is Cambodia's leading provider of telecommunications services. The company's principal activities include local, long distance and international telecommunication services, mobile communications and Internet services.

Commencing operations in March 1997, MobiTel has established a strong and positive reputation for delivering superior telecommunications service and has more than 230,000 mobile customers nationwide. Geographically, MobiTel's network coverage extends to all Cambodian provinces. The cornerstone of the network's continued popularity and superiority is the company's commitment to the ongoing expansion and improvement of coverage area and signal strength.

MobiTel aims to provide affordable, high quality communication services and, as a corporate citizen, support the development and growth of Cambodian business and society.

As Cambodia's most successful telecommunications provider, MobiTel offers an extensive product and services portfolio.

MobiTel's key areas of expertise cover mobile communication, Internet capabilities and local and international telecommunications services. Under each service area exists a range of products specifically designed to serve individual customer needs and requirements.

The company's three mobile products are CELLcard, MobiTel First and Tango. Full Internet capabilities are available through the ISP, Everyday and the company's wireless BROADBAND network, TeleSURF. MobiTel's international services, CamPlus and Roaming, offer comprehensive coverage across the globe and ensure customers remain connected anywhere, anytime.

More recently MobiTel has expanded its range of services both within the field of mobile telecommunications and beyond.

Customers now has access to the latest innovations and can take advantage of features inherent to digital technology like voicemail and caller line identification. In addition they can also utilise value added services like SMS and WAP.

MobiTel is proud to lead the mobile communications revolution in Cambodia. Through the provision of an extensive range of total communications, MobiTel can continue to deliver its promise which is to put customers always ahead.

**Northbridge Communities Cambodia**

Northbridge Communities Limited (NCL) was established in 1994 for the purpose of developing school based residential communities in Asian cities experiencing an increased demand for international standard housing and schools. From 1984 to 2002, NCL has founded developments in Eastern Thailand, Phnom Penh and Hanoi. After the economic decline in 1997-1999, Northbridge has refocused its initiatives and will continue to develop communities in major cities in East Asia experiencing social development and economic growth.

Certainly one key to supporting economic growth will be foreign investment accompanied by technological assistance. This will require a substantial presence of resident expatriates in private business, diplomatic posts, and development agencies. By developing integrated communities, Northbridge Communities will support the presence of expatriate staff and promote the full and permanent commitment of multinational companies and international organizations that send staff overseas.

In keeping with its primary objective Northbridge opened the Northbridge International School Cambodia (NISC) since September 1997. This top-quality international school offers an American curriculum and is fully accredited by the Western Association of Schools and Colleges (WASC).

Northbridge Cambodia focuses on the NISC as the core of the community. The community currently includes: **Accredited International School (NISC), Apartments and Single Family Homes, Recreational Facilities & Sports Center (The Club & The Shop)**

**NISC.** The school has grown to enrol 200 students from ages 3 to 18. The teaching staff is highly trained and experienced in teaching students from a variety of different cultural and language backgrounds. The school buildings were designed specifically to support an international school program. The well-supplied classrooms allow the students to spend their school days in a clean and safe environment as they learn.

**Northbridge Homes-** The first two apartment buildings are fully leased to a variety of clients. Families with children, couples and single residents are all a part of the Northbridge Community. The first 14 single family homes have been sold or leased and are currently under construction. The next phase of the homes and apartments will be available early next year.

**The Club-** The Club opened in September 2000 and since that time has expanded its membership and services offered. What started as a small sports club for the expatriate community in Phnom Penh has grown into a larger recreation – catering business. The Club offers a full range of sporting activities; such as swimming, tennis, and a fitness room as well as team, group and individual activities. Many people in Phnom Penh find our football and softball fields an attractive place to practice their game. Not only does The Club provide a healthful lunch for the NISC students and staff, but it offers a poolside restaurant with an international menu. The Shop opened in central Phnom Penh to much acclaim in November 2001. The fresh baked goods, sandwiches and snacks have become a part of the daily life of many in the city. Our bakery and outside catering service supplies companies functions and private parties each week.

In the near future the community will be expanded to include: **Additional Multi-family and Single Family dwellings, Medical Center, Commercial Area, Office Park.** We look forward to your visit to the Northbridge Cambodia community.

**Northbridge Cambodia**

Northbridge Road and International School Street, Tak Tia Commune, Russeel Keo District  
Tel: 855-23-886-000 - Fax: 855-23-886-009; Email: [info@NorthbridgeCommunities.com](mailto:info@NorthbridgeCommunities.com)  
[www.northbridgecommunities.com](http://www.northbridgecommunities.com)

**Philips Electronics (Thailand) Ltd.**

**Business Activities**

Manufacturing, distributing, importing and servicing consumer electronics, lighting, domestic appliances and personal care, medical systems, business electronics, semiconductors and components.

**Background**

Philips Thailand was founded in 1952, a branch of The Royal Philips Electronics of the Netherlands, one of the world's biggest and Europe's largest diversified electronics companies. Its business is creating and delivering products that are advanced and of high quality to the Thai community.

Philips Thailand is comprised of both commercial and manufacturing operations employing more than 5,000 people. The commercial operations consists of a marketing division whose activities are focused on lighting, consumer electronics, domestic appliances and personal care, and professional products and services.

Philips started manufacturing in Thailand in 1960 with an incandescent lamp factory. Today Philips has diversified its production facilities to include a lamp factory, a luminaries factory and a semiconductors factory.

Philips' commitment to Thailand is defined as one of the country's largest corporate investors and as one of its largest exporters.

**Company Ownership**

100% Royal Philips Electronics of the Netherlands

**Chairman & CEO: Mr. Victor George Tee**

60/14 Moo 11 Bangna-Trad Road KM.3, Khwang Bangna, Khet Bangna, Bangkok 10260

Telephone number: 66 02 399 3280-9 Fax number: 66 02 399 2417

**Titleke & Gibbins and Associates**

Titleke & Gibbins and Associates was established in Cambodia in 1995 as a partnership between Brettef G. Sciaroni, an American lawyer who had worked in Phnom Penh since 1993, and Titleke & Gibbins International, the largest independent law firm in Thailand. The firm utilizes its valuable experience to best serve a variety of clients, including domestic and international companies, banks, insurance companies, members of the diplomatic community, international organizations, multilateral lending institutions, non-governmental organizations, and various ministries and agencies of the Royal Cambodian Government.

Titleke & Gibbins and Associates offers a wide variety of commercial and investment services to its clients. The firm can offer advice on a variety of subjects critical to doing business in Cambodia, including tax, labor, contracts, company creation, investment, joint ventures, intellectual property, financing, and land.

In a rapidly developing country like Cambodia, experience in dealing with the private and public sectors, knowledge of the legal structure, and an understanding of the political and social climate are necessary if a client's interests are to be well served. Using both U.S. and Khmer staff, Titleke & Gibbins and Associates is capable of serving both national and international clients.

Of particular importance for an investor in an emerging economy is the establishment and maintenance of good government relations. Titleke & Gibbins and Associates enjoys excellent working relations with the major ministries and governmental institutions. For example, acknowledging his expertise, Mr. Sciaroni was appointed Legal Advisor to the Royal Government by a Royal Decree signed on August 31, 1996 by His Majesty King Norodom Sihanouk. He was reappointed to this position on December 17, 1999. The position carries the rank of Minister.

In a dynamic economic environment such as Cambodia, numerous opportunities exist for investment. However, the prudent investor will look for a well-established firm in order to assist him in understanding the local situation. With its considerable experience in Cambodia, Titleke & Gibbins and Associates can provide the knowledge and judgment which will best serve each client.

**Unocal Corporation**

Unocal is one of the world's leading independent natural gas and crude oil exploration and production companies. It is a US company with principle oil and gas activities in North America, Asia, Latin America, the North Sea, and West Africa. Unocal is one of the world's largest producers of geothermal energy with operations in the Philippines and Indonesia. The company also focuses on pipeline and power plant projects in Asia and the Americas. At year-end 2001, Unocal had worldwide natural gas reserves of 6.67 Tcf (188.7 billion cubic meters), representing two-thirds of the company's overall hydrocarbon reserves. Unocal's net worldwide natural gas production averaged more than 2 billion cubic feet per day (57 million cubic meters per day).

**International Energy Operations**

Unocal's operations in Indonesia, Thailand and Myanmar accounted for nearly half of the company's worldwide production in 2000. We continue to build on international growth with deepwater exploration in Brazil, Gabon and Indonesia, and significant gas-to-power

NAVER 블로그   해외건설의 새바람		이 블로그에서 검색	Q	≡
	<div><div><div><div><div><div><b>North America Energy Operations</b></div></div></div><div><div><div><span></span></div><div>Unocal is a leading natural gas producer in North America with a reputation for being a low-cost driller. The company holds solid positions in oil and gas exploration and production in the Gulf of Mexico, Permian Basin, Rocky Mountain and southern Alaska regions of the United States, and in western Canada.</div></div></div><div><div><div><b>Deepwater Development</b></div></div><div><div><div><span></span></div><div>Since Unocal first ventured into deeper offshore waters five years ago, the company has positioned itself in four key basins -Brazil, Gulf of Mexico, Indonesia and West Africa. Unocal have made several discoveries in the Gulf of Mexico and, as operator, offshore Indonesia. The first deepwater development in Indonesia is now progressing.</div></div></div><div><div><div><b>Geothermal Resources and Power Projects</b></div></div><div><div><div><span></span></div><div>Unocal has more than 6,000 megawatts in existing and proposed power generation projects in the Philippines, Indonesia, Thailand, India and China.</div></div></div><div><div><div><b>Midstream and Trade</b></div></div><div><div><div><span></span></div><div>The company's Midstream and Trade segment is responsible for the marketing, trading and risk management of the majority of the company's energy resources and management of its growing base of natural gas storage assets. The group also manages interests in more than 14,000 miles (22,500 kilometers) of oil, gas and product pipelines, and associated terminals.</div></div></div><div><div><div><b>Real Estate, Remediation Services, Carbon and Minerals</b></div></div><div><div><div><span></span></div><div>Unocal produces and markets petroleum coke, molybdenum and specialty minerals; manages an equity interest in a Brazilian niobium producer.</div></div></div><div><div><div><b>Supporting Sponsors:</b></div><div><div><div><b>Asian Development Bank</b></div></div></div><div><div><div><span></span></div><div>The <b>Asian Development Bank (ADB)</b>, established in 1966 with its headquarters in Manila, is a multilateral development finance institution owned by 60 members, mostly from Asia and the Pacific. ADB's overarching goal is to reduce poverty. Its projects and programs, whether direct poverty interventions or otherwise, emphasize one or more of the following priorities: economic growth, human development, gender and development, good governance, environmental protection, private sector development, and regional cooperation. ADB's principal tools are loans and technical assistance, which it provides to governments for specific projects and programs. ADB's lending volume in 2001 was US\$5.3 billion. Technical assistance grants, amounting to US\$146.4 million in 2001, are provided for preparing and executing projects, supporting advisory activities, and undertaking regional activities.</div></div></div><div><div><div><b>Association of Banks in Cambodia</b></div></div><div><div><div><span></span></div><div>The Association of Banks in Cambodia was founded in 2001 with the following objectives:</div></div><div><div><div><ul style="list-style-type: none"><li>• To promote the development of the Cambodian financial system, working in close co-operation with the National Bank in Cambodia (NBC) and serve as a channel of communication between the NBC and the banking community</li><li>• To carry out all of its function and activities related to banking and finance and those, which promote the good name of the Association.</li><li>• To render where possible such advice or assistance as may be deemed necessary and expedient to its Members</li><li>• To promote the education, research and training in all aspects of banking so as to upgrade banking expertise in Cambodia including the establishment of a professional training institute of bankers, if deemed necessary</li><li>• To promote the modernization of the Cambodian banking system by organizing, managing and participating in all inter-bank activities, including the organization and development of inter-bank markets and arrangements for sharing credit information among the Members of the Association.</li><li>• To represent the collective interests of the Members in relations with the NBC and other government and official bodies including Chambers of Commerce and other business associations, and where appropriate international agencies and other organizations whose activities are either directly or indirectly related to the promotion and improvement of banking services in Cambodia.</li></ul></div></div></div></div></div><div><div><div><b>DFDL</b></div></div><div><div><div><span></span></div><div>Dirksen Filipse Doran &amp; Le ("DFDL") was founded in 1994 by five lawyers, four of whom had significant experience working as Indochina specialists with major law firms in Bangkok. DFDL began operating in Vientiane, Laos in early 1994 as the first recognized law firm. In January 1995, DFDL became the first officially authorized foreign legal consultancy in Cambodia.</div></div></div><div><div><div><span></span></div><div>The founders of DFDL recognized that while substantial investment was moving into the Mekong countries, law firms were still attempting to service their clients from major business centers outside these countries such as Hong Kong, Singapore and Bangkok. DFDL believes legal services cannot be given on a "fly-in" basis, and has established a full service presence of local and foreign legal experts in Cambodia.</div></div></div><div><div><div><span></span></div><div>DFDL provides a full range of commercial and corporate legal services to foreign and local investors operating in the Mekong Region. The firm provides local legal expertise for every phase of an investment - from initial contacts, licensing, negotiations with the government and joint venture partners, land purchasing, leasing and financing, to operational issues such as labor, taxation, corporate governance and other contractual matters. DFDL's clients include many of the major investors in Laos and Cambodia.</div></div></div><div><div><div><b>Power Investment Group</b></div></div><div><div><div><span></span></div><div>Power Investment Group commenced operations in March 1993 as investment consultants and moved onto representing multinationals in Cambodia. Power Investment Group, whose corporate mission is to provide direction and support through dynamic and innovative management, teamwork and a commitment to excellence, has become a major player in the Cambodia infrastructure, energy and natural resource development scene with strategic alliances and joint - ventures with well-established multinational conglomerates from across the globe.</div></div></div><div><div><div><span></span></div><div>Power Investment Group's strength is in identifying investment opportunities for clients, facilitating Government access and coordinating a close professional working relationship with the civil servants in all sectors and levels.</div></div></div><div><div><div><span></span></div><div>Power Investment Group has maintained a strong presence in its core sector, namely providing consultancy services and joint-venture access to corporations which are involved in the rebuilding and rehabilitation of infrastructure and developing key areas in the Cambodian economy such as natural resource development and energy generation.</div></div></div><div><div><div><span></span></div><div>In order to undertake its professional commitment to its multinational client, Power Investment Group relies in and draws on the expertise of its resources here in Cambodia, Canada, Australia and North America.</div></div></div><div><div><div><span></span></div><div>Its capability to provide turnkey services to all of its clients and any other interested party, makes Power Investment Group an ideal joint-venture partner and investment consultant. The changing investment environment in Cambodia leads to constant upgrading and diversification of our range of services.</div></div></div><div><div><div><b>Power Investment Group's Corporate Mission</b></div></div><div><div><div><ul style="list-style-type: none"><li>• To generate consistently profitable returns for its clients and Power Investment Group from investment in core business activities:</li><li>• By providing direction, financial advice and management support for each operating unit and client;</li><li>• Through establishing a major market presence for each activity and client;</li><li>• Through dynamic and innovative management, teamwork and a commitment to excellence</li><li>• By striving for client satisfaction through high quality and consistent provision of professional advice and services.</li></ul></div></div></div></div></div><div><div><div><span></span></div><div>Within Power Investment Group, 3 divisions have been created:</div></div></div><div><div><div><b>Power International Trading Co., Ltd.</b> is a division based in Phnom Penh, Kingdom of Cambodia. This division handles import/export trading and has acquired great success during the last three years in exporting to Europe and Canada. Specializes in the import/export of Khmer arts and crafts and is the exclusive distributor of Angkor Beer to Canada.</div></div></div><div><div><div><b>R. Trp Enterprises Cambodia Co., Ltd.</b> is a division specialising in public works activities such as roads, governmental building renovations, hospitals, etc. Canadian engineers and a team of highly professional designers represent a major asset for this construction division.</div></div></div><div><div><div><b>Law and Associates Co., Ltd.</b> is an auditing and accounting firm specialising in services for Non - Governmental Organisations. Law and Associates has offices in Phnom Penh and Kuala Lumpur.</div></div></div><div><div><div><b>Media Sponsors</b></div><div><div><div><b>Bates Advertising, 141 Cambodia</b></div></div></div><div><div><div><span></span></div><div>Bates Advertising first began operations in Cambodia in 1992 and has become the country's premier full-service advertising agency.</div></div></div><div><div><div><span></span></div><div>Owned by Cordiant Communications Group, Bates Cambodia is part of a worldwide network providing creative innovation and premium execution across all advertising disciplines. With a dedicated team of advertising specialists, Bates Cambodia develops and implements targeted and well-conceived campaigns for all clients.</div></div></div><div><div><div><span></span></div><div>Expanding the scope of communication services in Cambodia, 141 Worldwide commenced operations in 1999. Also under the Cordiant Communications Group umbrella, 141 offers full-service integrated marketing communications.</div></div></div><div><div><div><span></span></div><div>With 93 agencies operating in 54 countries and more than 500 clients worldwide, 141 provides comprehensive sales promotion consultancy from strategic planning and concept development to strategy implementation and evaluation.</div></div></div><div><div><div><span></span></div><div>141 Cambodia's specific integrated marketing and communications services include public relations, event management, sponsorship management, premium sourcing, direct marketing, and design and production of point of sales advertising materials.</div></div></div><div><div><div><span></span></div><div>Properly executed, advertising and integrated marketing communications are very powerful image-building tools for any corporation, organisation or individual. Bates Advertising and 141 Cambodia work in partnership with all clients to create and establish desired profiles and deliver successful communication programs.</div></div></div><div><div><div><span></span></div><div>The Bates Advertising and 141 Cambodia client base includes British American Tobacco, Caltex Cambodia, CamGSM (MobilTel), Heineken, Comin Khmer and the European Commission.</div></div></div><div><div><div><b>Interquess Enterprises</b></div></div><div><div><div><span></span></div><div>Interquess Enterprises is a proudy Cambodian organisation providing a unique, quality database service on Cambodia's private sector business. In 2000, Interquess published its "Cambodia Complete Guide 2000," and expanded in 2001 to become "Cambodia Yellow Pages" under contract to the Ministry of Posts and Telecommunications. The 2002 edition is now being finalized for publication.</div></div></div><div><div><div><span></span></div><div>In addition to publishing high - quality directories and maps, Interquess has been active in developing business advertising and promotions in Cambodia since 1995. Our professional marketing and design personnel have created some of the most effective promotion material in Cambodia and we stand ready to assist new advertisers.</div></div></div><div><div><div><b>Phnom Penh Post</b></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div>			

"PHOM", "WHAT IS REPRESENTATION" AND "THE PHOM OF PHNOM PENH" ARE THE MOST IMPORTANT INFORMATION OF THE COUNTRY IN THE country. The Post has developed a loyal readership among foreigners interested in the country and Cambodians seeking accurate and objective reporting on local events.

The Post is distributed primarily in Cambodia. Approximately 12% of copies are sent to international subscribers in 30 countries. In Cambodia and abroad, the Post is considered by Cambodia-watchers including government policy-makers, aid agencies, businesses, international lenders such as the World Bank, ADB, and the IMF, journalists, and overseas Cambodians as the most important publication for keeping abreast of events in the country.

The Post has been on-line with a website (www.phnompenhpost.com) which has grown rapidly since its introduction in April 1998. The site includes both a free limited edition, and a full edition available by subscription. There are currently more than 8,000 visitors per month from over 80 countries.

**Official Airline**  
**Bangkok Airways**

Bangkok Airways has been appointed as an official airline of Cambodia Investment and Trade 2002 Conference, which to be held in Phnom Penh on May 15 - 16, 2002, concerning the development of interest in Cambodia as an investment and trade location.

Bangkok Airways now operates 3 flights daily between Bangkok and Phnom Penh. The flights depart Bangkok at 07:40 hrs., 11:20 hrs., and 16:30 hrs., then arrive in Phnom Penh at 08:50 hrs., 12:30 hrs., and 19:40 hrs., respectively. The return flights depart Phnom Penh at 09:30 hrs., 13:10 hrs., and 20:20 hrs., then arrive in Bangkok at 10:40 hrs., 14:20 hrs., and 21:30 hrs. The flight time is 50 minutes using Boeing 717-200 jet aircraft.

In addition to Phnom Penh and Siem Reap in Cambodia, the airline now offers tourists to several fascinating destinations in Thailand, Cambodia, and neighboring countries, including Samui, Phuket, Hua Hin, Pattaya, Chiang Mai, Sukhothai in Thailand, Singapore, Luang Prabang in Laos, Jing Hong and Xi'an in China.

To promote cultural tourism and draw tourists from all over the world to visit the historical sites in the Mekong Regions, Bangkok Airways will launch its new campaign "Mekong World Heritage Network" linking 4 UNESCO World Heritage Sites, starting from July 2, 2002. This new travel network will create a direct connection from each of these destinations and will facilitate more convenient and faster travelling time to the tourists.

The flight will start from Bangkok to Sukhothai in Thailand, to Luang Prabang in Laos, to Danang proceeding on to Hoi An and transfer to Hue in Vietnam and visit Siem Reap (Angkor Wat) in Cambodia, then returns to Bangkok. On this circle trip, Bangkok Airways will join with Siem Reap Airways International, the private airline of Cambodia which will operate routes from Luang Prabang to Danang and Danang to Siem Reap.

As of the year 2002, Bangkok Airways will continue to expand its network to include tourist destinations in Thailand, the Mekong Region, and in China. For more information, please visit Bangkok Airways' website at [www.bangkokair.com](http://www.bangkokair.com).

**Ministerial and official Speakers**

**(in order of agenda appearance)**

- HE Samdech Hun Sen, Prime Minister of the Kingdom of Cambodia
- HE Keat Chhon, Senior Minister of Economy and Finance
- Mr. Uroq Malik, Country Director, Asian Development Bank
- HE Sok Chenda, Secretary General, Council for the Development of Cambodia
- Mr. Robert Hagemann, Resident Representative, International Monetary Fund
- HE Cham Prasith, Minister of Commerce
- HE Chhiveng Yansara, Secretary General, Cambodia Reconstruction and Development Board
- HE Sok An, Senior Minister, Office of the Council of Ministers
- HRH Krom Preah Norodom Ranariddh, President of the National Assembly of the Kingdom of Cambodia
- HE Khhek Ravy, Secretary of State, Ministry of Commerce
- HE Ith Prang, Secretary of State, Ministry of Industry, Mines and Energy
- HE Te Duong Tara, Director General, Cambodian National Petroleum Authority
- HE Sok Siphana, Secretary of State, Ministry of Commerce
- Mr. Chhin Kong Hean, General Director, Public Works, Ministry of Public Works and Transport
- HE Nuith Nin Doseun, Secretary of State, Ministry of Tourism
- HE Chhay Rithaen, Director, Bureau of Urban Affairs, Municipality of Phnom Penh

Participant List		
Company	Delegate	Position
Adidea Bank Ltd.	Brinsden, John	Vice Chairman
ADW (Arbeitskreis Deutsche Wirtschaft)	Thomas, Paul	
German Business Group		
Agia (ASEAN) Sdn Bhd	Buytaert, Peter	Managing Director-ASEAN
Allen Arthur Robinson International Law Crouch, Ewen		Executive Partner Asia Pacific
APL Cambodia Co., Ltd.	Basile, Waldo C.	Managing Director
Apsara Tours	Chansophea Chun	President
Aragon Ltd.	Maire, Stephen	Director
Asia Insurance (Cambodia) Ltd.	Brandt-Gagnon, Pascal	General Manager
Asian Development Bank	Jude, Anthony J.	Portfolio Management Specials (Deputy Head Cambodia Resident Mission
Asian Development Bank	Malik, Uroqj	Country Director, Cambodia Resident Mission
Asian Development Bank	Rottanak, Keo	National Officer
Asian Development Bank	Ouk, Nida	National Officer
Asian Development Bank	Piseth Long	Assistant Program/Operations Assistant
Association of Banks in Cambodia	Khov Boun Chhay	Chairman
Association of Banks in Cambodia	Chan Kok Choy	Vice - Chairman
Australian Embassy	Whyatt, Justin	Third Secretary (Political/Economic) Trade and Investment Representative (Austrade)
Australian Trade Commission	Rambhavadhana, Mukda	Business Development Manager Greater Mekong Region
Australian Trade Commission	Karnasuta, Mafee	Business Development Manager Greater Mekong Region
Australian Trade Commission	MacMillan Cameron	Senior Trade Commission
AZ Group of Companies	Hoaw, Okhna Ing Bun	Chairman & CEO
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Bangkok Airways Co., Ltd.	Thavavong Thanasumitra	Senior Vice-President
Bangkok Airways Co., Ltd.	Varavarn, M. L. Nandhika	Senior Corporate Communication Director
Bangkok Airways Co., Ltd.	Theekakul, Pradit	Senior Vice President
Bangkok Airways Co., Ltd.	Prasarttong-Osoth, Puttipong	Senior Vice President Operations
Bangkok Airways Co., Ltd.	Thanasumitra, Thavswong	Senior Vice President Finance
Bangkok Airways Co., Ltd.	Wiesner, Peter	Vice President-Marketing
Bangkok Airways Co., Ltd.	Kongsawat, Amornat	Sales Manager
Bankworld Incorporated	Googins, Robert	Senior Insurance Advisor
Bates Cambodia Ltd.	Nett, Blitz	Account Director
Belwester (Thailand) Ltd.	Smith, Graham A.	Operations Manager
BMW Asia Pte Ltd.	Haririan, Christian	Area Manager
BP South East Asia Ltd.	Dong, Vu Tam	Retail Development Manager
British Embassy	Bridges, Stephen, J	Ambassador
C H Williams Talhar & Wong Sdn Bhd	Yeo Kian Aun, Hansen	Assistant Manager
C H Williams Talhar & Wong Sdn Bhd	Loh, John S C.	Managing Director
C H Williams Talhar & Wong Sdn Bhd	Laong, Tan Ka.	Senior Assistant Manager-Valuation
Caltex Cambodia Ltd.	Mondigo, Edgar C.	Senior Manager Distribution
Caltex Cambodia Ltd.	Nuttasomboon, Vaiditha	Finance Manager
Caltex Cambodia Ltd.	Seong, Ng Peng.	General Manager
Caltex Cambodia Ltd.	Saravuth, Rath	Assistant Commercial Manager
Cambodia Airport Management Services Wahab, Rosal Abdul, Ltd.		Finance and Administration Manager
Cambodia Commercial Bank	Mean, Khy	Manager Administration Department
Cambodia Mekong Bank Public Ltd.	Stephen, Michael C.	Chairman
Cambodia Mekong Bank Public Ltd.	Chhay, Khov Boun.	President & CEO
Cambodia Smart Co., Ltd.	Lertwisethrearak, Somchai	General Manager
Cambodian Association of Travel Agents Heng, Meng		President
Cambodian Craft Cooperation	Hiranyan, Seang	Executive Director
Cambodian Institute for Cooperation and Solwarth, Dr. Chap Peace		Assistant Director
Cambodian Institute for Cooperation and Vanderth, Dr. Cheah Peace		Economist
Cambodian Institute for Cooperation and HRH Norodom Sirivuthi Peace		Chairman
Cambodian Institute for Cooperation and Houm, Kao Kim, Peace		Director
Cambodian Public Bank Ltd.	Chan Kok Choy	General Manager
Cambrew Ltd.	Sing, Teh	Chief Operating Officer
Canada Bank Ltd.	Ng, M. K.	Adviser to C.E.O. & Project Planning
Canada Bank Ltd.	Yee Cos,Long	Financial Controller
Canada Bank Ltd.	Hoa, Khinh Phuong	Deputy General Manager
Canadian Embassy	San Sarana.	Commercial Officer/ Agent Commercial
CB Richard Ellis (Thailand) Co., Ltd.	Simister, David	Managing Director
CDC Capital Partners	Seller, Charles	Investment Director
Chenue Offshore (Thailand) Ltd.	Jalabek, D. Richard	Managing Director



Chevron Offshore (Thailand) Ltd.	Ratikan Chaiwanti	Government Relations and Public Affairs Manager
Chevron Overseas Petroleum (Cambodia) Ltd.	Mattingly, G. A. (George), a)	Asset Manager
Chevron Overseas Petroleum	A. T. (Trem) Smith	Director, Reservoir Management, New Ventures and Technology Asia South Business Unit
Chevron/Texaco E & P Technology Co.	Robert McElrath	Technology Manager
Chevron/Texaco Overseas	James Powers	New Ventures Leader
Chevron/Texaco Cambodia	Luu, Simon M. T.,	Country Manager Lubricants
Chuchawal de Weger International Ltd.	Willems, Kees	President
Chuchawal de Weger International Ltd.	Ivan Keogh	Resident Engineer
CIE Chimex Import-Export	Chheang, Srey Leang,	General Director
Citril (Cambodia)	Pacetti, Franco	Director
Clifford Chance Winot Ltd.	Bargery, Christopher	Lawyer
Comin Khmère	Catry, Dominique	Chairman
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Conoco Inc.	Liu, E. Daisy,	Manager, S.E. Asia Affairs, Government Affairs
Conoco Inc.	Berman, Elizabeth	Director, Business Development Power, Water & Midstream Gas
Council for Development of Cambodia	Vannara, Chheng	Deputy Secretary General of the Council for the Development of Cambodia
Council for Development of Cambodia	Sittthy, Suon	Deputy Secretary General of the Council for the Development of Cambodia (CDC)
Council for Development of Cambodia	Vuthy, Chea	Director of Public Relations and Promotion Cambodia Investment Board
Council for Development of Cambodia	Thoraxy, Hing	Director Project Monitoring Department
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De Leuw, Cather International	Thomsen, Jorgen	Vice President and General Manager
Dirksen Filpse Doran & Le	Firth, Charlie	Lawyer
Dirksen Filpse Doran & Le	Doran, David	Managing Director
Eastern Steel Industry Corporation	Tateiku, Frank	Vice President
Embassy of the Lao People's Democratic Republic	Vorasam, Thouane	Ambassador
Embassy of the Union of Myanmar	Wai, Maung	Counsellor
EPC Solution Co., Ltd.	Tablimes, Pirat	Managing Director
ERM-Siam Co., Ltd.	Kritporn, Phanu	Managing Director
European Trend Fashion (Cambodia) Ltd.	Young, Elsin	Director
Exel (Thailand) Ltd.	Khaou, Michel	Regional Business Development Manager, Indochina
Ferrosstal (Thailand) Co., Ltd.	Schmittmann, Andre	Managing Director
Finansa Ltd.	Marshall, James	Director of Research
Finansa Ltd.	Pokachaiyapat, Vorasit	Executive Director
First Travel Cambodia, Representative L. Rutten, Tui	utthanas	Managing Director
Fluor Daniel Company	Gable, Steven Lee,	Director, South East Asia Operations
Fluor Daniel Engineers & Constructors Ltd.	Dally, Jack	Director Business Development South East Asia
Ford Motor Company	Orakul, Carol B.,	District Manager Ford Asia Pacific
Ford Motor Company	Lau, Terence J.,	Director, ASEAN Government Affairs
Fortis Insurance	Hioeng, Bob Yap Seh,	Executive Director
Foster Wheeler International Corporation Wongsingphaboon, Kitt		Business Development Manager
Garment Manufacturers Association in Cambodia	C Van Sou Ieng,	Chairman
German Embassy	Dr. Rueckert, Frank	Deputy Head of Mission
German Technical Cooperation	Dr. Engelhardt, Thomas	Director (GTZ Office Phnom Penh)
German Technical Cooperation	Manier, Simone	Chief Administrator
German-Thai Chamber of Commerce	Buerkle, Stefan	Chief Business Economics and Advisory Division
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GlaxoSmithKline Asia-Pacific Pte. Ltd.	Zhang, Michael	Managing Director
GlaxoSmithKline (Thailand) Ltd	Du Bai, Thu	Senior Brand Manager
Goetz Trading Ltd	Kent, Linus	Director
Helicopters Cambodia Ltd.	Treloar, Kevin	General Manager
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Hill & Associates (Thailand) Ltd.	Dougherty, Brian	General manager, Indochina
Hotel Le Royal	Meier, Thomas B.,	General Manager
Indochina Research	Smyth, Tim	Managing Director
Indochine Insurance	Lemah, Philippe	Managing Director
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International Logistics Management (Viet Lyons, Stuart S., nam), Ltd.		Station Manager
International Lottery & Totalizator Systems, Inc.	Nock, Paul R.,	Business Development, Asia
International Monetary Fund	Hagemann, Robert P.,	Resident Representative
Interquess Enterprises	Gjemmestad, Kim	Director
Interquess Enterprises	Geraud, Mario	Director
Investment & Trade Promotion Centre	Le Cong Dieu,	President
Jalaphanth Cement Public Co., Ltd.	Callini, Roberto	Managing Director
Jardine Matheson (Thailand) Ltd.	Smiley, Philip	Chairman Thailand Myanmar, Indochina
Jupiter Power (Cambodia)	Parry, Jason	Managing Operations
Jupiter Power (Cambodia)	Kondrat, Jo-Anne	General Manager
Jupiter Power (Cambodia)	Sok, Sela	President & CEO
Khaou Chuly Group	Phalaboth Oknha' Khaou	President
KLM Royal Dutch Airlines	Oliver, Richard	General Manager South East Asia
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KPMG	King, David	Director-Tax & Consulting Services
KPMG	McCullough, Cameron D,	Partner
KPMG Advisory (Thailand) Ltd.	Cioccarelli, Stuart	Partner
Kumia Insurans (Malaysia) Berhad	San Chee Kit,	GM Corporate Planning & Finance
Kumia Insurans (Malaysia) Berhad	Moo, Dato' Quah Teong,	General Manager Central Region
Kumia Insurans (Malaysia) Berhad	Loh, Adrian	Managing Director/Chief Executive Officer
Law & Associates Co., Ltd.	Law, Arthur	Partner
MAA Engineering Consultants International Ltd.	Newell, Michael B.,	Vice President for Business Development Mekong Region
Malayan Banking Berhad	Khair, Abdul Malek Mohd,	General Manager
MCC Transport	Anderson, Preben Hartvig,	Owners Representative
Mekong Law Group	Chhung, Kong	Lawyer
Mekong Law Group	Ouk, Ry	Lawyer
Mekong Project Development Facility	Sack, Adam	Regional Manager
Metro Group	Sambo, Ly	Director
Micassa Cambodian Hotels & Apartment Ltd.	Seng, Tan Eng	Financial Controller
Micassa Cambodian Hotels & Apartment Ltd.	Siang, Mike Lee Kheng,	General Manager
Micros-Fidelo Singapore Pte Ltd.	Chong, Robert	Managing Director
Microsoft	Hieu, Phan Trung,	Channel Manager
Microsoft	Cuong, Ngo Phuc,	Chief Representative, General Manager
Ministry of Commerce	Ravy, Khok	Secretary of State
Ministry of Commerce	McNaughton, Andrew	Pro-Poor Trade Strategy
Ministry of Economy and Finance Department of Financial Industry	May, Vann	Director
Ministry of Economy and Finance Department of Financial Industry	Hang Chuon, Ph. D	Deputy Secretary General Economic Assistant to the Prime Minister
Ministry of Economy and Finance Department of Financial Industry	Popeak, Kim	Assistant to General Secretary
Ministry of Tourism	Doorn, Nuth Nin,	Secretary of State
Mitsubishi Corporation	Nishihara, Michio	General Manager
Mitsui Oil Exploration Co., Ltd.	Kuwakuchi, Yutaku	Deputy General Manager Petrosum Engineer
Mitsui Oil Exploration Co., Ltd.	Sato, Tomoaki	Project Manager
Mitsui Oil Exploration Co., Ltd.	Kuwavichi, Yutaku	Deputy General Manager
Motorola Electronics Pte Ltd.	Thaker, Aktar H.,	Director of Distribution
Motorola Electronics Pte Ltd.	Sake, Ramaakanth	Regional Sales Manager
MSAS Global Logistics (Cambodia) Co., Ltd.	Huykieu, Khau	Sales Manager



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