

Good (morning?, afternoon?, evening?), Excellencies, ladies and gentlemen. I come from Cambodia and I am the first Deputy Chairman of the Garment Manufacturers Association in Cambodia (GMAC).

It is indeed a personal honour to be afforded this rare opportunity, especially on this very auspicious occasion of the 40<sup>th</sup> anniversary celebration of the foundation of CACCI, to address such as distinguished gathering consisting of the captains of industries from the Asia-Pacific region.

Besides the two Asian industrial juggernauts, China and India, the most talked about investment destination in Asia today is Vietnam. The Vietnam War ended in 1975. Unfortunately for us in Cambodia, we have to endure another 20 years, until 1995, before **REAL** peace can return to my country. Since 1996, when the US and EU granted us MFN/GSP trade status, Cambodia has not looked back.

The Cambodian garment industry is a sterling example of the lucrative potential that awaits discerning investors. In 1996, there were only less than 10 garment factories in Cambodia with their garment exports valued at a mere US\$6 million. Ten years later, in 2005, the value skyrocketed to US\$2.1 billion. As at end September 2006, there are 283 garment factories, predominantly owned by investors from the overseas Chinese diaspora with 80+ Taiwanese factories leading the count, followed by Hong Kong & Macau interests. They collectively employ 325,000 workers, 91% of them being ladies. The garment export value was estimated to be US\$1.78 billion, 15% higher when compared with the same period last year. We are sanguinely confident that the 2006 total will improve upon the record set in 2005.

Out of an estimated current population of 13,890,000 about 220,000 first time job seekers will be entering the labour market from 2005 till 2010. Cambodia, although classified as a Least Developed Country by the United Nations, has enormous agricultural potential (with a population density of only 79 persons/square kilometre) and abundant untapped mineral resources including oil and gas off its continental shelf slated to come on steam in 2009.

Being an LDC does have some benefits. Cambodian garments and other products enjoy duty free entry into such developed markets as Australia, Canada, EU and Japan. Our GSP with the US covers most items except textiles and garments. We are lobbying feverishly to get this repealed. Even China grants us GSP privilege for 300 items of agricultural produce. Being a member of ASEAN and the China-ASEAN Free Trade Area, we are scheduled to be integrated into these huge and increasingly prosperous markets by 2010.

Coming out from a quarter century of internecine war (1970-1995) that included the infamous Khmer Rouge regime, and coupled with the ideological shock encountered when transforming from a tightly planned command economy to a free, open & market driven economy is no easy task. Oversights and mistakes are bound to occur.

The Royal Government of Cambodia (RGC) is fully cognisant of such shortcomings. In response to increased competition from our near neighbours for the ever shrinking Foreign Direct Investment (FDI) funds, urged on by a stringent corps of foreign and domestic investors and with unceasing prompting from donors and international financial institutions, the RGC decided to act. In one bold stroke, the RGC promulgated, in December 2005, the long awaited Sub-Decree on the Amendment Law to the Law on Investment (passed in 2003) accompanied by a series of related regulations.

The most prominent of these new laws is the one on Special Economic Zones (SEZ). This new investment measure was drafted with technical assistance received from experts funded by the Japanese Government. It sets out to address all previous grievances, whether actual or perceived, pertaining to bureaucratic lethargy through the establishment of a One-Stop-Service Centre (OSSC) in each SEZ. Each OSSC will have its own pre-set performance service level and standard operation procedures to facilitate efficient and transparent interactions between the investors and the bureaucracy.

Leveraging and combining its abundantly young human resource willing to work at competitive wage levels, concessionary trade privileges into lucrative developed markets, generous investment, labour and fiscal incentives, the innovative OSSC with its proactive and enabling environment, the RGC has put into place an irresistible package that is on the wish list of most investors.

We are proud that our ancestors built the fabled Angkor Wat temples with their intricate designs and handiworks. We are progressing towards a truly democratic society. Where else in Asia can you listen to Radio Australia, BBC, French, Radio Free Asia, VOA on FM 24-hour daily? Watch the TV channels of the broadcasters mentioned above accompanied by all the major TV channels from Taiwan. In conclusion, I wish to invite fellow members of CACCI to come and "discover" Cambodia and profit from what you find.