

## ABSTRACT

Foreign Investment in Garment & Textile factor is considered as the second biggest industry which plays an important role in improvement and development of Cambodia economics and reduces unemployment issue through accessibility the thousand prospect jobs for Cambodian people who can be contributed in garment & textile factory in order to generate income for supporting their expense daily and help for developing community. Since the signing of the 1991 Paris Peace Accords and the structural economic reform, foreign investment were encouraged to invest in Cambodia through a political environment in which there was domestic peace and security, and commitment to ensure the macroeconomic stability and provided a favorable investment climate enshrined in the law on investment of 1994 by revolution from social market to free market for receiving all sides of international investors in region and outside region relocate businesses into Cambodia that get highly competency and more advantages of business incentive.

And then, Cambodia's export-oriented garment industry has emerged and growth very effective when flowing foreign investors relocated investment into Cambodia that those investors from Hong Kong, Taiwan, Malaysia, Singapore, and Cambodia was provided advantage in the country's quota-free access to the US and EU markets and secondarily its relatively low wage rates so Cambodia's garment industry has been a pivotal source of export growth representing 80% of the country's total export and directly contributing approximately 20% to the country's gross domestic product (GDP). Basically, garment & textile finished products have offered free taxation in exporting to hug markets in the world as the United States, EU, Australia and ASEAN countries. These potential sectors that encouraged mainly foreign investors relocated manufacturing bias in Cambodia because beside the provided profitable permission, there are several factors which attractively for international investment that look for advantages of business location, product floor cost, and worker if compare to other countries in the region. Therefore, the flowing of garment & textile investments was increasing very fast and Cambodian government was created the special economic zones (SEZs) where located the mainly sub-city and provinces in order to efficiency accessed production and connected to workforce.

As the result, garment & textile sector have pushed Cambodia with improvement of social infrastructure, economic growth rate, and reduced flowing of workforce to the neighboring countries where confront a lot of problems and lack of workforce to supply in domestic industries such textile & garment, tourism, agricultural, and construction sectors. That's why, Cambodian government affords in promoting the potential prospect investments which offered multiple business incentives refer to increase interaction of business activities with the mainly foreign investors that enable to upgrade the numerous of exporting garment & textile products into the foreign markets which occupied the big market shares among others countries' products and Cambodia is one of the beneficiaries of the Generalized System of Preferences (GSP) schemes operated by the developed countries. Under these schemes, import tariffs on many products from the beneficiary countries are exempt or reduced if requirements such as rules of origin are fulfilled.