

VISIONS of CAMBODIA

ISSUE: 01 - 07 SEPTEMBER 2014

U.S. BUSINESS EXECUTIVES EYE INVESTMENT POTENTIAL IN CAMBODIA

Prime Minister Hun Sen recently received the visiting U.S.-ASEAN Business Council Delegation led by Ms. Kathleen Santillo, Singapore-based Regional Managing Director of the U.S.-ASEAN Business Council at the Peace Palace in Phnom Penh.

During the meeting that Prime Minister Hun Sen informed the delegation of the priorities of Cambodia, ranging from the training of human resources, serving as the first priority; boosting agricultural development by focusing attention on rehabilitation of irrigation; building transport and telecommunications infrastructure; to energy construction.

Continued on page (2)

U.S. GIANT REAL ESTATE AGENT STEPS INTO CAMBODIA

A U.S. giant real estate agent, Century 21, launched its offices in Cambodia in early September 2014, bringing the firm's presence to 75 countries around the globe, company's officials said.

Real estate and construction have emerged as major economic drivers in the country in recent years, contributing to economic growth alongside tourism and agriculture.

Continued on page (3)

PRIME MINISTER REMAINS COMMITTED TO FIGHTING CORRUPTION



Prime Minister Hun Sen speaks during the 8th regional conference on fighting corruption in Phnom Penh, Cambodia, September 3, 2014.

Prime Minister Hun Sen has strongly welcomed the initiative taken by the Anti-Corruption Unit (ACU) and the private institutions to work together to combat the corruption in the private sector and to develop "Anti-Corruption Manual for Business in Cambodia", said the Premier during the opening of the 8th Regional Conference on Fighting Corruption and Building Trust of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific in Phnom Penh.

Prime Minister Hun Sen said that the corruption in Cambodia started following the political and economic reform from the planned economy to the free market economy through the promotion of the private sector.

Meanwhile, I am still of the view that the public and private sectors must joint hands to fight corruption. The anti-corruption policy of the Royal Government of Cambodia will not be fully effective if there is no contribution from the private sector. More importantly, the private sector's failure to participate means they are not accountable to themselves and the whole society in their operation.

It is without doubt that the collaboration between the public and private sectors will play a key role in enhancing not only the effectiveness and efficiency of fighting corruption, but also competitiveness of Cambodia's investment and business environment within the region and the world.

Continued on page (2)

PRIME MINISTER....

Prime Minister Hun Sen further said that the private sector needed to have the integrity and transparency because sometimes the public servants were just those who were blamed [to demand the bribes], but in fact they did not, and on the contrary the company staffs told their bosses that they needed the money to bribe, and they [the company staffs] embezzled the companies' money.

He said corruption was an older disease in the world...and it was not so easy to eradicate and it required strong will and commitment and proper legal norms.

The Royal Government of Cambodia of the 5th Legislature remains committed to fighting corruption as mentioned clearly in its political platform. Indeed, in implementing its Rectangular Strategy-Phase III, the Royal Government of Cambodia has further strengthened and enhanced the effectiveness of the three core anti-corruption measures that include (1) strengthening education to stop corrupt practices, (2) preventing corruption and (3) suppressing corruption by referring to court.

To achieve this objective, we will continue with the reforms which have been effectively and fruitfully implemented in previous mandates by keeping improving our anti-corruption campaign to achieve greater success. At the same time, we must also adjust the reform programs that are far from achieving their goals with flexibility and the sense of responsibility. In doing this, all ministries/institutions need to implement respective internal reforms based on the principle of "looking at yourself in the mirror, take shower, self-cleaning and treatment" and work in a more effective, transparent and accountable manner.

Additionally, the Royal Government of Cambodia has worked for years to create necessary laws and regulations to tackle corruption. In particular, we enacted the Law on Audit in 2000, the Criminal code in 2009, the Anti-corruption Law in 2010, the Law on Amendment to the Anti-corruption Law in 2011, and the Law on Public Procurement in 2012, and the Law on Combating Money Laundering and Terrorism Financing in 2013 etc. At the same time, the recent enactment of the 3 important laws on the functioning of the judicial branch is another step forward in our reform commitment.

In fact, fighting corruption in the private sector not only helps improve competition fairness conducive to business and investment growth, but also promotes responsibility, transparency, and accountability of each entity.

Recently, many reputable and well-known multinational companies have invested and started their business in Cambodia which proves that Cambodia is now a great place with clean business environment for multinational companies. Given current investment growth, I can say that Cambodia has a very favourable and attractive investment environment. This indeed will send a clear message to doubtful investors that clean environment for business and investment has been actually implemented in Cambodia and they can no longer choose investment path of the past.

In addition, other actors such as civil society, media, especially the public also have an important role in fighting corruption. This can be done through public dissemination and education on moral integrity, negative consequences of corruption, and their role in fighting corruption. ■

U.S. BUSINESS EXECUTIVES.....



Prime Minister Hun Sen (right) meets with visiting Ms. Kathleen Santillo, Singapore-based Regional Managing Director of the U.S.-ASEAN Business Council at the Peace Palace, Phnom Penh.

The Premier said, "Cambodia is turning the direction of development in addition to promoting industry-oriented investment through processing industry."

Ms. Kathleen Santillo said she brought U.S.-ASEAN investors to Cambodia at this time in order to find out the royal government's priorities, to make a contribution to the investment in the private and public sector, and to participate in small-and-medium sized enterprises, especially in ASEAN member countries and other businesses.

For 30 years, the US-ASEAN Business Council has been the premier advocacy organization for U.S. corporations operating within the dynamic Association of Southeast Asian Nations (ASEAN), serving as the leading voice of the U.S. private sector in promoting mutually beneficial trade and investment relationships between the United States and Southeast Asia.

ASEAN now represents more than 620 million people and a combined GDP of US\$2.2 trillion across Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The Council's members include the largest U.S. companies working in ASEAN, and range from newcomers to the region to companies that have been working in Southeast Asia for a century or more.

The mission of the Council, which represents more than 100 major U.S. corporations across Southeast Asia, is to deliver tangible results that support the members' business objectives by removing constraints on trade and investment activities in ASEAN, and elevating the importance of the U.S.-ASEAN economic relationship to American and ASEAN public policy makers and business leaders. ■

WORKERS' WAGE TO RISE TO USD 110 PER MONTH IN 2015

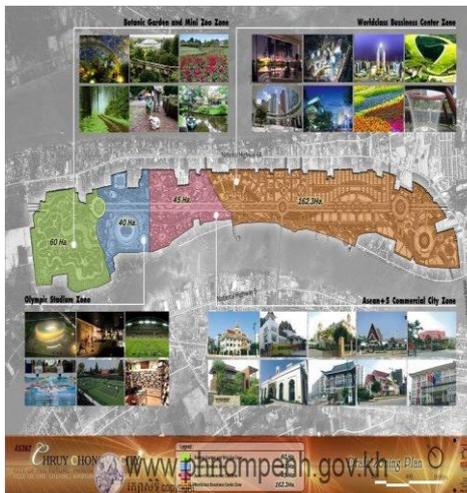
After a meeting in early September, employers of garment and footwear factories agreed to raise minimum wage to USD 110 per month starting from January 2015.

The raising wage once every year for workers depending on the economic situation was seen as a procedure implemented by Labour Advisory

Committee, which was agreed by employers, unionists and government.

Currently factory workers in garment sector receive USD 100 per month. The sector generates over USD 5 billion per year, and employs around 700,000 workers throughout the country. ■

US\$486 MILLION INVESTED IN A SATELLITE CITY DEVELOPMENT PROJECT



The Overseas Cambodia Investment Corporation (OCIC) has gained exclusive rights from the Royal Government of Cambodia to develop the area into a commercial, economic, cultural and sports center.

According to OCIC, recently the company has invested some US\$486 million in the development project of Chroy Changvar satellite city.

Now, the construction project at the eastern bank of the river in Chroy Changvar area is in progress, it added.

Located on an area of 387 hectares, the Chroy Changvar Satellite City will cover Phnom Penh's three Sangkats (communes)— Preak Leap, Chroy Changvar and Preak Tasek. ■

U.S. GIANT REAL ESTATE.....



"Kevin Goos, chief executive officer of Century 21 Cambodia, said the agent's focus is the sales of condominiums in Cambodia to international buyers through its global network.

"Cambodia is now one of the top countries in Asia to purchase a condominium as either an investment or a second home," he said.

Julie Chung, deputy chief of mission of the U.S. Embassy to Cambodia, said Century 21 was one of the America's most trusted and well-known companies.

She further said Century 21 will provide "a new standard of professionalism in the real estate sector here, ensuring greater opportunity and development for the entire nation", with the

presence of the company in Cambodia, she has confidence that more American firms will come to Cambodia for business opportunities. Philip Fong, chief marketing officer of Century 21 Cambodia, said so far, the agent has 7,100 offices in 75 countries.

"Properties listed with Century 21 will be viewed and serviced by more than 38,000 Century 21 sales professionals in Asia alone, not counting the thousands more around the world where Century 21 are present," he said at the launching ceremony. "For customers, this translates into properties being sold and bought faster, effectively and efficiently."

According to the latest figures of the Ministry of Land Management, Urban Planning and Construction, Cambodia's construction sector had received a total investment of 1.54 billion U.S. dollars in the first five months of 2014, up 210 percent over the same period last year.

Foreign investors in the sector are mostly from South Korea, China, Japan, Britain, Malaysia, Singapore, India and Vietnam. ■

CAMBODIA-MALAYSIA BILATERAL TRADE REACHES US\$2.6 BILLION IN THE PAST 10 YEARS

The volume of bilateral trade between Malaysia and Cambodia in the past ten years reached US\$2.6 billion, said H.E. Raszlan Bin Abdul Rashid, Malaysian Ambassador to Cambodia.

He made this comment during the celebration of Malaysia's 57th Independence Day.

In the meantime, he said, the diplomatic relation and tourism sector between the two nations have been promoted.

In 2013, the number of Malaysian tourists to Cambodia was more than 100,000, said the Malaysian diplomat.

Malaysia also helped disseminate tourism information in Cambodia to Malaysians who intended to visit the country, he added. ■

MALAYSIAN CORPORATION INKS A 10-YEAR POWER DEAL FOR CAMBODIAN BIOMASS ENERGY

Wah Seong Corp Bhd's subsidiary, PMTI Energy (Cambodia) Co Ltd has entered into a power purchase agreement with Electricite Du Cambodge (EDC), a wholly-owned limited liability enterprise in Cambodia.

Upon signing the agreement, PMTI Energy will provide and sell a contracted capacity of 48,000 megawatt (MW) of electricity per annum to EDC's network and EDC for 10 years, and the

supply may be extended for an additional period.

PMTI Energy has been granted approval by the Cambodian Ministry of Mines and Energy to invest in the construction of a 10MW power per hour rice husk power plant in Battambang province, Cambodia.

"Hence, PMTI Energy would be venturing into a biomass power plant project by exploiting

Cambodia's abundance supply of rice husk waste as a reliable source of renewable energy for electricity power generation," the company said in a filing to Bursa Malaysia.

It said the venture is in line with the group's strategy of developing a portfolio of renewable energy or power plants in the region that is expected to contribute positively to Wah Seong Corp Group's earnings. ■

RUBBER EXPORT INCREASES IN 7 MONTHS

Cambodia has reportedly seen an increase in natural rubber export in the first seven months of this year, hitting nearly 40,000 tons.

Volumes of rubber exports were from state-owned rubber plantation (100 tons), private rubber plantation (more than 10,092 tons) and agro-industrial investment on economic concession land (27,563 tons), a report of the Ministry of Agriculture, Forestry and Fisheries pointed out.

In 2013, Cambodia exported about 74,198 tons

of rubber latex, up 34 percent, earning a total revenue of around US\$170 million.

The rubber was sold to European Union, China, South Korea, Singapore, Malaysia, Thailand, and Vietnam and so on.

According to the Ministry of Agriculture, Forestry and Fisheries, the country had more than 325,900 hectares of rubber plantation in 2013, and the area is expected to reach 400,000 hectares in 2020, producing over 300,000 tons of rubber yield. ■

44% RISE IN NEW COMPANY REGISTRATIONS IN 7 MONTHS

Cambodia has granted operating licenses to 2,424 new companies in the first seven months of 2014, up 44 percent, according to the latest report of the Ministry of Commerce. Foreign companies accounted for 1,076, an increase of 32 percent as local registrations saw a 54 percent rise to 1,348. Foreign firms are mostly operated by Chinese, South Koreans, Japanese and Vietnamese and they are doing businesses in garment, footwear, agriculture, agro-industry, tourism, construction, and real estate. ■

ECO-FARM PLANNED FOR MONDULKIRI

In response to the call of the Cambodian government and actively participating in implementing Mondulkiri's eco-strategy, Guo Hong Investment Co., Macau Ltd., a Macau based investment company is beginning the development of a multi-million dollar ecological farm.

The company hopes to build a large eco-tourism farm by centralizing cleaning, cultivation and development in a sustainable manner. We hope that through our efforts, we can make the trees more lush, greening the environment. Animals will have a more comfortable habitat and the air will be fresher.

The eco-farm is an investment project which is expecting a return of investment in 20 years. It is said to have received strong support from the people of Cambodia and China.

So far, the company has already invested about \$110M, and expect to invest an additional \$120M in the next five years.

The sustainable development strategy of the company includes planting trees on 50,000 ha and making biodiesel fuel, and then replanting the same trees afterward. This will help to protect the natural resources, the effects of the changing climate, and preserve the diversification of Cambodia's abundant natural resources and eliminate poverty.

The stages of development will take about four to five years. Tourists are still welcome to visit the eco-farm while it is in the stages of clearing, plowing and cultivation. The holding company is a United Kingdom registered company which is wholly owned by Dr. Jorge Sukun Kuan and Dr. Alain Cole, who are Portuguese and British citizens respectively. The company has interests in five entities in Cambodia, all dealing in agriculture and various hotel projects with a total estimated investment of \$200M.

Guo Hong (International) Investment Development Co. Ltd., is working hand in hand with the Ministry of Agriculture, Forestry and Fisheries to protect the project area from animal traffickers and illegal loggers

and to make sure that they have the right species of trees to be planted. The group is also investing in plants for medicinal purposes, which are intended for export. The climate is perfect in Mondulkiri to grow herbal plants.

LOCAL VILLAGERS

The eco-farm project, when started, will ensure that it will be beneficial for the local economy, as well as for people who live nearby. Some of their projects are: building local schools; providing a clean, safe and fresh water supply; growing rice; and providing local employment.

The villagers, who live near the project area, will have an alternate livelihood – eco-tourism – while also setting up schooling and training opportunities to better their lives.

MONDULKIRI

The development of eco-farms and eco-projects is an essential part of the Cambodian government's "Four-Year-Plan." Mondulkiri is committed to expand to become one of the world's best eco-areas and has officially begun the implementation of the four-year project.

From 2014 to 2018, the number of tourists to Mondulkiri is expected to increase from 100,000 to 300,000 per year.

Mondulkiri is a perfect place to develop and entice tourists because it's a gentle mountainous province. It occupies a total area of 14,288 km² and has a population of 60,811, which includes 14 different indigenous people. Twenty percent of the population consists of Khmer and eighty percent are ethnic minorities.

Mondulkiri province has an average elevation of 800 m. above sea level and a different climate compared to other parts of Cambodia. The province is enormously rich in various natural resources, which are yet to be fully developed.

