



NATIONAL BANK OF CAMBODIA

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Remarks by
Her Excellency Neav Chanthana, Deputy Governor, National Bank of Cambodia
on the Launching Ceremony of the Results of Foreign Direct Investment Survey 2014
in collaboration between the National Bank of Cambodia
and the National Institute of Statistics, Ministry of Planning
Hotel Cambodiana, on July 28, 2016

- H.E. **Hor Darith**, Under-secretary of State, Ministry of Planning
- H.E. **Hang Lina**, Delegate of RGC in charge of Director General of the National Institute of Statistics, Ministry of Planning
- H.E. **Chea Serey**, Director General, Central Banking Directorate of NBC
- Excellencies, Laukchumteav, Neak Oknha, Ladies and Gentlemen

Today, on behalf of **His Excellency Chea Chanto**, Governor of National Bank of Cambodia, I have a great honor and pleasure to attend this **Launching Ceremony of FDI Survey Results** which is the first joint achievement between the NBC and the National Institute of Statistics of the Ministry of Planning as a result of the joint agreement in June 2015. The results will be used as a critical input for strengthening the quality of FDI statistics, a main component of the Balance of Payments, which reflects the situation of Cambodia's international investments in response to the increasing demands by data users, including the Royal Government, international financial institutions, researchers, investors, and so on.

In the context of globalization, the integration of international capital market has led to strong growth of foreign direct investment inflows since early 1990s and is also a leading factor to increase trade as well as the world economy. In contrast to short-term of capital flows, foreign direct investment is viewed as a good cholesterol since this type of investment is embedded with long-term vision and of multiple benefits. Capital inflows under the form of foreign direct investment offers multiple benefits to many recipient countries, especially developing countries, and those advantages include: (1) transfer of technology from developed countries to developing world, (2) increase job opportunities for local people and increase vocational skills training to

employees on new business operations whereby this mechanism has contributed to human resource development and poverty reduction, and (3) contribute to corporate tax revenue in the host country.

In the context of Cambodia, the Cambodian economy over the last two decades has grown at the rapid pace by shifting from an economy that relies almost entirely on agriculture and small-scale production to a country that now relies on light industry and service sectors. According to the Asia Development Bank's Asian Development Outlook 2016, Cambodia's economy has grown by 7% or more and this pace is expected to continue through 2017, and this strong momentum is moving Cambodia toward becoming one of the new tiger economies of Asia. The fruit of such progress is resulted from the contribution of foreign direct investment, which is considered as a strong pillar to ensure stable economic growth. For cross-border investment, in general, investors always consider key factors such as labor costs, costs of raw materials, infrastructure, high productivity of the workforce, skill levels, business climate, less restricted regulations, and so on. The quick increased inflow of foreign direct investment in Cambodia is the achievements and efforts of the Royal Government in attracting foreign investors by providing enabling investment climate, formulating investment law and regulations which offer generous incentives to investors, establishing investment authority (Council for the Development of Cambodia), making reform of administrative procedures, making investment on physical infrastructure, and maintaining macroeconomic stability, etc.

Excellencies, Laukchumteav, Neak Oknha, Ladies and Gentlemen,

I would like to inform you that due to the necessity of FDI statistics as above mentioned, the National Bank of Cambodia and the National Institute of Statistics of the Ministry of Planning decided to sign an official agreement on **Foreign Direct Investment Survey** on June 2, 2015 in order to collect and compile this kind of statistics to meet the needs of national and international data users.

According to the survey results of FDI 2014, the amount of foreign direct investment was estimated approximately 19.2 billion US dollars at the end of 2014, led by the manufacturing sector (24%), real estate (15%), agriculture (14%), financial sector (12%), energy sector (11%), services, accommodation and food (11%), etc. In terms of FDI inflow by geographical country, countries from Asia accounted for nearly 90% of the total FDI. China (including mainland China, Taiwan, Hong Kong and Macau) was the largest investor sharing about 44% of the total FDI at the end of 2014. The second largest investors were ASEAN member countries which represent an approximate proportion of 22%, of which, there were no investments from Laos and Myanmar to Cambodia, and there were only limited FDIs from Indonesia, the Philippines and Brunei. Major investing countries from ASEAN include Vietnam, Malaysia, Thailand and Singapore. Korea and Japan, were the top investing countries among other countries from Asia. European countries

shared their investments proportion about 7% of the total FDI, of which EU's investment shared its proportion of 86% of the total investment of the whole European countries.

Excellencies, Laukchumteav, Neak Oknha, Ladies and Gentlemen,

Once again, I would like to highly appreciate the efforts of the officials from the National Bank of Cambodia and the National Institute of Statistics of the Ministry of Planning for their attention on the Survey Work to realize today's success. I would also like to take this opportunity to advance my great appreciation to companies and enterprises for their cooperations with the working team in the spirit of promoting the field of statistics in Cambodia. In addition to these, I am grateful to the concerned ministries and institutions, including Ministry of Economy and Finance, Ministry of Land Management, Urban Planning and Construction, Ministry of Commerce, Council for Development of Cambodia, and other ministries and institutions for their contributions in sharing their valuable comments to the report and also for their continued cooperation in exchange of key statistical data with NBC for facilitating the compilation and dissemination of Cambodia's Balance of Payments Statistics. I would like to insist all concerned ministries and institutions to further strengthen their excellent traditional cooperation with the National Bank of Cambodia to help improve the quality of Cambodia's statistics and the entire national statistical system.

Finally, I would like to thank Laukchumteav **Chea Serey**, Director General, Central Banking Directorate of NBC and Laukchumteav **Hang Lina**, Delegate of RGC in charge of Director General of the National Institute of Statistics, Ministry of Planning, for making their efforts from the commencement to today's success. At the same time, I would also like to take this opportunity to extend my deep thanks to **His Excellency Chea Chanto**, Governor of the National Bank of Cambodia, all NBC's Management and **His Excellency Chhay Than**, Senior Minister, Minister of Ministry of Planning, for his supports and serious attention on the sector of Cambodia's statistics, especially in the fields of foreign, monetary and financial sectors. Allow me please to thank Your Excellencies, Laukchumteav, Neak Oknha, Ladies and Gentlemen for spending your valuable time with us attending this launching ceremony.

Lastly, Excellencies, Laukchumteav, Neak Oknha, Ladies and Gentlemen, may I wish you with the four Buddha's gems, longevity, beauty, happiness, and strength. Permit me please to officially declare **FDI Survey Results 2014** from now on.

Thank You.