

19 June 2006 (Unofficial Translation of Selected Comments)

Breaking the Ground to Build New CRC Office Building



19 June 06—Samdech Hun Sen and Madame during the Ground-breaking Ceremony to Build Office of the Cambodian Red Cross.

... I have a great pleasure to be present at the construction site of the new headquarters of the Cambodian Red Cross – another new achievement of the Kingdom of Cambodia. May I take this opportunity to express my sincere appreciation and gratefulness to Chum Teav Bun Rany and the leadership of the Cambodian Red Cross for inviting me to the groundbreaking ceremony to build the its new office building today. What impresses me most is the fact that the construction today stemmed from the charity of members of the Cambodian Red Cross who have made contribution for CRC to have an office of its own.

The Cambodian Red Cross bought this land in 1983 at a price of 1200 US\$, while in 1979 the price of land in Phnom Penh was nil. If they were to sell out the land at current price, they would be making a lot of money. I have

to express my sincere appreciation for the fact that CRC decided to maintain the land left from the January 7, 1979 up to the present. As is said in her remark the present building is 60 years old and the space has not been adequately responding to CRC needs.

I wish to note that CRC has now become a lively and active organization from top to bottom, while growing bigger year after year. CRC awareness service has been great and drawing much attention. CRC activities have been publicized through various TV programs making their awareness service highly effective. Through this I have a strong belief that we will have a strong solidarity force for the sake of humanity. In fact the origination of the Cambodian Red Cross could not be separated from the efforts made by Samdech Ov – the Heroic King and Samdech
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30 June 2006 (Unofficial Translation of Selected Comments)

Some Thoughts on Traffic Safety Concerns

... HE Sar Kheng, Deputy Prime Minister and Minister for Interior, has brought forwards important recommendations to our seminar on power delegation to the office of Public Works and Transports at the provincial level to issue number identity to all vehicles. There is some kind of conflicting procedure of two Sub-decrees where the idea of concentration and de-concentration has not been made clear. I have just had a confirmation from the Secre-

tary of State on the issue that indeed the Ministry of Transport and Public Works is doing the work of issuing number license – where number plate of motorcycles have to be collected from Phnom Penh whereas all vehicles number license have to come to Phnom Penh.

Let us see the fact that a citizen in Udor Mean Cheny bought a second hand vehicle, would you think he comes all
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27 June 06 (Unofficial Translation of Selected Comments)

Inaugurating the Hun Sen—Udor Mean Chey College

... On behalf of the Royal Government of Cambodia and my wife, I wish to convey my sincere appreciation and thanks to our people and monks who are present here today. I have a great pleasure to be in the province of Udor Mean Chey to put into use some of the achievements and would be grateful for keeping my trip a while from the last time that I went to visit Anlong Veng together with the offering to build few more school buildings and a road which connects it to the district of Banteay Srey (Siemreap province). We have a part of the college's building done but we have more to build at the contribution made by Oknha Ly Yung Phat and Oknha Lim Heng. HE Governor Pich Sothin of Udor Mean Chey already mentioned in his report that together with the construction of three college's building of

fifteen classrooms and two primary school buildings of twelve classrooms at Samraong, we have three more school buildings of 16 classrooms to inaugurate in the district of Chong Kal and five buildings of 30 classrooms in the district of Anlong Veng, four buildings of 20 classrooms in Banteal Ampil, 6 buildings of 33 classrooms in Tropeang Prasat – together in all we have 23 buildings of 126 classrooms to be inaugurated today.

In 1964, Preah Bat Samdech Preah Norodom Sihanouk created for the first time the province of Udor Mean Chey
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Mae – the Heroic Queen – who still preside over as honorary President of CRC. CRC was established in 1955 and operated till 1970. After 1970, CRC operated in towns and cities only. In between 1975 and 1979, CRC was completely dissolved. Under the former State of Cambodia, CRC was again established on May 16, 1979, with HE Phlek Phirun as its President and HE Mey Samedi as its General Secretary. Because the country at that time had more than one faction in the conflict, other factions also have their own CRC service. Under wise leadership of Samdech Ov, the CRC service from all factions have come to one and worked together within the national framework. No one could ever replace this role of our Heroic King and Heroic Queen.

On behalf of the Royal Government of Cambodia I wish to take this opportunity to express my sincere appreciation to the assistance provided by CRC on its behalf in resolving difficulties in the country. Faced with tragedy and hardships caused by natural and man-made disasters CRC has always been an effective helping hand. The CRC structure has been effective in resolving demands at the local level on behalf of the central level. The Royal Government of Cambodia is to contribute 30% of the total cost of construction. The good point of CRC is the fact that all contributors are not only those with big contributions, but also those with smallest contributions, which have also been declared on TV. When the construction is finished I would urge CRC leadership to invite Samdech Heroic Queen who is the Honorary

17 June 06 (Unofficial Translation of Selected Comments)**Visiting the Bridge Construction in Kompong Thom**

... My wife and I would like to express our joy and appreciation of being here today with all of our people. I am sorry that I have kept you all waiting for a while as I made a bird's eye view visit to two other bridge construction sites – the Sandan Bridge, to be inaugurated on December 2, and the Kompong Choeteal Bridge. My wife and I have twice been in the district of Stong – to the pagoda of Stong and to the construction of bridges over there. I watched on TV HE Gen. Kvan Siem, commander of the military engineering team, visiting the construction sites in Sandan and Kompong Choeteal.

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2 I wish to take this solemn occasion to express my sincere appreciation and gratefulness to the military engineering team for their active contribution and efforts in making the construction of the bridges possible. I may say that it is now time to start doing and cannot afford to keep our people waiting any longer, as the bridges in place have an enormous positive impact on the people's living condition. I have indeed ordered that the bridges of Kompong Choeteal and Ta Aok be finished before the Khmer New Year so as to allow our people to cross from one side of the river to the other for religious activities. The two bridges were in fact done on April 4th – which also is my birth date. These bridges caused different kind

President of the CRC to preside over the inauguration of the new building. If the Heroic Queen were to be absent in the country, the CRC leadership should invite HM the King to do so ■

of feelings among people involved. Take for instance those who operated ferry boats have now come to a situation where they could not make business on the spot anymore. There are also feelings of taking and implementing order seriously among those of the military engineering teams as they have fulfilled their tasks and ensured a timely achievement that is useful for the people. As the leader I have a special feeling that we have united our forces and fulfilled our aim successfully. Last but not least the feelings of our people who find out that the bridges are providing them both direct and indirect benefits. They should be the happiest of all.

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4 This in fact is not achieved of course not without discontent by some circle of opposition views. It can't be denied that there have been numerous promises to build the bridges here. Promise making has been a way of getting people being persuaded. As for my team I have warned that no one promises anything that one can't keep. Take for instance, I have sounded out the frog-leap strategy in improving roads and bridges infrastructures in the country as a whole, in the region in particular. Take for instance we have planned to get from here to the district of Sambo of Kratie, but it has to be done in steps – from Sandan to Tumring, and from Tumring at some stage to Sambo. Take also for granted here we have now a few concrete bridges and some as Bailey. All Bailey bridges would eventually be replaced by concrete ones. Once we have a road connection from here to Sambo of Kratie, we could shorten the

trip to Stoeng Treng on the border with Laos. In July I will go to Stoeng Treng to preside over the connection of the 1000-meter concrete bridge over the Mekong river and the 198 Kilometers road between Kratie and the border with Laos – that are built in assistance by the Government of the People's Republic of China.

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6 In face of outcry on salary increase, I would suggest our people to think about giving more salary to civil servants while reducing investment in infrastructure and to demand high salary while forcing investors to close down factories, the result of which would be no jobs and no pays at all. But our people have their appropriate understandings. I was born where there are heaps of difficulties and I could not stand neglecting those difficulties at all. It is also my duty to think first of all about real needs of our people. Pol Pot incited among classes through what they called class struggle within the Cambodian society, as a result people dared killed people just because of a slogan "the trees are in the rural areas, whereas the fruits are in the cities."

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8 In fact it is a trade relation pattern. If you do not sell your products in markets that are in the cities, where else could you sell your products. Vice versa people in the city produce clothing and they sell in return to people in the countryside. Therefore it is indeed a kind of trade relation and it would be absurd to think the way Pol Pot did that those in the cities are exploiters of those in the countryside. Now, we have a problem of marketplace, whereas the Royal Government has been requested to help ensure not only local marketplace

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the way to get a number license in Phnom Penh? This morning there was this issue of all engine boats up to one-ton load capacity will have to come for registration in Phnom Penh and each number license is valid for only 12 months. I asked the Governor of Stoeung Treng (where it is far and using numerous boats) would those with one-ton load engine boat come to Phnom Penh for the number? I see this as a concentration of power at the time when we try to transfer power to the provincial level. I think we should leave the work to the commune council or we might take long time to discuss the issue.

I say that from now on the Ministry of Public Works and Transports must transfer power to the office of Public Works and Transports at the provincial level to see about issuing number plates to vehicles of all kinds. If the general direction of transports does not have any works to do, we should dissolve it because its existence would make our people's lives difficult in getting the number licenses for their vehicles. Aside from that traffic order control would be in great difficulty as the local forces will oversee the vehicle numbers while they are being registered in Phnom Penh. Income from the procedure should be kept for the sake of the provincial activities because they are all national income only that one is kept at the provincial and another would be kept at the national level.

I would suggest that those in the senior level should not try to act at the grass-root levels. This power should indeed have been given long ago to the provincial office according to our policy of concentra-

tion and de-concentration. Our people in the provinces should contact the office of the Public Works and Transports in your province and not to Phnom Penh. If they have their dossier with the Ministry in Phnom Penh, they should take it back and return to their provincial office, and as far as I know the section issuing the vehicle's number license has been in a corrupted manner of work.

Another recommendation is indeed covering one part of use of road feeder. The Ministry of Public Works and Transports has put forward a draft on use of road feeder. In general, the concept is good. So far the cost of paying our people residing along the road has been far greater some times than the cost of building it. What remains to be discussed is about the fact that the road between villages should also have road feeders. What we want here is road feeder at the national road level, or roads with two digits take for instance road 5 and its truncation 58. If we were to set out criteria to the village level – take for instance the road into the pagoda where there are people living along – no one would like it to be built because they are afraid that their land would be encroached upon. I have instructed the sub-decree to be re-examined. I would recommend the Ministry and the offices of Land Management, Urban Planning and Construction to allow people to build road in appropriate distance from the main road.

I wish to have the attention of those provinces where there are roads of one digit and two digit numbers cutting across by preventing people from building too close to the roads and tell them we may need to expand it to 15 or even 20

meters wide. We may see altogether that for some roads, they are indeed the result of building water canals - take for instance in the development project west of Phnom Penh – where we had up to 70 kilometers of master canal, and on the side of which is the road. Any attempt to expand it to the size of 11 meters, the canal would have to be re-leveled and that in return we should not issue any sub-decree that is not applicable. Take another of example of the canal at Kompong Trabek (Prey Veng) to the river of Vaiko (Svay Rieng) – any expansion of the road would damage existing infrastructures – take for instance the canals, the optical fiber, public electric pillars, clean water system, etc. We should base our decision on practicality or we would damage those public infrastructure invested by the Government. I do not sign a sub-decree in relation to the development of Siemreap regions because it would demand the removal of those living along the national road 6 to 200 meters and it would affect schools and hospitals, etc. Distance from one hotel to the next will have to be a space of 300 meters, how to go about implementing it when we have many hotels already built in between? There have been many points that are inapplicable.

Those of you who are Governors of cities and provinces where there lie parts of national roads – both one or/and two digits – have the responsibility to make our people understand that construction of houses will have to be at an appropriate distance from the road for the sake of being damage-free from expanding the roads.

Another recommendation relates to the issue of overload

capacity and those vehicles of overload capacity must be brought to and kept at the station provisionally. There has been issue of fine but then the vehicle is allowed to go on. What we want is not to get them fined but for the sake of traffic safety. Any overload goods must be removed and fined before letting them go. Fines seem to be inefficient so it would be better if we park them up and bring them for provisional confinement. If we fail to do so, traffic accidents or damages caused to bridges or roads would be incalculable.

As to my clarification on right-hand drive vehicles, I accepted that the imported right-hand drive vehicles already in traffic in the country would be given number license but that should not be misinterpreted to allow importing right-hand drive vehicles. I have some recorded tapes on cars imported from Thailand and it was done in the cleverest way. We had an agreement that any right-hand drive vehicles have to be made left-hand drive before allowing to export to Cambodia, but there was this method of changing them back to right-hand drive vehicles upon reaching the Cambodian soil. I do not agree with request for setting annual quota for importing of vehicles...■

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the bullets has been sent here, and sending them back to Thailand should be conducted under strict and careful consideration as Cambodia might risk being a country of origin thereafter. 7) Involve people in campaign to show weapon hideouts; 8) Demand those officials with permission to possess weapons to strictly prohibit their uses by others...■

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only to be dissolved after the war in 1970s. After the general elections of 2003, we have re-created the provincial administration apart from Siemreap. The idea of creating the province in the past had been a brilliant one because as a part of Siemreap, the province would be too large to cover. Having done so, we still have an area of about 200 Kilometers bordering on with three provinces of Thailand – Borei Ram, Surin and Si Saket. Yet, the number of population is still small. We have made basic changes as our people are no longer the victims of war as before. Our senior citizen and monks are not concerned about fighting thanks to our win-win policy. We are now united under the roof of the country's Constitution and HM the King, which is the special point of our country's situation allowing us to achieve what we all have wished so far.

I hope that sooner or later the city of Udor Mean Chey would develop into an exemplary city as the province already has got huge roads and all institutions have been in complex building already. I warn that the buildings should be kept intact and not to sell them. As to areas along the border with neighboring countries – with Thailand or Vietnam or Laos, we must try to transform them into the zones of peace, friendship, cooperation and development. In the past we used to mobilize lots of soldiers and artileries into these areas and now I wish to bring about these places into areas full of factories, exchanges of goods as we had done in the area of O Loeung of Banteay Mean Chey province and Neang Kok of Koh Kong Province – which are to be transformed

into special economic zones. We have two border crossings here – O Smach and Chuam Srangam where the Thai authority helped build and pave the roads down here and to Banteay Srey.

As far as the province is concerned, the area of 3,306 hectares had been under mines whereas in 2005, 423 hectares have been de-mined and in the year 2006, we have planned to de-mine another 435 hectares. This is indeed an area of priority here. Mr. John Sanderson visited Anlong Veng – a place where he had not visited when he was UNTAC commander. I told him we come into this without wasting a single bullet.

As we have here Governors of the provinces of Borei Ram, Surin and Si Saket of Thailand to allow the Cambodian people go to get health treatment in their hospitals as it is only 42 Kilometers from here but 469 Kilometers to the capital city of Phnom Penh. I remembered that HRH Princess Sirindorn supported very much this idea. I think any cooperation ranging from human to animal health issues has been a good thing. The people of Udor Mean Chey also have a good price electricity – 1100 Riel per KVA – which we could say another positive form of cooperation.

The confiscation of over two thousand hectares of land should be well studied and carefully administered for social affairs. Some said the Royal Government wishes their people to be uneducated while thousands of schools that my wife and I have built. They instead do not want the Government to build schools because it would be easier for them to cheat our people when they are uneducated...■

15 June 2006

Re-building a Referral Hospital in Mongkul Borei District

... I have a chance to see you all here at the groundbreaking ceremony to build a referral hospital in the district of Mongkul Borei, which is under grant aid from the Government and people of Japan. HE Ambassador of Japan Fumiaki Takahashi recalled that the referral hospital started about four decades ago as it was first built in 1964... After January 7, 1979, specifically in between 1979 and 1982 it became a hospital of the Province of Battambang. On January 7, 1988, the hospital was transformed into a referral hospital of Banteay Mean Chey as Mongkul Borei has become one of the latter's new districts. In 1992, the American Refugee Service – in close cooperation with the International Red Cross -- helped provide treatment and technical facilities not only for war victims but also common ward and birth delivery services. As of March 30, 1995, after finishing the International Red Cross and the American refugee's Service Committee's missions, there arrived this Norway Red Cross who continued to provide assistance and help until September 30, 1995.

In August 1996, then HM Samdech Ov and Samdech Mae – Norodom Sihanouk and Monineath Sihanouk – provided their own fund for the construction of a children ward and a ward for the Buddhist monks. After a thorough study by JICA, with the evaluation mission of the Japanese Ministry of Health, a decision has been made that the hospital could no longer be repaired but rather to be built anew with the financial grant from the Government and people of Japan. On Au-

gust 29, 2005, I presided over the signing ceremony for such an assistance of about six million US dollars at the Ministry of Foreign Affairs between HE Senior Minister Hor Nam Hong and HE Fumiaki Takahashi.

What impressed me and all of our people here is that despite old hospital facilities were in bad shape, our medical staff and doctors have been making great efforts fulfilling their duties and responsibilities to look after and provide treatment to our patients. We hope that after the new facilities will be in place, our medical staff and doctors will be able to do more for providing effective treatment to our patients. I wish to take this opportune moment on behalf of the people of Cambodia to express my deep respect and greatest thanks to the people and Government of Japan for their valuable assistance as the referral hospital of Mongkul Borei, an important destination of health in providing support not only for people in the district but also to those districts throughout the province of Banteay Mean Chey on the one part, and from Battambang on another. More importantly, some patients from the city of Pailin could also use its facilities and service as well. I would say that the provision of assistance that costs 6 million dollars has been a priority-hit and the wish of the Cambodian Government. The Japanese assistance, in just three months, has been a considerable amount... Cambodia needs investments in four areas of priority – water, roads, electricity and human resources. In health sector, Japan has made numerous contributions

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dollar. However, the medium-term forecast for 2007-2009 shows that the economic base will maintain growth rate around 6 to 7 percent, which is in conformity with the projection in the Rectangular Strategy and National Strategic Development Plan. The foreign reserves will be maintained at around 2.5 to 3 months of import. Even though the economic growth in 2006 may slow down compared to 2005, it is expected that there will be no strong negative impacts on fiscal situation, especially on the budget implementation, because the variation of GDP from one year to another does not depend significantly on the agricultural sector, which is not an important base for revenue collection, unless there is flood or drought, which requires unplanned additional expenditure.

During this year, the Royal Government will maintain macroeconomic stability, which is the basic and most important factor in achieving the ultimate objective of the Royal Government to reduce the poverty among our people. Moreover, it is the year in which the comprehensive reforms in all sectors will be furthered, especially the Public Finance Reform, Private Sector Development Reform, Judicial Reform, Land Management, the promotion of agriculture sector, agro-industry and small and medium enterprises aiming at economic diversification through the implementation of a number of the following reform programs:

a. Continued implementation of prudent and tight macro-economic policy providing an environment for high and sustainable economic growth with low inflation;

b. Continued implementation of Public Financial Management Reform Program, especially in achieving the targets of the first platform of a "credible budget" through reducing expenditure procedures, maintaining and sustaining revenue strengthening cash management in order to improve efficiency in providing services, introducing measures to reduce arrears owed by the government to private suppliers, introducing a new Charter of Accounts and Budget Nomenclature and piloting the implementation of program budgeting, which all represent the bases for moving forward the agenda reform; **c. Continued structural reforms in order to strengthen favorable environment for private sector development, especially in promoting agriculture sector, agro-industry and small and medium enterprises as well as enhancing trade facilitation through the Single Window mechanism and promoting the participation of private sector in the provision of infrastructure within the framework of the Law on Concession while the government itself has actively built and will build physical infrastructures, especially irrigation system. All these factors require us to strengthen good governance especially in relation to measures related to corruption and reduction of bureaucracy;** **d. Continued implementation of land management reform in order to support agricultural sector by enforcing the compliance with the Land Law, thus transforming this sector into a vibrant base for economic growth and poverty reduction;** **e. Continued strengthening of banking system, insurance and financial sector in order to mobilize capital for financing the projects in the private sector;** **f. Implementing the Legal**

and Judicial Reform, strengthening the rule of law, developing and strengthening implementation of laws and regulations, all these are necessary for building confidence among investors; **g. Continued implementation of Public Administrative Reform, especially strengthening the implementation of the Priority Mission Group (PMG), the merit-based payment initiative (MBPI), and the job functional analysis in order to improve work's productivity and efficiency.**

... The Royal Government has decided to create the National Authority for Land Conflict Resolution, to establish the Agricultural Products Export Promotion Committee, to implement the sub-decree on economic land concession, the sub-decree on the establishment and management of special economic zone, the Sub-decree on the trade facilitation under risk management and single administrative document while the law on commercial arbitration has also come into effect. Moreover, the draft laws on government bond have been recently adopted by the Council of Ministers. In the near future, a number of sub-decrees and prakas will come into effect, including the sub-decree on state assets management and allocation, the prakas on the amendment of the prakas on licensing of commercial banks, the prakas on the amendment on the prakas on bank solvency ratio, the prakas on the amendment on the prakas on licensing of specialized rural credit banks, the prakas on the amendment of the prakas on licensing of micro-finance institutions, and prakas on credit operation and participation in banking and financial institutions, while the draft law on leasing will be finalized by the end of this

month. With regard to the financial sector, The "Blueprint Update" will reflect the advantage of having a built-in flexibility within the reform agenda, which will, in turn, allow the government to make necessary policy adjustments to reflect the progress made, along with the changing conditions. We trust that the "Blueprint Update" will better serve our actual purposes. In this spirit, I would like to take this opportunity to express my sincere thanks to the ADB for once again having positively responded to our request to develop an Update of Financial Sector Blueprint for 2006-2015.

The significance of the Financial Sector Blueprint has been nationwide recognized and stated in the Royal Government of Cambodia's comprehensive Rectangular Strategy and in the recent National Strategic Development Plan for 2006-2010. The development of the Financial Sector Blueprint for 2006-2015 falls within the overall objectives of the Rectangular Strategy and the National Strategic Development Plan. Concerning economic diversification, may I seek the attention of development partners and private sector on two important points as followed:

First - Promotion of agricultural products export: As I mentioned earlier, a committee was created on the 23rd May 2006, chaired by H.E. **Chan Sarun**, Minister of Agriculture, Forestry and Fisheries, with members consisting of Excellency Senior Minister, Minister of Commerce, Excellency Minister of Water Resource and Meteorology, Excellency Director General of Rural Development Bank and Excellency Secretary General of the

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Council for Development of Cambodia. This committee is entrusted to promote the export of agricultural products, and both quantity and quality must meet both international and domestic demands. In performing its work, I do not think the committee will start with bare hands. They can take the recommendations from different research works conducted by different organizations or agencies, such as the World Bank, International Trade Centre and Japan Bank for International Cooperation (JBIC). In addition to the promotion of agricultural products, other key stakeholders should consider other aspects such as transportation, financing, and sanitary and phytosanitary requirements.

Second - Backward linkages between special economic zones and domestic economies:

At present, the Manhattan Special Economic Zone in Bavet district of Svay Rieng province is in operation. The Royal Government envisages the development of special economic zones to utilize as much as possible domestic resource such as human resource and raw materials. We expect more special economic zones to be established, such as Phnom Penh Special Economic Zone located in Dangkor district of Phnom Penh and Ang Snoul district of Kandal, and others in Phnom Den of Takeo, O Neang of Banteay Mean Chey, and in Koh Kong province and Steung Hao district of Sihanoukville, and the one next to Sihanoukville seaport. Development partner should from now on design capacity building, training and other supporting programs without further delay... Thus, I would like, once again, to thank the Japanese Government for its support to the development of

special economic zones... I was informed that the World Bank will also cooperate and provide support to the Special Economic Zone Board of Cambodia in capacity building and strategic planning. In February, I have instructed the Cambodian SEZ Board and other concerned ministries/institutions to draft the law on special economic zone for the government regards the sub-decree on the establishment and management of special economic zone as only an interim legal framework. Thus, in order to ensure the trust by special economic zone developers, we need to adopt and implement the Law on the establishment and Management of Special Economic Zone in a very near future. In advance, I would like to express our sincere thanks to our friendly countries in the region for possible arrangement of study tours for our SEZ officials to learn from their experiences in establishing special economic zone and building capacity of their institutions. Realizing the importance and advantages of special economic zones in generating employment and economic diversification, I have decided to lead this work personally assisted by the Cambodian Special Economic Zone Board. In addition to these two topics, I would like to appeal to the members of the Royal Government, Development Partners and Private Sector to further promote cooperation in trade facilitation, as we have witnessed fruitful results in the past. We have made progress in reducing bureaucracy, time, inspection and unofficial fee that lead to an improvement of Cambodia's competitiveness... On the occasion of this 10th Government-Private Sector Forum, I would like to share my assessment of the outcomes gained

so far through this mechanism since its commencement. On the 21st December 1999, we engaged for the first time in a discussion between the government and private sector to solve the challenging and pressing issues. The value of Gross Domestic Product in 1999 was about 3,443 million US dollars and it has increased by 77.41 percent if compared to 6,111 million US dollars of Gross Domestic Product in 2006. The garment's export in 1999 was about 650 million US dollars, and it increased by 233.69 percent to 2,169 million US dollars in 2005. In 1999, there were about 150 garment factories with 85,000 employees, in 2005, 260 factories with 280,000 employees, an increase of 73.33 percent and 229.41 percent respectively. In 1999, Cambodia welcomed 367,743 tourists, with 1,421,000 tourists in 2005, tourist arrivals have increased by 286.41 percent. I recalled all these figures and growth rates as an illustration of the performance and progress of economic development in Cambodia over the last 6 years. I would like to dedicate these achievements to the efforts of all ministries and institutions, development partners, investors in all sectors, employers and employees. All of these achievements are the results of the joint efforts from all of us. Under my initiative, we established this consultation mechanism, with seven sector working groups, and a steering committee for private sector development and its three sub-committees.

In 1999, we did not have the Land Law, Law on Banking and Financial Institutions, Law on Commercial Enterprises, Law on Accounting and Auditing of Enterprises, Law on Commercial Arbitration and a number of other

laws which have now come into effect. Moreover, we have amended the Law on Investment and the Law on Taxation of the Kingdom of Cambodia. Though the Council of Ministers or the Parliament have not adopted yet a number of draft laws including the Law on Leasing, Law on Tourism, Bankruptcy Law, Law on Government Bonds or the Law on Concession, Customs Law as well as a number of other laws relating to business, the Royal Government has always received supports and recommendations from development partners and private sector in drafting all these draft laws. At the same time, the SME development framework and a number of sub-decrees have been also prepared in consultation with the partners... I would like to express my profound thanks to our development partners and the private sector for their contributions. Few years ago, Cambodia has gone through a major event, whereby Cambodia became a member of the World Trade Organization in 2003. This event has opened the doors to Cambodian products of the world market as well as has required Cambodia to fulfill a number of obligations in order to reap maximum benefits from this membership. While we are participating in the global economy, we will face fierce competition from other economies... The cooperation has been made possible only by our mutual understanding of the common interest since the first to this tenth forum.

The three dialogue partners have built and increased their mutual trust, which is an important factor to allow one party to receive recommendations from another party for the sake of common interest and shared benefits... ■

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which include mother and childcare center, school of medical care in Phnom Penh and others.

As this issue of corruption has been in the press over many days, please allow me to make an explanation to our people because this issue is closely related to the Cambodian image. Cambodia was made to pay 2.7 million US dollars or would have all projects suspended if we were not to do so. It was a painful decision as it involved the recruitment of foreign consultant in the process of bidding for the project. It was all done by them and we were the one to be made responsible for irregularities occurred. This could be in similar trend and I deem that consultants involved should also be probed and if found guilty they should share the burden of paying back the said amount.

We have requested the World Bank to provide us the report but they said they would do it later and we have been waiting from June 9 to 15 today. How could we ensure transparency? We demand evidence or we could not act on any decision at all. I am ready to take action as to where and who is involved. Remarks without clear evidence only provides tool for opposition to attack the Royal Government. All World Bank projects should be implemented the way the Japanese assistance has been handled, as all the money should be in their hands. Investigation must be done to find out the truth and who actually have been involved. The Ministry has to clearly define which project is to be accepted and which to be rejected, as some would be a hidden political agenda... I wish to say to the opposition

that they should not try to overexploit this matter for votes. Cambodia survived bombings, genocide, punishment... etc. We would accept our mistake as it is and we will take necessary measures to punish those who have been involved. We also maintain the right to demand World Bank to punish its officials who spent lots of money on consultancy and who gave their signatures so that the project could commence. As far as healthcare is concerned it is indeed important for us to decide what kind of system do we provide – free service or free and charged services combined. How do we keep our healthcare service sustainable when donors withdraw their assistance? I would urge our officials to try and work hard so as the state would be more affluent and such a dishonored rebuke would not be a matter of exploitation on us.

Cambodia has brought down poverty rate to 28% but what should have everyone's attention is that Cambodia is now free from internal war. I warn the opposition that based on 50 + 1 formula if they win they can govern alone but if the CPP wins they will have to continue to be opposition as two parties in the Royal Government CPP and FUNCINPEC as partner is sufficient. The opposition has said in their campaign that they will join the Government in 2008. If they achieve 50 + 1 vote, they could go ahead without CPP, but if CPP wins, Hun Sen will become Prime Minister and Nhek Bun Chhay will continue to be Deputy Prime Minister... The rectangular strategy phase II would continue as it would not be complete in five year time. CPP nominates me as its candidate of Prime Minister in 2005 – three years before the elections...■

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M-79 and this happened in Phnom Penh itself. You can imagine how frightful it could be for the people. When I declared the eight-point order, we did not finish the Khmer Rouge issue yet but it could be done because the win-win policy has already been completed about 70% already. According to HE Senior Minister Tea Banh, it is reported that 198000 has been destroyed. But to add up the 5000 rifles destroyed in 1998, over 200,000 rifles have been destroyed. They were not dysfunctional weapons but those are exceeding the need. Issues of illegal weapons and weapons used illegally and threateningly have already been the past. Recently there was a company in one foreign country requesting purchase of extra weapons from Cambodia through a Cambodian Ambassador. The Ministry of Foreign Affairs advised that verification should be furthered to the country's Embassy but I instructed that no verification is necessary as Cambodia does not have any weapons in extra, if there were to be any, they would be destroyed. I instructed HE Senior Minister and Minister for Foreign Affairs that no discussion should be conducted any further on this issue as no Cambodia Ambassador possesses the rights to discuss weapons issue out of Cambodia. EU/ASAC finished their project in Cambodia not in dismay but in joyfulness as the project completed successfully. We have the need to request further assistance from EU/ASAC on security as we had recently had a warehouse of weapons and ammunitions on fire. Providing security and safety in the warehouse

of weapons and ammunitions is an important work to be done. My resignation from the post of commander in chief is not a matter of coincidence but a long-thought action. After EU/ASAC left, Cambodia will have to collect and destroy weapons by own self. In the course of implementing this work, I would like to take this opportune moment to give recommendations on actions to be taken to:

1. Strengthen security, stability, rule of law, public order as a foundation for the implementation of the socio-economic development and poverty reduction;
2. Continue to increase work efficiency in prevention of all-formed offenses, especially the elimination of armed robberies, kidnapping, trafficking of women and children;
3. Continue to cooperate with international community in the prevention of and fighting against terrorist activities, subversive actions inside and outside the countries under all forms;
4. Strictly implement the law of the Reform of Weapons and Explosive Ordnance Management that was adopted by the National Assembly on April 26, 2005;
5. Improve the management of weapons and explosives in all armed force units for a maximum safety and security while strictly institutionalizing the state law on use of weapons;
6. Continue to search for and collect weapons, explosives left from the time of wars and those possessed by rogue people. Recently there was issue of sending 140,000 bullets which is supposed to be art objects to the US Embassy in Phnom Penh. Investigation has to be conducted as to how come

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20 June 2006 (Unofficial Translation of Selected Comments)

“Flame of Peace” - Weapons Destruction in Takhmao

... Today I have a great pleasure to participate in this meaningful occasion of “Flame of Peace” to complete the cooperation between the National Commission for Reform of Weapons and Explosive Ordnance Management (RWEOM) with the European Union (EU-ASAC) in the province of Kandal. I may take this opportunity to share my high evaluation and gratefulness to the cooperation in partnership between NCRWEOM and the European Union, by which numerous achievements have been scored. Thanks also go to various national dignities and forces involved in the implementation of this very important project, which was officially started on May 5, 1999 under a philosophy of a society free from violence and crimes in accordance with my eight-point orders issued on August 18, 1997.

We have through the efforts in destroying weapons and explosives converted our society from war to peace, from sounds of fighting to Buddhist preaching and songs. Our youngsters have learned to write, operate computers... instead of triggering rifles. Cambodia has changed from killing to helping each other, from destruction to construction, from fear to pleasure and from division to unity. In my residence which is about a kilometer from here in Takhmao town, I drafted the eight-point order and passed it on to HE Ung Huot, the First Prime Minister one hour before I announced it. So you can see that actual destruction of weapons started on May 5, 1999, but

the initiative has been taken long before that.

In relation to the points on security and public order, the order stipulated the following actions to be taken **1)** to suppress the armed robberies and thefts of all forms, to break away their networks, while eliminating gambling and drug trafficking that are causing serious threats to the society; **2)** to manage and control weapons and explosives while putting an end to all sorts of illegal possession and transportation of weapons, and to destroy weapons that are not necessary for national defense and security in prevention of being in the hands of rogue people; **3)** to get rid of all illegal checkpoints while reducing legal ones on all transportation routes – land, water, rail, etc.; **4)** to collect weapons from militia and stock them in warehouses or destroy them...; **5)** to re-set criteria for those who should have the rights to hold weapons, and their rules and regulations for weapons possessions; **6)** to re-examine the rule and regulations for body-guards of politicians, investors, etc.; **7)** to conduct close examination and inspection on vehicle number plates while all black-tinted glass windows must be removed from vehicle and **8)** to get the Cambodian armed forces of all sorts to implement these orders at the advice of the general staff.

One should compare the difference between now and ten years ago. Ten years ago, a general went to a noodle shop with bodyguards equipped with B-40 and/or

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21 June 2006 [For text in full please visit www.cnv.org.kh]

Remarks at the 10th Government-Private Sector Meeting

... The year 2005 was the second year of the third-term of the Royal Government as well as the second year for the implementation of its political platform, especially the implementation of the Rectangular Strategy for Growth, Employment, Equity and Efficiency to ensure high economic growth with sustainability and equity, which is the most important factor in securing the success of the poverty reduction strategy. At the same time, it was also the year of deeper and comprehensive reforms in all sectors, especially the legal and Judicial Reform, Public Administrative Reform and Public Financial Management Reform, to improve the effectiveness and efficiency in providing public services.

The year 2005 started with a pessimistic prospect, as we had to face the challenge of the phasing out of the quota-system. This indeed leads us to intensify our efforts to transform our fundamental economic structure, by shifting our focus from depending on external sectors, such as garment and tourism industries, to strengthening domestic economic sectors such as promoting and expanding agriculture, agro-industry and services, and especially the construction of irrigation system, improving agricultural productivity and promoting the private sector through small and medium enterprises (SMEs). At the same time, the Royal Government exerted its utmost efforts to implement prudent fiscal and macroeconomic policies, which has brought about an excellent performance. Thus, the real economic growth in 2005 was 13.4 percent compared to the early forecast of only 2 - 2.5

percent at the beginning of the year. This growth was made possible by 17.3 percent growth in the agricultural sector, in which the rice crop increased by 27 percent, 13.3 percent growth in the industry sector, in which the construction increased by 19.2 percent and garment increased by 12.6 percent, and 9.4 percent growth in the service industry, in which tourism increased by 16 percent. With stable exchange rate, the inflation rate increased by 6 percent, which was higher than forecast due to higher oil prices in the international market.

In the year 2006, according to our prudent forecast, the economic growth in Cambodia will drop to around 5 percent compared to the 6 percent forecasted previously at the beginning of the year due to slower growth in the agriculture sector if it is compared to 2005 (but it is higher compared to 2004). In order to overcome these unfavorable prospects, the Royal Government has continued to actively build the irrigation system in order to reduce the dependency on nature. Other negative factors that can influence Cambodia's economic growth in 2006 would include the possibility of bird flu pandemic and higher oil prices in the international market. At the same time, the industry sector is expected to increase by 11 percent, in which the construction will grow by 20 percent while the garment will grow by 10 percent, and the service sector will grow by 7 percent, in which tourism will increase by 9 percent. The inflation rate will drop to around 5 percent and the exchange rate will be stable around 4,100 Riel per US

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