

Cambodia New Vision

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Tokyo, June 12, 2001

Opening Address at the Cambodia Consultative Group Meeting

"... It is my great pleasure to be here this morning. I bring to all of you the greetings and best wishes from the people of Cambodia. Even before the elections in 1998 and since then I have always said that the Royal Government's main goal is economic and social progress to uplift the living conditions of the people of Cambodia. We have decided unanimously and are staunchly adhering to ensure improvements in the lives of all Cambodians through economic development, social justice, political openness, pluralism, freedom and stability, and securing and enhancing opportunities for all. This is why we attach a great deal of importance to our regular and continuous dialogue with our external partners, all of them well wishers of Cambodia for its brighter future. That is why I am here with all of you to provide an overview of what has happened in the past and what we intend to do for the future.

As we begin, I would like to thank the World Bank and the Government of Japan for making excellent arrangements for this important meeting, which provides us all an annual forum to take stock of progress and potential and to express and listen to different views, suggestions and advice in an open and candid fashion on issues we have faced with and improvement measures we should take. I thank all of you for coming here today and for your continued and abiding interest in assisting in the formulation of pro-active policies and in providing support for their implementation by the Royal Government and other civil society partners. The Cambodian delegation and I are also grateful to the Government of Japan for the warm welcome and hospitality extended to our delegation.

As in the past meetings, I wish to lay before you an outline of what we in the Royal Government con-



During his stay in Tokyo for the Consultative Group Meeting, Samdech Hun Sen made a courtesy call on H.E. Prime Minister Junichiro Koizumi of Japan.

sider are the major achievements and performance of the past nearly three years and what lies ahead, both as potential and challenges, bearing in mind that we are here to discuss mainly developmental issues. The Royal Government has an experienced senior level delegation led by H.E. KEAT CHHON to give you all the information you need about various aspects of our socio-economic situation and needs. We have also presented various background documents and position papers.

Now we are at the middle of a second term of the Royal Government. The year 2001, built upon the progress made in 1999-2000, is witness to the strong foundation for Cambodia's decisive move towards a lasting peace, sustainable development and tangible progress, as manifest in the impressive economic growth and continuous efforts to strengthen democratic institutions and alleviate poverty. Vision, daring, swiftness and steadfast consistency of decisions and actions are at the very core of our success.

We are also here to seriously consider your comments and recom-

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Dangkor, June 26, 2001

Selected Parts of Address to the Fire Victims

"... As we are meeting here for the first time, please allow me to share the grief and hardship with you all for the damage to personal property by the fire on May 25, 2001. My visit today may be late but anyway I am here now. A saying goes "late is better than never." May I take this opportunity to express my deep thank to HE Chea Sophara and other leaders of the Municipality of Phnom Penh for their concerted effort in saving the situation. HE Chea Sophara has kept me informed about the incident since when it first happened. Even though I was in Tokyo, through telephone communication, I have contacted him (Chea Sophara) to keep myself updated on the situation...

"... Along side with our effort to seek for land available to be used for the purpose of housing our people, another important issue here is to allocate another three ha of land on which education, sports and other recreation facilities should be built. It should become a development site...

"... I wish also to request that we all no longer apply the term "squatters." A term "provisional settlers" should be used instead... Aside from those people whose homes had been on fire, we also have here people, who voluntarily request for a relocation from places where they provisionally settled... I am glad they did that and it is a clever decision... It is in this prospect that I have made ready another 156 ha of land... The authority should see to prepare them into lodging with road access... As there could be more people to move out from provisional residences, we will be ready to accommodate them into a permanent settlement... No one is to claim this

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mendations on our government's policies and strategies. They are more than a collection of programs, more than the sum of our prospects and our strategy. Most of all, they are the main direction, which enables Cambodia to march towards the enduring ideals that I stated two years earlier here in Tokyo: "Before the first decade of the next century ends, Cambodia would like to fully reclaim its destiny, be a real partner in regional and global affairs and be well on its way to becoming a truly free nation, free from want and poverty above all." It was an ambitious course for Cambodia that I had set. I am proud to state that change now is the blood and bone of the Cambodian.

The Royal Government of Cambodia envisions a peaceful, stable and synergetic Cambodia free from all forms of fear, hostility, and violence. In this sense, promoting political stability and security in the country is vital for the country's march toward democracy, development and poverty reduction. Developments during the past two years testify to the fact that this vision is realistic.

I never tire of repeating again and again how the Royal Government of Cambodia (RGC) has taken strides in successfully implementing its "Triangle Strategy". Our approaches are structured in a strategic triangle consisting of three key areas of government business. The first side of this strategic triangle is building peace, restoring stability and maintaining security for the nation and all its people. The second side of our strategic triangle is Cambodia's rapid integration into the international community and normalization of our relationships with the international financial institutions. The third side of the strategic triangle is to promote development based on the favorable conditions created by the implementation of key reform programs: military demobilization, fiscal, public sector and judiciary reforms including eradication of corruption and stringent measures taken to crack down on illegal logging and environmental protection.

The first two components of the triangle strategy were fully and

successfully implemented during the last two years. For the first time in four centuries, Cambodia is at peace, without separatists and rebels and internal strife. Cambodia has begun to fully embrace the regional affairs and world politics. We have positively contributed to the cooperation and integration within the ASEAN and ASEAN + three framework in all fields. Now our efforts are concentrated on the third side of the triangle, namely, in deepening our reform efforts aimed at promoting sustainable development and poverty reduction. The tempo we have achieved so far has been the result of tireless efforts and cooperation among all and must not be allowed to slacken. It needs to be maintained and increased as much as possible within our powers and possibilities. This is dictated to us by our obligations to our people and our donors. It is time for more real actions.

As I stated in 1999, peace is priceless but is difficult and demanding to attain and to keep. Continuous dialogue, discussion and compromise are critical to ensuring co-existence and cooperation and avoidance of division and conflict. However, peace cannot last without justice. Therefore, Cambodia is determined to close the darkest chapter of its own history and look forward toward progress, prosperity and democracy. It is the respect for and search for justice that the Royal Government has sought international assistance in organizing a tribunal to prosecute the main perpetrators of heinous crimes during the period of Democratic Kampuchea.

While judging the past, we can ill afford to ignore the needs of the future, namely, maintaining peace, political stability, national unity and sovereignty. While judging the past, we aim to heal the wounds of our common history. It is our desire that judging the past should help Cambodia build a bright future. Therefore, efforts from all concerned are needed to speed up this process. We should leave to historians and the extraordinary chamber to be established soon with the daunting task of judging our common past.

As I stated two years ago, Cambodia has irrevocably adopted a pluralist democracy as the only way

ahead. Our actions have matched with this statement. We have fully embraced these democratic values. They are what make us the government of compassion; of social justice; of the struggle against poverty and inequality; of liberty; and of basic human rights. The enlargement of liberty for Cambodians from all walks of life has been the supreme goal and the practice of the Royal Government. In this area there has been tantalizing progress. Cambodians now are free to express and communicate ideas, to affirm their own membership and allegiance to any political party. The opposition party has even flown its flag in the heart of former Khmer Rouge's fiefdoms. Hand in hand with freedom of speech goes the responsibility to hear and understand through the time-consuming process of dialogue, debate and participation. For example, it took us many months to draft and redraft our Land Law and the Forestry Law. However, the rights and freedom should come with duties and obligations towards the country and the people that you love. This is the essence of a genuine democrat.

Institutions matter in promoting sustainable development with equity. Already in the past two years tremendous efforts have been devoted to draft and enact laws and regulations. A true "Rule of law" is still some distance away. As we all know, Rome was not and could not have been built overnight. However, this should not be an excuse to prevent us from doubling the efforts in reforming the judiciary, and I agree with many critics that its progress still lags behind other reforms. The Royal Government recognizes that our civil society organizations and media can positively contribute to the reconstruction of our nation.

During the last two years, serious strides have been made to ensure the protection of human rights in all aspects as internationally understood and practiced. The respect of human dignity remains at the heart of our policy and practice, which encompasses both political rights, human security, as well as the rights to have enough to eat and opportunities at the workplace to earn one's living and to contribute

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to society.

The commune level elections are scheduled for early 2002. These will strengthen democracy at the grassroots level, improve the efficiency of the public services to those in need and reduce poverty. It will engender the devolution of power and responsibilities from the central government to the people. This form of empowerment of the local people will have a far-reaching effect in the years to come. The Cambodian People's Party (CPP) and FUNCINPEC signed in May 2001 an alliance agreement in order to ensure that the commune elections will be conducted in a free and fair manner and in a peaceful and non-violent climate. The Royal Government is strongly committed to do its utmost within our powers and responsibilities to successfully achieve these vital objectives. This process however will have its financial costs. Your assistance in this area is instrumental in building up capacity at the grassroots level. In this context, on behalf of the Royal Government of Cambodia I express our sincere gratitude to the UNDP for providing the technical assistance to the Royal Government in organizing the elections, with an MOU being signed with the government on 8th June. I appeal to other donors to give high priorities to this important agenda in order for us to successfully hold the commune elections as scheduled.

The Royal Government is taking head on its fight against crime. Improved security and diminishing crimes have been among our major achievements. Our policy of promoting labor-intensive industries and development of tourism helped create some 150,000 to 200,000 jobs per year. The RGC is looking to jump-start the development of new sectors, such as agro-business and plantations. Attaining food security, which is among the basic set of human rights, is high on the agenda of our medium-term objectives.

Women have been the backbone in our economy and society. We are determined to further enhance and promote their status through the implementation of a five-year strategic plan, Neary Rattanak (Women

are precious gems), which focuses on capacity building for women, changing attitudes and behaviors in the society that discriminate against women. We want to seriously reduce and eventually eradicate domestic violence and human trafficking and are striving to promote the legal protection of women and gender mainstreaming in the legal sector. The ultimate objectives are to provide women with the opportunities to participate on an equal footing in the process of national development. A large component of the government's gender agenda is thus about empowerment of women.

For the Royal Government, the war on poverty is not just a convenient slogan or merely a policy issue but a deep felt passion. The proper response to the problem of poverty is not superficial treatment of symptoms but an assault on its underlying causes through structural changes. Poverty reduction defines and drives the substance, the content, and the heart and soul of the entire strategy of our Government. At the same time, progress and social justice are the two bedrocks of our government's policies and strategies. Lose either one and we come crashing down. That is why the whole government is fully engaged in the poverty reduction exercise. It is why we will carry on changing. It is why it is right to take another historic step on the road to deepen the reforms in our country.

The hard gained peace, stability and unity of territory has created unprecedented conditions for the Royal Government to implement the important agenda - speedy poverty alleviation and economic growth. As I said two years ago in Tokyo, Cambodia will make further efforts to get back its place as a strong and proud nation. The economic field, including trade, investment, and finance, serves as the 'leading vehicle' in this reform process, which will lead us to achieve this objective. Our policies are geared to ensure open trade and investment, for external trade has been an engine of growth for our economy. Generally, regional integration brings more intra-regional trade, higher welfare gains and more resources to our people.

In this sense, I am proud that the

Royal Government, with your assistance, has been able to match performance to goals. According to the revised data of the National Institute of Statistics (NIS), even after the most severe flooding in 70 years, real GDP growth was 5.4 percent in 2000 just marginally lower than the earlier projected 5.5 percent. This should be seen in the context of severe global economic volatility and declining growth in many parts of the developed world during the same year. In retrospect, after the sluggish growth of 3.7 percent and 1.5 percent respectively in 1997 and 1998, growth rate for 1999 was 6.9 percent against 4 percent projected. We will do our utmost to sustain economic momentum in 2001 and 2002, when real GDP is projected to grow by 6.1 percent. Inflation was kept at a low level and the exchange rate was broadly stable during the last two years.

The recipe for sound economic management during the period under review was to set in motion through an appropriate blend of macro-economic stabilization policies and micro-economic structural policies. The government ensures a level of spending consistent with macro-economic stability, and then restructure expenditure as part of a systemic reform package aimed at promoting domestic saving, productive investment, and efficient resource allocation. In this sense, during the last two years, Cambodia has rigorously implemented fiscal reforms, focusing on revenue mobilization and expenditure rationalization. The thrust of this policy is to maintain macro-economic stability, attain a broad-based, sustainable development and alleviate poverty. The objective is to ensure maximization of domestic revenues through broadening of the tax base and prevention of leakages; attaining equity and efficiency in expenditure by allocating more and more to social and economic sectors; and finally, introducing some kind of performance budget for priority ministries. All these are done through clear transparency, accountability and speed in every sphere of government activity. Those are also the pre-requisites for reduction of scope for corruption, which we are determined to root out under the Governance Ac-

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tion Plan (GAP). You will hear more in detail about these matters from H.E. KEAT CHHON.

The RGC considers the private sector, both domestic and foreign, as the major source of investment, thus an engine of growth. It offers know-how, training, investment and source of tax revenue, which is crucial for development and employment creation. In addition to these tangible contributions, it is an important source of openness to ideas, innovation, opportunity and empowerment. Therefore, the RGC has doubled efforts to create conditions for a climate of investor confidence. This has been done by establishing the Government-Private Sector Forum and its seven sectoral joint Working Groups to address a wide range of issues pertaining to private sector development and to discuss the "rules of game", with regard to taxation, transparent regulations and the protection of property rights. In this context, the RGC has conducted a series of consultations with the private sector on the amendment to the Law on Investment. There are different views about how to amend this law, which require us to spend more time for this participatory process in order to reach necessary understanding and compromises acceptable to all concerned. I asked H.E. KEAT CHHON to find a right balance between revenue enhancement and Cambodia's attractiveness for private investments. Likewise, I had asked H.E. KEAT CHHON to consult with the World Bank's management in order to find ways how to resolve the outstanding issues relating to the Bank's SAC program during this CG meeting and if necessary, Senior Minister KEAT CHHON may lead the team to Washington for further discussions with top management of the World Bank and other concerned institutions in order for us to reach compromises on this vitally important matter.

The Royal Government of Cambodia, headed by me has proposed a «New Social Policy Agenda» for Cambodia. The new social policy agenda envisions creation of a socially connected, educationally advanced, and culturally vibrant society in Cambodia. This requires dealing with the problems of pov-

erty, illiteracy, and disease. Our «New Social Policy Agenda» is to gear economic growth to take a pro-poor path. Growth and equity should come hand in hand. By promoting the new social agenda, the RGC also recognizes that there are close relationships among human, physical, sectoral, and structural aspects of development. In 2002 the Royal Government of Cambodia will launch a Poverty Targeted Program to address the needs of poor populations living in remote outback areas, especially the problem of malnutrition among the population.

To implement this «New Social Policy Agenda» for Cambodia, we are pouring a massive proportion of our budget into the priority sectors - education, health, agriculture and rural development -, which provide foundation for future growth, equity and progress. We are pursuing reforms in the educational system and promote other avenues of human capital formation to make Cambodians more productive and competitive in the global economy. We are restructuring our health programs to provide preferential attention, through the ADD and the PAP programs, to improved disbursement to finance referral hospitals and health centers at the district level. We are waging a war against deadly foes such as HIV/AIDS, tuberculosis and malaria. We are accelerating the adoption of a new Land Law to prevent land eviction of the poor by the powerful. We are reducing the size of official fishing lots to improve the access by the poor to fisheries resources. We are cracking down on illegal logging to improve collection of timber royalties to the government coffers. We are implementing the military demobilization program to shift spending priority from defense and security to social and economic sectors.

Good governance is at the core of our reform programs. We adopted in March 2001 the Governance Action Plan (GAP) in order to bring governance-related initiatives under a common umbrella framework to ensure smooth and coherent implementation. This calls for a predictable and enforced legal system that is both conducive to attracting foreign investment and protecting individual freedoms as well as workers' rights. It also implies improv-

ing the quality of the public services, a mechanism for greater accountability and transparency in the society and an everlasting war against corruption.

As part of governance, we have worked out strategy to revamp the structure and size of civil administration and professionalize the public machinery to improve the quality of public services. But we have to look at recent history to understand and appreciate why Cambodia has a relatively large civil service and military personnel. Long years of internal conflict saw the emergence and existence of four Cambodian factions. The Paris accords of 1991 brought about the reintegration of all the four factions into one united, albeit large civilian bureaucracy and military forces, sapping away a big chunk of our resources. Like democracy, national reconciliation also has its own cost. With stability in hand we are in a position and are determined to reshape and reform the civil service to make it competent and politically neutral. My colleague, H. E. SOK AN, Senior Minister in charge of the Cabinet of the Council of Ministers and Chairman of the Council for Administrative Reform, will touch upon this issue in more details.

Our most important agenda during the remaining term of office is to turn our massive, now not any longer needed, swords into new plowshares. The Royal Government launched in February 2001 the Defense White Paper, which provides defense and security guidelines and calls for reforming and restructuring the Royal Cambodian Armed Forces (RCAF). The reform process aims at a substantial reduction in current manpower levels. Prompt implementation of the full military demobilization program is crucial for redirecting resources to the priority social sectors. Building on the recent positive assessment of the pilot demobilization project by donors, the Government will embark on a full demobilization program as soon as the financing arrangements are in place. In the period ahead, the registration of 15,000 soldiers for the full program will be completed very soon for the launch of the full program. H.E. SOK AN, Senior Minister in

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charge of the Cabinet of the Council of Ministers and Chairman of the Council for the Demobilization of Armed Forces, will elaborate in more detail.

The selection by the Royal Government of Global Witness - our most vocal critic - to monitor illegal logging testifies to our determination in stamping out corruption from the forestry sector and ensuring sustainable management of forestry resources. A mechanism to monitor forest crimes and ensuring sustainable management of forest concessions was put in place. We have not taken these steps merely to please anyone outside of Cambodia or to gain reprieve from criticism. Our actions are based on the understanding the crucial need to preserve the forests for our future generations and to maintain the ecological and bio-diversity balance. Equity must not be limited to the present populations but extend across generations. We are glad that large-scale corruption and illegal logging in this sector were eliminated. We are determined to work closely with all stakeholders both inside and outside of Cambodia to ensure sustainability. A legal framework governing the sector is being developed through intensive consultation with all stakeholders. We have embarked on a new revolution in the fisheries sector by reducing the size of the auctioned fishing lots and improving access by the poor to these vital resources. H.E. CHAN TONG YVES, Acting Minister of Agriculture, Forestry and Fishery, will elaborate further in more detail on these important matters.

I do not want to take too much of your time going into all details and all aspects. My intention is to assure you of our unity, sincerity and seriousness of purpose in pursuing progressive policies and measures in all spheres. It is also to emphasize to you that we have achieved much in a very short time compared to many other countries which took decades to reach where we are from where we were just a few years or even months ago. Sure, we have several challenges ahead and many milestones to cross rapidly. But, what we have achieved so far gives us confidence that we shall overcome obstacles

and difficulties ahead. The road ahead is long and difficult but you will agree that the considerable distance traversed so far in a short time by a society resurrecting itself from destruction is a clear pointer of future potential.

Your assistance to us these past few years has been very valuable and well spent. It reinforces the strength of national efforts from inside. Your assistance helps us to work unceasingly to lift Cambodia to a higher destiny, to a new plateau of sustainable development. Ten years ago, Cambodia was plagued by landmine accidents. Now mine accidents have reduced by half. Ten years ago Cambodian children were crippled from polio. Now Cambodia is free from the poliovirus. HIV/AIDS epidemic was halted. Ten years ago, Cambodia was not self-sufficient in rice. Now Cambodia has attained a rice surplus. Ten years ago Cambodia was crippled by malaria. Now Cambodia is cited as a success story in combating malaria. The list of achievements can go on and on. These achievements were not possible without your assistance. The most important development, however, is the change in attitudes, virtues and values, democratic values above all else. Cambodians have firmly grappled with democratic conscience, tolerance and political differences. On this positive note, I tend to agree with ancient Greek philosophers that one cannot cross a river twice..."

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land back. The Ministry concerned must issue them land ownership titles, which should in any stage prevent them from any claims... May all of our people here today enjoy your own right to the land offered...

"... I have noticed that the villages that we are able to set up is because we have collaborations from all levels of institutions -- the Monarch, the Government, the Municipal authority,.. and the settlers themselves. It is therefore my wish to suggest to you to name these villages "Samaki (Solidarity) 1" and "Samaki 2," and with ordinal numbers if more villages are to be set up...

"... In line with the need for schooling, I wish to contribute two buildings in addition to the existing two buildings with ten rooms with a wish to accommodate altogether 1086 students. I have instructed to HE Chea Sophara that children in these villages should have at least nine-year education... In response to the need for a more urgent professional development, I would like to offer a building to be equipped with 50 sewing machines for the training here for women and girls. HE Ith Sam Heng, Minister of the Social and Veteran Affairs should facilitate them in the job seeking process as well... We have to take health care seriously as well. No one should be left to be sick because of lack of hygiene...

"... I have a recommendation for the Municipality today that it should conduct and collect data from an evaluation survey to monitor and report about the socio-economic development of these people in the next few years. It should be a useful data for further studies and development in the combat against poverty... Finally let me have a word that "poverty is nothing to be ashamed of" but to be fought against by all... If we do it hard, we will surely have successes..."

Imperial Hotel, Tokyo (Japan), June 8, 2001

“Cambodia's Economic Reconstruction and Regional Cooperation”

Speech at the International Conference on the Future of Asia, organized by Nihon Keisai Shimbun

“... It is a great honor and pleasure for me to address the international conference on «The Future of Asia: Beyond Globalism, Ways to Harmonize Competition and Cooperation». "Cambodia's Future in Southeast Asia: Problems, Potentials and Perspectives of the Asian-Pacific Networks". I would like to take this opportunity to express my appreciation to Japan's Nihon Keisai newspaper for organizing this conference.

Today, I wish to take the opportunity provided by this conference to share with Your Excellencies, Ladies and Gentlemen some of my thoughts on our efforts to rehabilitate and develop Cambodia in this geo-politically strategic part of Southeast and East Asia.

We are gathering today, at the time when the world and regional economies are facing major challenges. Overall, the world economy turned in an impressive performance since 1999. At that time the underlying fundamentals of the world economy have more generally strengthened and a more sustainable pattern of growth has been created. At the same time, the Southeast Asian economies continue to recover rapidly from the cataclysm that had wrecked havoc many countries in the region a few years ago. However, the global outlook for 2001 is becoming significantly more adverse, with the unexpected economic slowdown in the United States, lower growth in Europe and problems in the Japanese economy. This is compounded by weakness in the global IT sector, with some ASEAN economies heavily depend on the production and exports of electronic goods.

The current situation has created some problems and difficulties for the economies of Southeast Asia.

Therefore, we can consider past achievements and experiences, envision the challenges to our future and together put in place effective

measures to overcome these challenges. The above factors have made the outlook for the economies of Southeast Asia and East Asia more uncertain.

I am sure that this meeting will provide East Asian countries with much needed opportunities to discuss ways to sustain the recovery of regional economies, to build up business and investor confidence and to mitigate the impact of China joining the WTO on the regional economies.

It also provides forum to discuss ways to turn these developments into "win-win" opportunities for the development and progress of the whole East Asian region.

It is my conviction that it is important to sustain the momentum of growth in our individual countries and the region, thereby securing greater economic stability and resilience of the region, which is crucial for long-term, sustainable development.

In this context, I believe that we should focus mainly on the following issues:

- coping with regionalism and globalization;
- reducing and eradicating poverty of our populace, in particular bridging economic disparities and digital divide in the region and the world; and
- enhancing economic cooperation based on our country's comparative advantages and mutual benefits.

Let me now turn to the issues that are of utmost importance for Cambodia and how we will cope with regional and global affairs.

First, in the areas of international affairs, Cambodia has given priority to strengthening its international relations and deepening its commitment to open markets and trade as a member of ASEAN. Cambodia's joining ASEAN is the necessity of

the geo-politics and geo-economics. For Cambodia, ASEAN's attractions are fourfold:

- 1) *The principle of non-interference in each other's internal affairs is the pillar of ASEAN existence since its inception.*
- 2) *The consensus principle in ASEAN's decision making process.* This principle provides each nation with the status of equality and equal rights regardless of its size.
- 3) *Even though so far some ASEAN members have faced with many economic challenges, including the financial turmoil a few years ago, ASEAN remains the economic center,* which is capable to generate high growth over the long-term. Through its involvement in regional affairs and cooperation, Cambodia will be able to succeed in achieving this potential and share the win-win situation with its ASEAN partners.
- 4) *ASEAN has long tradition of cooperation with its dialogue partners* and therefore is a major international gateway and the arena for diplomacy for Cambodia, provides opportunity for economic cooperation with other countries and open access to international markets.

In this sense, Cambodia is looking forward to participating in all regional endeavors aimed at establishing and ensuring an environment of security, peace and stability, which constitutes the instrumental foundation for sustainable development and prosperity of the people.

The commitments to democracy, the respect for human rights, the safeguard of peace and national reconciliation, especially the dismantling of the Khmer Rouge's political and military organization - which constitute long-term instability for the country and the region - are invaluable contribution to ASEAN and East Asia.

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On the economic front, the Royal Government of Cambodia (RGC) has taken considerable strides to boost economic growth and reduce poverty. Hence, even after the most severe flooding in 70 years, the Royal Government of Cambodia (RGC) is committed to taking necessary measures in order to reach the GDP growth target of 5.5 percent.

According to our latest estimate, real GDP growth was 5.4 percent in 2000 against the projected 5.5 percent. This testifies to the fact that the growth momentum, which commenced in 1999, was maintained. It is necessary to recall that, according to our official data, after tepid growth of 3.7 percent and 1.5 percent in 1997 and 1998 respectively growth rate for 1999 reached 6.9 percent against 4 percent projected. According to government's forecast, real GDP growth will be 6.1 percent in 2001 and 2002. Inflation will be kept at a low level and the exchange rates will be broadly stable.

In the regional context, we are actively involved in ASEAN's affairs and cooperation projects, such as the ASEAN Free Trade Area (AFTA), the ASEAN Industrial Cooperation Scheme (AICO) and the ASEAN Investment Area (AIA). This cooperation also helps strengthen economic and trade relations and promotes investment across the borders.

Second, strengthening relationships with countries of Northeast Asia (Japan, China and South Korea) within the framework of ASEAN plus three is of paramount importance for Cambodia. At the recent fourth ASEAN Informal Summit in Singapore, ASEAN plus three leaders raised the possibility of holding the East Asian Summit instead of the ASEAN plus three and plus one Summit. In fact, the recent financial turmoil in the region more than three years earlier has shown that the future of countries in East Asia is inextricably linked together and the debate on "the East Asian Free Trade Area" or "the East Asia Community" is no longer a taboo. The Chiang Mai Initiative (CMI), -

through the expansion of the ASEAN Swap agreement (ASA) to all ten ASEAN members and the establishment of Bilateral Swap Arrangements (BSA) and the Repurchase Agreements (Repo) between ASEAN members and the plus three countries (Japan, China and South Korea) - constitute a remarkable progress for strengthening financial cooperation. It also provides a financial underpinning for East Asian economic integration.

This self-help mechanism is expected to become an effective instrument to prevent and resolve economic and financial crisis in the future. These initiatives testify to the fact that East Asia has actively endeavored to establish a regional financial architecture, which is to supplement and complement the existing world architecture. Cambodia voices full support for the commitment and the initiatives to strengthen the East Asian cooperation in all fields, including political and security cooperation.

Third, we will also intensify our cooperative involvement within the framework of the Mekong River Commission (MRC) and Greater Mekong Sub-region (GMS) project. The two developments will have great repercussions for emerging economies in Southeast Asia. This kind of cooperation is very important and imperative for countries in the sub-region, since the Mekong River is the lifeblood of agriculture, inland fishery and river navigation in each country and the whole sub-region.

Any development upstream might have far-reaching environmental and economic consequences on the downstream countries. Moreover, the development of the Greater Mekong Subregion (GMS) is instrumental for ASEAN, given its great potential for economic growth and development. In terms of geoeconomics, the GMS is an important "economic gateway", linking Southeast Asia to China, a political and economic superpower in East Asia. More importantly GMS countries consist mainly of ASEAN new members with lower level of economic development, compared to more developed old members. This

huge economic disparity is the main cause and impediments to regional economic integration. Therefore, concerted efforts in promoting the development in the GMS are the only effective resolution in addressing the problem of economic gaps within ASEAN and building up capacity of new member nations. This will remove the impediments to regional economic integration.

In this spirit, I have proposed a number of initiatives to strengthen cooperation in the sub-region, especially the proposed establishment of a joint working group consisting of members from ASEAN countries, Republic of Korea, China, Japan, ADB, the Economic and Social Commission for Asia and the Pacific (ESCAP) and other donors to evaluate all existing initiatives, studies and projects and draw up a comprehensive, realistic master plan to set the direction for cooperation and development in the GMS over 20 to 25 years.

At first, I believe that efforts should be geared toward developing a network of physical infrastructure linking regional countries and turning them into agricultural, industrial, trade and investment zones. Cambodia is ready to be fully involved in all these endeavors, aimed at turning the GMS from a region stricken by poverty to a center of prosperity in the 21st century. It is my conviction that the GMS deserves this and can materialize this aspiration.

Fourth, Cambodia will also strengthen its engagement with the international system through accession to the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) and the Asia-Europe Meeting (ASEM). APEC has grown into a very promising regional organization. It is not an economic grouping in the same mould as the European Union, the WTO or the North American Free Trade Area (NAFTA). It has elements of each of the above, yet has maintained its unique character and identity. APEC is often referred to as an «open economic association»

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or «open regionalism». It is open because it does not seek to discriminate against non-members. It is economic because it deals basically with economic growth, trade and investment. The recent Singapore ASEAN Informal Summit voiced support for Cambodia and other non-APEC members of ASEAN to participate in the APEC Working Group Meeting on Human Resource Development.

Cambodia warmly welcomes this initiative. The Asia-Europe Meeting (ASEM) is also on our next agenda. Although ASEM is a consultative process and not a formal mechanism for cooperation, it provides an important forum for furthering relations between ASEAN and the European Union. It also brings added value to bilateral and multilateral arrangements. Cambodia continues to increase its international participation not least because discussions and rules on such issues as trade, foreign investment and the international financial architecture have implications for Cambodia's efforts to strengthen her national capacity for active involvement in the regional and worldwide cooperation. It also allows the country to share appropriately the win-win situation in the current wave of regionalism and globalization. Moreover, the engagement with the international system is the key to ensure that Cambodia is not excluded from such negotiations and cooperation because of lack of capacity or lack of access to negotiations.

Fifth, human resource development should play a key role in implementing the strategy for cooperation in East Asia. This is especially important for intra-ASEAN integration. At the Singapore Summit ASEAN leaders paid special attention to the problem of integrating the economies of the four new ASEAN members into ASEAN. In this regard, attention is given to human resource development based on the principle of "prospering your neighbors". Cambodia enthusiastically welcomes all initiatives that have been proposed in this area.

Sixth, the revolution in information

technology and telecommunications has created a new development paradigm, which makes the economy to become digitalized and knowledge-based. The intellectual capital has become an important production factor in the 21st century. In this sense, highly qualified and skilled human resources are key to gaining competitive advantages in the newly structured world economy. We are therefore required to give high priority to the development of information and communications technology (ICT) and the use of Internet for conducting studies, research and training and to promote the use of English language to enable the Cambodian people to benefit from globalization and regionalism.

In the regional framework, attention is given to these issues. At the recent ASEAN Informal Summit, the 10 ASEAN Heads of State and Government signed the E-ASEAN Framework Agreement, which we intend to use as our main instrument to bridge the digital divide in the region. Moreover, I believe that ASEAN should take advantage of all opportunities presented by Japan's initiative at the G-8 Summit in July 2000 to provide US\$15 billion over the period of five years to assist developing countries in information technology and telecommunications.

Particularly for Cambodia the priority areas for government interventions are to promote the learning of English and the use of Internet. Cambodia is prepared to take an active part in the work of the ASEAN + 3 Working Group on IT Development with a view to reducing the digital divide among countries in the region.

Cambodia also welcomes the initiative to establish a communication link among countries in East Asia, which ultimately connecting East Asia with Europe and America. It is my conviction that human resource development and the promotion of IT will help Cambodia reduce poverty, ameliorate the living standards of the people and enhance the country's capacity in engaging in the regional and world affairs, while boosting Cambodia's com-

petitiveness in the current of globalization.

I have spent some time elaborating on some important issues relating to the government's visions, strategies and policies, which determine Cambodia's position in the regional and world affairs. I expect that the deliberations during this conference would contribute to promoting cooperation and creating a bright future for Asia. In this sense, I would like to wish for successful completion of this conference...

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08/06/01	Speech at the International Conference on the Future of Asia
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12/06/01	Address to the Dinner Reception for Delegates to the Cambodia Consulta-
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20/06/01	Address to the Launch of MiCasa Hotel
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