

**Opening Remarks by H.E. Mr. Masafumi KUROKI**  
**Ambassador of Japan to the Kingdom of Cambodia**  
**at the OECD Greater Mekong Investment Policy Forum**  
**At the CDC Government Palace**  
March 28, 2012

- H.E. Mr. Sok Chenda Sophea, Minister attached to the Prime Minister, Secretary General of the Council for the Development of Cambodia (CDC)
- Mr. Andrea Goldstein, Head of Global Relations, Investment Division, OECD
- Ms. Glenda T. Reyes, Assistant Director, Services and Investment Division, ASEAN Secretariat
- Excellencies, Ladies and Gentlemen,

It is a pleasure for me to attend the Greater Mekong Investment Policy Forum co-hosted by the OECD and the Council for the Development of Cambodia (CDC).

First of all, I would like to express my sincere appreciation to the OECD for taking an initiative to organize this Forum, in conjunction with ASEAN6 Outbound Investment Mission. The OECD marked the 50<sup>th</sup> anniversary of its foundation last year, and is now actively engaged in the cooperation with non-member countries as outreach activities. Especially in the Southeast Asia, which has been designated as a strategic region by the

OECD, the countries in the region have been receiving OECD's specialized policy advice, in particular, on the improvement of investment environment.

Mekong Region is now one of the fastest growing regions in the world and its stable and high economic growth has been attracting foreign direct investment. Even after the global economic crisis in 2009, Mekong region quickly recovered and returned to the growth track, showing the remarkable resilience of their economies.

However, the countries in this region are at different stages of development and, except for the Thailand, they are less developed countries in the ASEAN, facing many development challenges. One of the important agendas of ASEAN is to narrow the development gap among ASEAN countries to achieve its economic integration. Therefore, economic development of Mekong region is also important for the ASEAN integration.

The key to dynamic economic growth and sustainable poverty reduction in this region is to expand the volume of international trade and foreign direct investment in order to supplement insufficient domestic capital and technology. Thus, the continuous improvement of investment environment, which is

the theme of today's Forum, is critically important.

Recent significant advantage of Mekong region countries to attract more investment is the progress of regional integration. ASEAN Free Trade Area (AFTA) as well as FTA between ASEAN and other partner countries such as Japan, China, Republic of Korea, India and Australia/NZ is promoting trade and investment of these countries. The enhancement of the Connectivity among Mekong region countries as a part of ASEAN Connectivity is another positive development. These FTAs and closer Connectivity make private investors to build their production and supply chains not only on a country basis but also on a regional basis. We can already see concrete examples of regional production chain taking place.

There is no perfect investment environment in any country. Foreign companies decide the location of their investments by comparing the investment environments in various countries. Accordingly, in order to continue to attract foreign investments, recipient countries must keep efforts to retain their comparative advantages. In this context, it is important for these countries to accurately recognize both their advantages and disadvantages and keep up with ever changing demands of investors. Therefore, constant dialogue between the Government and the private sector

is critically important.

In case of Cambodia, the Government is promoting the dialogue with private sector by organizing the Government-Private Sector Forum regularly and several Working Groups under the Forum have meetings to address specific issues of concern for the private sector.

The efforts of the Cambodian Government to promote the trade and investment have been quite significant and produced concrete results. Cambodia has achieved political stability and safety as well as macro-economic stability which are the prerequisites for private sector development. Cambodia has also improved the investment related laws and regulations to make them more transparent and streamlined, promoted the development of Special Economic Zones and introduced various investment incentives. Cambodia can also supply abundant and relatively cheap labor forces and rich agriculture resources.

As a result of Government's continuous efforts, the investment climate of Cambodia has been steadily improving, attracting increasing volume of foreign direct investment.

The Government of Japan, as the top donor of development assistance to Cambodia for more than 20 years, has been supporting Cambodia's efforts for improving investment

environment such as the development of economic infrastructure and human resource development. Investment of Japanese companies in Cambodia, which was relatively small in the past, is significantly increasing in recent years and it has more than doubled in 2011 from the previous year.

It is clear that each country of Mekong region has its own advantages and challenges. There is no one size fit all solution for the improvement of investment climate. But I hope that this Forum will provide a useful opportunity to exchange views and experiences on the policy measures undertaken by each of the Mekong countries as well as to have instructive views from OECD and other participants for making Mekong region more competitive and attractive for investors.

I would like to conclude my remarks by wishing the success of this Forum.

Thank you for your attention.