

Cambodia New Vision

Issue 52

<http://www.cnv.org.kh>

May, 2002

May 15, 2002 [Extensive Excerpts]
“My Vision for Cambodia” —
Samdech Hun Sen to Investors and Businessmen



On May 26, 2002, during a trip to examine the renovation of the National Road 5 between Phnom Penh and Battambang province, Samdech Hun Sen had a casual dialogue with travelers about the road condition and their trips. Later in the morning of the same day Samdech Hun Sen went to observe the construction of a bridge on the road 21 in Koh Thom district, Kandal Province.

“..., I would like to take this opportunity to express my profound and sincere gratitude to the US-ASEAN Business Council for organizing this important and useful meeting.

I would like to take this rare opportunity to brief you on some important aspects of the situation in Cambodia, focusing on “My Vision for Cambodia.”

Afterwards, my colleagues in the government, investors, experts and representatives of the international financial institutions will get into the details of different aspects of the investment climate and how the government's policy has been implemented to promote and attract foreign investment.

As you are aware, three years ago, Cambodia has finally

turned a corner of history, putting firmly behind the darkness of its recent past history and emerging into a new dawn of its future. Following the July 1998 elections, which external and internal observer teams described as the “miracle on the Mekong”, we conducted a “win-win” policy leading to reach genuine national reconciliation without external influences.

This policy resulted in the dismantling of the political and military organization of the Khmer Rouge and the unification of our territory for the first time during the last four centuries.

Cambodia therefore has marched into the new century with a vibrant peace, ample national reconciliation and

(Continued on page 2)

May 23, 2002 [Unofficial Translation]
Four Canals for Improving Silt Way in Kiensvay District

... Last February 9, 2000 we celebrated the groundbreaking ceremony to build the four canals with the presence of HE Japanese Ambassador Masaki Saito... Today we organize the inauguration ceremony in Prek Chrey of Srok Kiensvay, which is seven kilometers from one another, with HE Gotaro Ogawa, the new Japanese Ambassador.

... I wish to place my apology to our people in this area as they have been waiting for the achievement to realize for so long. We have a force majeure that hindered the process of construction, which is sup-

posed to be inaugurated originally in August 2001. But we learned that the flood in 2000 and 2001 did not let us have much time to fulfil our project and also caused damages to some of our works as well.

... I may say that the assistance provided by Japan to Cambodia is large in number, and a major part of them came to Kandal province. Just now HE Ambassador of Japan mentioned about the renovation of the National Road 1. Our people in Kiensvay could have remembered about a cabinet meeting in a bus between

(Continued on page 7)

May 06, 2002 [Unofficial Translation]
Inaugurating Achievements in Prey Tomp Pagoda of Kompot Province

... Today I have a great pleasure to come once again to the province of Kompot aimed at inaugurating various achievements. I wish to express my sincere thanks to all Buddhist monks who reside in the Prey Tomp pagoda and their parishioners for their generous offer for me to preside over the inaugural ceremony of the temple. I am considering the offer an honor and a confidence placed in me.

... Normally the person to cut open the ribbon would have to be someone whose birth date would not be conflicting with that of the temple inauguration and also whose presiding would bring prosperity.

... I have noticed a large living hall with beautiful sculptures that happens to be my first encounter. This achievement is quite impressive or we could also say a new achievement on the old site.

... I have learned that this pagoda is already 200 years old. It was well developed before

(Continued on page 8)

In This Issue

- 1) “My Vision for Cambodia...”, P.1
- 2) Four Canals for the Improvement of Silt Delivery in Kiensvay District, P.1
- 3) Comments Made during the Inauguration of Achievements in Wat Prey Tomp, Kompot, P.1

(Continued from page 1)

strengthened democracy.

Soon after the 1998 elections, we worked out a new political platform and formulated a "Triangular Strategy", which has underpinned our domestic and foreign policy.

The first side of this strategic triangle is building peace, restoring stability and maintaining security for the nation.

The second side is Cambodia's rapid integration into the international community, especially into the comity of regional nations, 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, public sector, judiciary and economic reforms including fiscal and banking reforms, land reform, fisheries reform and stringent measures taken to crack down on illegal logging and to promote environmental protection.

The recent commune elections that we have conducted recently represent a forward step for democracy and the newly established commune councils represent a form of power delegated to local communities and become one of the main internal organizing principles of local governance in order to improve the delivery of public goods and services to Cambodians from all walks of life including the transfer of resources to the grassroots communities.

These systems of power devo-

lution and resource allocation will structure the process of change, which has become now "the blood and bone of the Cambodian," in order to achieve the anticipated progress.

It is my conviction that this process will not only unleash the powerful force of financial devolution and engender a far-reaching stimulus for strengthening grassroots democracy, but also significantly structure the social capital of local communities and promote further political stability and security in the country, which is vital for the country's march toward improvement in the living standards of our people, better respect for human rights and sustainable development.

Hence, after going through untold sufferings, the Cambodian people, with the support and generous assistance from the international development partners, have risen from the ashes as a truly free nation to rebuild a socially connected, educationally advanced, and culturally vibrant society in Cambodia.

Once a small and backward country shattered by genocide, internal strife and armed conflicts, Cambodia has ushered into an era of globalization and information and communication technology (ICT) and would like to become a real partner in regional and global affairs on par with many countries in the region.

What I have stated earlier is not just happening by accident, but was a tremendous effort to carry out some agendas, which are crucial for materializing my vision for rebuilding Cambodia.

"My Vision for Cambodia" is

to turn the first decade of the new millennium into the decade of economic growth, combating poverty, social progress and prosperity for Cambodia and Cambodians from all walks of life.

"My Vision for Cambodia" is to create a socially connected, educationally advanced, and culturally vibrant society in Cambodia.

"My Vision for Cambodia" is to bolster up a once strong and proud nation to become a truly free and independent nation, which can fully reclaim its own destiny, be a real partner in regional and global affairs.

"My Vision for Cambodia" is to have democracy deeply rooted in the Cambodian society by strengthening the rule of law and good governance, as well as promoting the respect for the rights and dignity of Cambodians from all walks of life, religion or social strata.

To make this vision come true as the Head of the Royal Government of Cambodia (RGC) I proposed some ideas, which have been used to prepare strategies and policies for Cambodia's development.

May I raise some key issues, which are critical for realizing these visions:

First, Cambodia's development should be anchored on three pillars:

- *Development of the private sector by helping local investors to prosper and attracting foreign direct investment (FDI);*
- *Attracting overseas development assistance (ODA);*
- *Mobilizing domestic re-*

sources to fuel economic growth, create employment and improve the living standards of the population.

The government's philosophy considers the private sector as a catalyst of development and the engine of economic growth. The government is a strategist and manager of development.

In this role the government sets out visions and creates a favorable environment conducive to private sector's activities. In this sense, the health of the private sector is key to development.

Therefore, the government has given special attention to establish a proper legal framework that ensures fair competition, transparency, accountability of the private sector and its relations with the public sector. That is why the Royal Government has enacted laws and regulations to set proper and rigorous rules for the market.

Second, to create a socially connected, educationally advanced, and culturally vibrant society in Cambodia requires from the Royal Government to rigorously implement its strategy to reduce poverty and to promote equitable economic development, which should be inextricably linked to social development.

As I have highlighted on many occasions, our government's strategy for poverty reduction consist of three key elements:

- *Ensuring long-term economic growth rate of 6 to 7 percent per annum;*
 - *Promoting equitable distribution of the fruits of economic*
- (Continued on page 3)

(Continued from page 2)

growth between the rich and the poor, urban and rural areas, and men and women; and

•Maintaining sustainable management and use of environmental and natural resources;

Economic growth is the most powerful weapon in the fight against poverty. Faster growth will require government policies that encourage macroeconomic stability, shift resources to more efficient economic and social sectors, and integrate our national economy with the regional and global economy to ensure the economies of scales.

However, the poor may not be able to fully benefit from economic growth if the distribution of income is not equitable.

In this sense, the Royal Government of Cambodia (RGC) has adopted concrete measures that target interventions to improve health and education outcomes.

At the top of the list are female education to ensure gender equality, safe water and sanitation, child immunization, as well as social safety nets to protect the most vulnerable.

Attention is also given to the social structures and institutions, which affect development, otherwise called social capital. In the spirit of this motto, the government's pro-poor policy is being geared toward establishing a favorable environment to promote and generate economic growth without environmental degradation, while ensuring equitable distribution of resources.

Third, Human resource devel-

opment and strengthening institutional capacity is crucial for Cambodia's development.

In the 21st century-the age of knowledge and information-economic growth and most of comparative advantages are generated by creativity, innovation and know-how, much more than traditional production factors, such as land and labor.

Further advance in information technology has created a new momentum for this development.

The new era, which is characterized by the increase in the importance of intellectual energy and human factor, the intelligence of human capital plays a determining role in transforming economic potentials and comparative advantages of each and every nation into the reality and competitiveness.

Moreover, institutions such as code of conduct, laws and regulations determine the rules of the game, which shape human interactions in a society. In this sense, institutional reforms and strengthening government's institutional capacity is a sine qua non condition for long-term economic growth.

Institutional reform reduces uncertainty and transaction costs. This would promote the increased inflows of capital and technology into Cambodia, which in turn fuel economic growth.

Based on this philosophy the Royal Government has embarked on reforms of the public sector, including implementing institutional reform and strengthening institutional capacity, and good governance has become the backbone of

our government's reform program.

After making a general comment, I would like to spend some time to make a brief overview and assessment of the political and economic developments in Cambodia, while highlighting our government's strategies and policies to promote private sector development and especially to attract foreign direct investment.

The commune elections that we have conducted recently testified to the fact that the political situation in Cambodia is solid and stable, since the big political parties in Cambodia have displayed their political maturity by putting national interests ahead of their own.

Developments before and after the elections have shown that Cambodians from all walks of life have clearly understood democratic values, reflected in the dramatic decline in violence and the resilience and stability of the Cambodian economy. Moreover, the art of compromise between the two big parties – the Cambodian People's Part (CPP) and the FUNCINPEC – for our common national cause constitutes the main factor to ensure political stability during the second term of the current government.

This has built up public confidence in peace, security and political stability in Cambodia, thus creating a solid, favorable condition for Cambodia's march towards sustainable economic growth over the long-term.

The Royal Government is resolved and strongly committed to enhancing in a systemic

manner this democratic process. In this sense, the forthcoming 2003 general elections will further confirm this irrevocable determination of the government and further consolidation of political and economic stability in the Kingdom of Cambodia.

Cambodia has marched with resolve in rigorously implementing its economic and financial reform programs, aimed at sustaining macroeconomic stability, strengthening banking and financial institutions, pursuing fiscal reforms, strengthening budget management, ensuring sound management of state property and increasing investments in physical and social infrastructure to promote human resource development and improving the living standards of our people.

I am pleased to inform you that the National Institute of Statistics, Ministry of Planning, with technical assistance of the Asian Development Bank (ADB), has revised the macroeconomic data for Cambodia and released an encouraging report on economic performance over the last years.

According to this report, the real GDP grew 7.7 percent in 2000 against 5.4 percent as previously estimated. In 2001 the Cambodian economy grew 6.3 percent, against 5.3 percent estimated. The three-month averaged inflation declined from 0.5 percent in December 2000 to -0.5 percent during the same period in 2001. The Riel/US dollar exchange rate was broadly stable.

The latest figures show that the Royal Government has achieved the target of 6 to 7 percent of economic growth

(Continued on page 4)

(Continued from page 3)

per annum over the long run. This would substantially contribute to our efforts to promote rapid poverty reduction. Indeed, the revised macroeconomic indicators will result in some quantitative changes in economic data of other sectors, including the budget framework.

In this context, I wish to emphasize that the quantitative change in statistics will not affect our government's strong determination and commitment to ensure the qualitative change, especially in fiscal and budget reforms. The Royal Government will continue to proactively honor all qualitative benchmarks aimed at enhancing revenue and rationalizing expenditure.

To strengthen the banking system and promote corporate governance, the National Bank of Cambodia (NBC) has rigorously implemented the Law on Banking and Financial Institutions by re-licensing all commercial banks. To this end, non-viable, insolvent and badly managed banks are closed down through voluntary liquidation or legal process.

The objectives of this bank-restructuring program are to build up a strong banking system, which mobilizes savings and enhance public confidence in the national financial system. Despite of shrinkage of number of banks, liquidity of the banking sector recorded a robust growth of 20 percent in 2001 and 10 percent in the first quarter of 2002. Foreign currency deposits recorded an increase of 8 percent and credit to private sector rose by 4 percent. Gross official reserves continued to grow by 6

percent in the first half of 2001, reflecting strong export performance and sustained tourist arrivals.

From my earlier comment you can see that political and economic developments in Cambodia have created favorable conditions for development. As I have stated on many occasions the current government is an "economic government", which gives special attention to development and poverty reduction.

Normalization of its relationship with the international community allows Cambodia to receive a substantial amount of international assistance for the rehabilitation and development of the country. However, to achieve sustainable development it is important to encourage the maximum inflow in private investments.

An increase in private investment would allow us to reduce the reliance on ODA for a survival strategy and use this assistance to fuel economic growth. It is my confidence that Cambodia will be able to achieve this objective.

Private investment will not only increase budget revenue, but also reduce the gap between the rich and the poor, once these investments are brought under the legal framework.

A private investment will not only bring profit to investors, but also help the people to keep up dynamism through employment creation. The government collects revenue using the tax system, which is an important mechanism for income distribution.

The revenue is used for common national cause, especially

to increase public investment in physical and social infrastructure and public utilities, whose development in turn facilitate private investment. Therefore, if we fail to attract private investment we will not be able to create a dynamic and prosperous Cambodia, but also we will not be able to pull Cambodia from the shackles of poverty. Thus, we will have to rely forever on foreign aid.

Recognizing the crucial role of investment for progress and poverty reduction, I have made tremendous efforts to remove the impediments to investment in Cambodia. In this regard, allow me to elaborate on the following measures undertaken by the Royal Government to attract and facilitate private investments in Cambodia:

First, The RGC will continue to give top priority to ensure and promote social environment for peace, security and stability in all parts of the country.

Second, The RGC has developed and strengthened the legal and regulatory framework, conducive to private investment and business activities in Cambodia. To further improve and enhance investment climate in Cambodia, the Royal Government has recently adopted the amendment to the Law on Investment of the Kingdom of Cambodia. This was done in a transparent manner with intensive consultation with the private sector and the donor community in order to ensure that the interests of investors, the government and the people of Cambodia are protected.

As part of this amendment I proposed that attention should be given to additional meas-

ures to facilitate investors by streamlining procedures and paperwork in applying for investment approval, imports and exports of goods and equipment within the framework of the investment project.

The main objective is to simplify the paperwork, promote transparency and predictability of the approval, monitoring and implementation of investment projects. My colleagues in charge of investment will provide you with the details.

Third, I have initiated a mechanism for consultation between the government and the private sector. This is an open consultation forum chaired by me and is held once every six months to bring together both the government officials and the private sector to sort out together any problem and to take measures to facilitate and promote investment in Cambodia.

In between seven sectoral working groups were established to allow investors an avenue to raise their concerns and address the difficult issues through the promotion of sectoral discussion of technical aspects of each and every issue. Overall, the consultation mechanism between the government and the private sector proves to be efficient in facilitating and promoting investment in Cambodia.

Fourth, To ensure equal treatment regarding price competitiveness between domestic products and smuggled goods, I myself decided to establish an inter-agency cooperation to combat smuggling, detailing requirements and arrangements for the participation of the Royal Cambodian Armed

(Continued on page 5)

(Continued from page 4)

Forces (RCAF), the Military Police, the Police and the local authorities at all levels to assist the Customs and Excise Department in preventing and cracking down on smuggling in Phnom Penh and in the provinces.

Fifth, The RGC recognizes that there is a significant correlation between sound institutions, especially effective legal and judicial systems and sustainable economic growth.

Legal and judicial change is necessary to support the evolutionary process of social and economic change. Our efforts therefore are being concentrated on strengthening the legal framework to underpin the development of a vibrant economy - laws on property especially the Land Law, the creation and winding-up of business entities, contract and a fair marketplace, banking, tax, investment, corporate accounting and audit.

In this spirit, the Council of Ministers has drafted a Joint Master Plan for Legal and Judicial Reforms, which will become our national agenda for reforms in the next few years.

Sixth, To facilitate investment the Royal Government has given priority to the development of physical infrastructure by increasing government budget and mobilizing external assistance to improve physical infrastructure, especially roads and bridges in strategic areas of the country, which constitutes the lifeblood of our economy.

I name this campaign to build road and bridge infrastructure, the "Locomotive Strategy" for economic growth. In the near

future Cambodia will have a sophisticated road network that helps to open up and link Cambodia's economic and tourism opportunities within the country and between Cambodia and other countries in the region.

With adequately developed physical infrastructure, such as roads and bridges, the transportation of goods and services will be facilitated, further facilitating your investment and releasing the potential of other economic factors.

Seventh, To achieve gradual reduction in electricity tariffs, the Royal Government has carried out a Strategic Plan for the Development of the Power Sector, which envisages step-by-step installation of a national power transmission grid and initiate negotiations to link Cambodia's power transmission system with those of our neighbors. Moreover, the construction of the first Kirirom Hydro-Power Station under the "Build-Operate-Transfer (BOT)" contract will be finished and operationalized in the near future. The construction of such hydro power station is capable of supplying low-cost and reliable electricity.

At the same time, the government is preparing for the implementation of the rural electrification project, beginning with the installation of a power transmission network in eight provinces.

Eighth, To prepare for Cambodia's participation in various regional and sub-regional initiatives, such as the ASEAN Free Trade Area (AFTA), the ASEAN Investment Area (AIA), the ASEAN Industrial Cooperation Scheme (AICO), the Greater Mekong Sub-Region (GMS), as well as for

accession to the World Trade Organization (WTO), the Royal Government has taken many measures to reform the investment and foreign trade regime by focusing on the liberalization and decentralization of decision making process, reducing the bureaucratic red tapes, removing impediments to investments in Cambodia, implementing reform programs and initiating the modernization of the national economy and upgrade its competitiveness to the regional and international standards.

Ninth, While efforts have been deployed to reform the domestic trade regime, Cambodia has ready access to various international markets, including those through the "Generalized System of Preferences (GSP)" and the "Most Favored Nation (MFN)" status with its major trading partners, including the European Union, the US, Japan, Canada and Australia.

Tenth, The Royal Government has given due attention to the protection and insurance of investment in Cambodia. In this sense, Cambodia signed the Agreement on Investment Protection and Promotion with a number of countries, including ASEAN members and other bilateral partners, such as China, Korea, Germany and Switzerland. We continue to work with many other bilateral and multilateral partners in this area.

Cambodia has recently joined the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, which provides the guarantee of political risks for investors. Furthermore, following strenuous efforts of the RGC, Cambodia was admitted to the International Center for Settlement of

Investment Disputes (ICSID).

I believe that in conjunction with the efforts mentioned earlier, these agreements will further improve the conditions and climate for your investments. Cambodia has some important comparative advantages and is endowed with great potentials in agriculture, agro-industry, labor-intensive industry, processing industry, tourism and in some other production and services, due to its endowment in land area, soil, climate, natural resources, cheap labor, historical heritages and the beautiful scenery of its beaches, rivers, lakes and forests. These potentials are awaiting investment and sustainable development.

Taking into account these potentials and the need for building up a solid foundation for economic growth and for ensuring Cambodia's long-term competitiveness the Royal Government has given priority to develop the following six sectors:

- (1) *Agriculture;*
- (2) *Physical infrastructure, transport and telecommunications;*
- (3) *Electrical power supply;*
- (4) *Labor-intensive and export-oriented industries;*
- (5) *Tourism industry; and*
- (6) *Human resources development.*

In this context, the Royal Government prepared a list of priority BOT and other form of projects related to physical and social infrastructure to be made available to investors for their participation, in particular in the following supporting sectors, such as road and bridge, power and telecommunications.

(Continued on page 6)

(Continued from page 5)

In the near future, apart from developing the garment industry the RGC will give priority to the development of other labor-intensive industry, such as toy, foot-ware, assembly of electrical and electronics appliances for domestic and industrial use. The RGC will continue to attract technology and management transfer. In this sense, the RGC has set out policy to increase Cambodia's international competitiveness by focusing on development and improvement in physical infrastructure to effectively respond to the increasing needs for basic services, such as low-cost water and power supply, financial, information and telecommunications services. Overall, our industrial policy will be concentrated on seven main points:

First, continue to develop labor-intensive industry, such as garment, toy and foot-ware industries;

Second, promote the development of agribusiness by strengthening legal framework for longer-term land management. Moreover, the government will provide incentives to establish factories to process agricultural products, such as cotton, jute, sugar, palm oil, cashew nuts, rubber, cassava and fruits;

Third, develop industries based on the utilization of basic natural resources, mainly by processing the existing natural resources in the country such as fish, meat, cement production, brick and tile;

Fourth, promote small and medium enterprises (SMEs), micro-enterprises and handicraft. The critical issue for SMEs is to provide micro-

finance, streamlining procedures, providing marketing services and supplying information on sectoral development;

Fifth, encourage the transfer of technology and diversification of export products by promoting the assembly of electrical appliances and electronics products for domestic and industrial use and improving product quality. It is necessary to establish a system of quality control of export products to meet international standards and enforce the intellectual property laws.

Sixth, establish industrial and export processing zones by developing infrastructure, improving service quality and encouraging investments.

These zones can be established on the outskirts of Phnom Penh, Sihanoukville, Banteay Meanchey or Koh Kong. The RGC will take action to build road network, develop power and water supply, ensure waste management and environmental protection, provide education and vocational training, upgrade health services, establish warehouse and reduce customs procedures, etc.

Seventh, increase the production of goods for import substitution to some extent by encouraging the development of paper, chemical industries, such as the production of fertilizers, acid, as well as daily consumption goods such as soap, paint, electrical appliance, water pump and agricultural inputs etc.

Let me elaborate on the importance of the tourism sector. Cambodia's geography provides a variety of rare natural attractions, which complement

our unique cultural sites. These favorable conditions prompt the government to promote "cultural and natural tourism" development in Cambodia. These potentials will be crucial for Cambodia's economic take-off. That is why the Royal Government has purportedly included tourism as one of the six priority sectors in our strategy to fuel economic growth and reduce poverty in Cambodia.

The government's open skies policy and other facilitation measures have already brought substantial benefits to the Cambodian people. It is my conviction that Cambodia's open skies policy, coupled with measures to open road and waterway transport will further facilitate tourism inflows and further promote economic development in Cambodia in general and develop tourism in particular.

Based on this concept, the Royal Government has made tremendous efforts to rehabilitate and develop road and bridge infrastructure, airports, seaports and other physical facilities, such as water supply and power distribution systems, as well as telecommunications network, which form the foundation and play a key role in turning the above great potentials and comparative advantages into reality. Apart from the efforts deployed to open up domestic tourist markets, we are conscious that there is a great potential to link up the ASEAN and GMS tourist markets. Liberalization of regional tourist markets by linking many countries into a single tourism destination would provide the economies of scales for the tourism sector and allow all participating countries to share the "win-win" situation. In this sense,

Cambodia has been working so that we could reach a Framework Agreement on Tourism in the near future (T-ASEAN).

I have spent a lot of time briefing you on the policies, strategies and measures set out by the RGC to establish a favorable environment conducive to private investments. Cambodia is endowed with great potentials in many areas, which await investment. Cambodia needs financial resources to expand production and create employment. We are also in dire need for technology, knowledge and know-how to improve our capacity and productivity. These factors mentioned lately constitute the private sector's strength. This is the cornerstone of the government's policy, which regards the private sector as an engine of growth and its development partner.

We clearly understand that in the world of globalization, capital and technology will flow into business and investment-friendly countries. As a government, we can guarantee to all investors a favorable environment conducive to investment, especially peace, security, political and macroeconomic stability, efficient legal and institutional framework, transparency, accountability and predictability. As I mentioned earlier the Royal Government has goodwill and strong commitment to build up a foundation for genuine cooperation with the private sector, both domestic and foreign, with the view of improving the living standards of the Cambodian people, so that they are assured by improved welfare and live in harmony, become a master of their own destiny and Cambodia's development... □

(Continued from page 1)

Phnom Penh and Loeuk Dek district. This segment of road took us in all four hours. The condition is in unimproved condition still. Let me inform about a trip to Tokyo in June 2001. I had a negotiation with the Government of Japan, in which so many road projects were proposed to the Japanese side. The Government of Japan decided to assist us in rebuilding the segment of the National Road 1 on the western bank of Neak Loeung. This project is connected with the ASEAN highway, which allows various country members to travel to Vietnam via Cambodia.

... As the Japanese experts are conducting studies on the renovation of the roads, let me warn that they have to take into consideration problem of unexploded ordinances. As we finished the construction of the four canals we have discovered 2,511 pieces of unexploded ordinances including a bomb from B52... These unexploded ordinances were left not from the 1979 and 1998 war but between 1970 and 1975. The Royal Government from its part has an obligation to conduct a thorough study of places where there are or there not unexploded ordinances so that the construction process would be expedited once the decision has been made.

... Once I learned that the road request has been accepted and a study conducted, I have proceeded further to request through HE Minister of Finance of Japan for a bridge over the Mekong River at Neak Loeung. If we were to build National Road 1 as highway, the Mekong River at Neak Loeung has to be bridged as well. We could not afford to operate the ferry any

more. Whether Japan accepts or not the proposed request I have no idea but I have great hope in their positive judgement... The point is whether we can ensure the effective use of their assistance or not.

... Japan has reduced its assistance to foreign countries but maintained its status in terms of providing assistance to Cambodia. So I would like our people and Government officials to do whatever they can to effectively use their assistance like we have proven in the renovation of the four canals aimed at improving our local people's living condition. If we could attain this success we would be able to attract more assistance to Cambodia. On the other hand if our people could not safeguard the construction and our people's living standard worsen further, more assistance could not be expected as even member of the House of Representatives of Japan would also question its Government about efficiency and effectiveness of their assistance to Cambodia. In this case the Government of Japan who initiates the provision of assistance to Cambodia would be in difficult position.

... Today HE Director of JICA would end his directorship in Cambodia. During his term he had headed various projects. Though he is promoted to director of ASEAN and East Timor department, I would think he still has a good memory of Cambodia and remembers that Cambodia needs more canals of this kind. The person to take over his position is some one who knew Cambodia from 1960 and I am sure that with HE Ambassador who knows Cambodia very well, Japan would do more to help us. Today at 16:00 hours Japan will sign to provide a

credit of Yen 2000 million for the rehabilitation of electric provision facilities in Siemreap town. So this morning we receive four canals of about Yen 1 billion and Yen 2 billion in the evening. The Consultative Group meeting is approaching and Cambodia is set to request for more.

... HE Director of JICA told me that Cambodia ranks sixth among 160 countries that Japan pays attention to. What I wish to mention here is that though this project of urgent rehabilitation of the National Road 1 is under the supervision of the Government, still the Ministry of Transports and Public Works both at the central and provincial levels have to take care of its condition. When I ask the provincial public works if we could renovate the road with our money, they said it is in the urgent rehabilitation project by the Asian Development Bank. So I wish the Ministry of Transports and Public Works to sign the deal as soon as possible so that provisional rehabilitation of the National Road 1 is taking place.

... What is concerned with the four canals was that once we have decided to build them, flood came right away. As our people could not collect their harvest down the stream, we have closed the water gate and they were able to do so and we let the gate open to let the water flow in with silt to fertilize the land area downstream. If the area downstream is in short of water we could place pumps along the river. Taking this opportunity I wish to thank the construction companies (Taise) for purchasing the Hun Sen pump to mount on these canals.

... Between 1995 and 1996 I have provided a certain

amount of fund to the Directorate for Hydrology under the leadership of HE Lim Keanhor to invent and build the pump locally as it costs less than those imported from abroad. Now Japan purchases Hun Sen pump without having to fly in from Japan. We have about 30 pumps of this kind. They have been registered in the Ministry of Commerce and no one could steal the intellectual property rights. Later if Japan would want to bring in the pump to Cambodia they should let us produce the pump because the cost is cheaper. The pump costs US\$ 48,000 if we were to purchase from Australia and we would produce the pump of the same quality for US\$ 22,000 only. It could pump water from down 25 meters.

... Few days ago the Disaster Management Committee called on a meeting to come up with an annual plan. This year we have less rain and some places could not nurture their seedlings. When we have too much water we have a problem but now that with less water we also have a problem. We have yet to declare an emergency since we are today May 23. We have to get ready for immediate intervention. I think that in my second term as Prime Minister, the idea to establish two additional ministries – Water Resources and Meteorology and Land Management, Urban Planning and Construction – is correct and enjoying the support from the party in coalition. I think they would still be in existence in the next term. If we were to keep the Water Resources management at the level of department its intervention would not be adequate. Up to the present we have 2 million hectares for cultivation but only 16% is irrigated...□

(Continued from page 1)
the war in 1970. Unfortunately it was completely ruined under the genocidal regime.

... This fate was no different to other pagodas in the whole country. After the liberation in 1979, our people returned to their home villages (from displacement) and cleaned the place for eventual religious celebration.

... From 1981 up to the present, with help from both local and external sources, especially from the United States of America, it has become once again a huge and beautiful pagoda.

... According to the report of HE Governor of the province, the total cost of the construction was US\$ 362,900 – an amount that could put in place so many school buildings. But we also have demands in the Buddhist world for such an infrastructure to be built. Therefore, in Cambodia, development has to be done in secular world along side with Buddhist world.

... May I take this opportunity to once again express my deep appreciation and thanks to those whose contribution of resources have responded positively to the spiritual and material needs of the Cambodian people.

... Because of war and the genocide many Cambodians have fled their homeland to settle in foreign countries.

... What is worth mentioning here is the good point of the Cambodian government that since the liberation in 1979, we have always offered opportunities for our people living abroad to send in money for their relatives residing in-

side the country. Eventually, they also have a chance to come to visit their relative themselves and our people inside the country also could send their children for education abroad. This is what I called the implementation of an open policy.

... Let me recall a fact, if I may, that some politicians, in 1989, 1990 and 1991, were disturbed by the fact that so many Cambodians returned to visit their homeland. They then warned them of being recorded in what they called a black list. Those people would be meant to have come inside the country to offer assistance to what they called a "puppet regime."

... As far as I know they even had run an article in Le Monde for it. For these people it was not enough for them to have controlled our people inside the country, but also those residing abroad. The fact was that they were afraid that those who came to visit Cambodia would observe the factual progress inside Cambodia, which is totally contradictory to their fake propaganda.

... The open policy of the Cambodian government in those days was quite applicable. We have now extended further this open policy for our people who reside abroad.

... They could, despite the fact that they have a foreign citizenship, come to participate in politics inside Cambodia. They are eligible to be elected and to vote. They also have a life visa. This is the best method to gather the Cambodians living abroad together for the sake of joining with the local Cambodians for development.

... One good point that I have to mention here is also the fact that Muslims are also present in today Buddhist ceremony. This is what I called a peaceful coexistence of different religions in Cambodia. May I offer my deep thanks to the local authority of all levels for their efforts in dealing with hardships resulting from flooding in 2000 and 2001 and the protracted drought in 2002.

... I wish also to take this forum to pronounce my appreciation for the commune councils recently elected for their collaboration despite the fact that they are from different political parties. Some communes have started to improve their local infrastructure like rural roads, canals, etc. These actions would not disappoint our people's confidence at all.

... Let alone in Kompot, we have a good production of salt. In 2000, 2001 we had a bad salt market as salt producing companies had to import salt from abroad for local supply. This was the case because there was so much rain in Kompot that salt could not be produced. It was very difficult in those days because we have to guarantee the price of salt at a stable and affordable price for our people to purchase for their fish-fermentation season. But there has been less rain in 2002 for the same period salt production has increased to a surplus of 60,000 tons. This surplus could be reserved for local consumption in 2002, 2003 and even to 2004.

... Please take good care of salt stocks. The Royal Government and people of Cambodia would like to have stability not only in politics and security but also economics. Fluctuation of prices of basic commodity products would also

impact on the political stability. I wish therefore to express my deep thanks to our salt workers for such efforts they have made. According to the meteorology of the Ministry of Water Resources, we would have more rain towards end of May. But some places enjoyed some bit of rains since before and right after the Khmer New Year (April 14, 15 and 16.) Taking this opportunity I wish to appeal to concerned authorities to pay heed to reserving water.

... Today is a good chance as we have all former Governors of Kompot here. HE Som Chen used to be the provincial governor, HE Koi Luon was then party secretary of the province and later we have HE Chai Saingyun from chief of staff to be a governor. The situation was then critically tense as the backpackers from Australia, France and Britain were kidnapped and killed in Phnom Voar by the Khmer Rouge. But we now have a good security.

... Let me clarify a bit about the renovation of the national road 3, 31 and 33. The reason why we have been late is because we have to follow a long procedure. However I would say that by the end of 2002, the construction would start. As for the road between the provincial town of Kompot and Tropeang Ampoe, the national road 3, we have already finished negotiation with South Korea and they have come to conduct their studies already.

As for the part between Vealrinh and Tropeang Ampoe, the World Bank would be taking care of. I am so sorry for such a lengthy procedure but as we used to say: "late is better than never..." □