

A company considering investing in Cambodia should be in a position to monitor the direction that the future government of the country will follow after the elections in 1993. Existing investment agreements that are seen as detrimental to the country will be scrutinized by the new government. Until a clear course is charted by the new government, investment should be viewed as uncertain.

22.2 Investment Policy

The FIL details five sectors for investment that are encouraged by the State of Cambodia:

- Production of goods for export or goods which can replace essential imported goods.
- Services which can promote income in foreign exchange.
- Construction of infrastructure such as power stations, particularly hydroelectric dams, bridges, ports, and airports.
- Utilization of raw materials and natural resources existing in the country.
- Agriculture and animal breeding.

22.3 Investment Incentives

The foreign investment legislation in Cambodia is very similar to the investment code of Vietnam which provides two important guarantees:

- The capital and property of a foreign investor shall not be expropriated, or requisitioned by administrative procedure or nationalization.
- Foreign investors will be entitled to remit abroad the following: profits, principal and interest on loans taken out in the course of operations, invested capital, and other monetary and fixed assets legally defined as their properties.

The foreign investment projects that follow the groupings mentioned in Section 22.2 are promoted activities encouraged by the government and may be allowed advantageous conditions.

Priority is also provided to foreign investors of Cambodian origin who want to contribute to the reconstruction of the country.

22.4 Trade and Investment Opportunities

Any long-term potential in Cambodia depends on the security situation and on settling political uncertainties. Until the political question in Cambodia is resolved with a firm commitment to opening the country, investment and trade opportunities will be limited.