

Cambodia New Vision

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Phnom Penh, July 23, 2001

Address to the Launching of the New Building and the 50th Anniversary of the Customs and Excise Department

“... It is an auspicious day for the Customs and Excise Department (CED) because we are here today to celebrate two things: the 50th anniversary of the CED and the launching of the CED’s new building which was built by joint efforts of the management and officials of the CED. On behalf of the Royal Government of Cambodia (RGC) and on my own behalf, I would like to express my great pleasure to attend this important and historic ceremony. This celebration is another evidence reflecting the improvement of the Cambodia’s customs and excise institution, which has gone through consecutive reforms aimed at improving good governance in the area of public finance by the RGC...



Samdech Hun Sen, accompanied by HE Senior Minister Keat Chhon, attended the presentation of the information system by officials of the Customs and Excise Department

“... I would also like to faithfully express my gratitude to our friendly countries and national and international organizations for their supports both in knowledge and in materials to the MEF in general and CED in particular. The RGC acknowledges that without these successive supports, Cambodia might not be able to achieve remarkable accomplishments in which we are now witnessing.

With the willingness and decisive commitment to continue speeding up the reform process to successfully achieve the recent set out of

the Governance Action Plan (GAP) of the RGC, the RGC strongly hopes and counts on continuous supports from its outside partners.

During the past Democratic Kampuchea, as everyone is aware of, customs and excise institution was closed like other institutions, and its human resources, customs and excise officials were the focus of threats and crackdown. Law and regulation documents and other operational means were also destroyed. The reestablishment of this customs and excise institution from an empty hand after the 7th January 1979 were thanks to strong commitment and decisive efforts of the Cambodian Government and people and especially to invaluable struggling and sacrifice by succeeding managements and officials from that time up to now. For that remarkably great merit, I would like to take this opportunity

(Continued on page 2)

Phnom Penh, July 16, 2001

Toast in Honor of HRH Princess Maha Chakri Sirindhorn

“... First of all on behalf of the Royal Government and people of Cambodia I would like to warmly welcome Princess Maha Chakri Sirindhorn who have made an official visit to the Kingdom of Cambodia.

Since it is taking place after the visit last May, the visit clearly shows good relations between the two royal dynasties as well as friendly relations between the peoples of Cambodia and Thailand.

I have a strong belief that this visit by HRH will contribute to the strengthening and expanding further of the traditional friendship and active cooperation between our two countries.

Taking this auspicious occasion, I wish to express my sincere appreciation to HRH for the interest in the study of the Khmer custom, culture and civilization -- for which many temples have been left as heritage not only for the Cambodian people but also to the whole humanity.

(Continued on page 6)

In This Issue

- 1) Address on Customs and Excise, P. 1
- 2) Toast in Honor of HRH Princess Maha Chakri Sirindhorn, P. 1
- 2) Comments on Phnom Penh Development Sites, P. 4
- 3) Comments on the Commune Elections Registration, P. 5

(Continued from page 1)

to respectfully and highly appreciate the managements and officials at all levels of the MEF who have contributed and are contributing to the rehabilitation and reconstruction of this important institution.

The celebration of the 50th anniversary of the establishment of the Cambodia Customs and Excise (CCE), 29 June 1951-29 June 2001, is organized at the time in which the CCE was recently admitted as a member of the World Customs Organization (WCO) on the 3rd of April 2001.

This membership is another step for Cambodia to participate in the international cooperation within the globalization process, which is today's trend and is playing a determining role in the new paradigm of the global economy development. I strongly believe that this membership will further improve the efficiency of CCE operation through its cooperation in exchange of information, human resource training, and other technical aspects within the region and the world as a whole.

At the same time, I hope that the enormous achievements, which CED has obtained for the last several years will further promote and strengthen its capacity and ability to confront with and reduce all forms of illegal smuggling existing in the past.

The success of this area will not only contribute to an increase in national revenue but most importantly it will help to facilitate trade, business, and investment toward creating a fair competitive environment and justice in consistence with the free market policy of the Royal Government of Cambodia.

Adding to the report that Excel-

lency PEN SIMON, the RGC delegate in charge of the CED, has just presented about the history of the Cambodia Customs and Excise Institution (CCEI) plus the achievements made by this institution, I wish to underline some additional important points as follows:

First, I believe that the establishment of the CCEI in separation from the Indochina Customs and Excise Institution (ICEI) 50 years ago was truly bound to the crusade for a complete independence for Cambodia by His Majesty Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia. The people of Cambodia and I always remember and never forget His Majesty's invaluable merit, which has been inscribed in the golden page of the Cambodian history.

Second, I also proudly joint to celebrate other achievements in which the CED has obtained recently including this new building in front of us, customs and excise office in Sihanoukville, customs and excise office in Poy Pet, and other achievements.

These achievements not only reflect the last-couple-of-year development of the Customs and Excise Institution but also play as a vital and strong physical background for long-term development objective of the CCEI. Furthermore, I hope that these achievements will create appropriate physical condition for the CCEI to efficiently participate in regional cooperation consistent with the coming future of ASEAN Customs Vision 2020.

The customs and excise sector is the most important tool for economic and international trade management. Besides its role to control and collect taxes on imports and exports for national revenue, this institution also has an important obligation to facilitate and create a fair competitive environment for

trade and business in order to guarantee a free market-playing fields within the country through reducing and eliminating of all illegal smuggling which are polluting the Cambodia's trade and investment market and the loss of national revenue.

In addition, customs policies act as an important regulatory tool for fostering domestic production activities and international trade. Thus, the customs and excise institution should be capable of providing timely information, statistics, and necessary analysis on both domestic and international market condition with recommendations and initiatives for the RGC.

This will help the RGC in policy formation and set out necessary regulations for effectively adjusting the markets with transparency and predictability that are needed by private sector for its business, trade, and investment in Cambodia.

In this context, as the head of the RGC, I would like to stress that our medium-term objective is to further deepen reform and modernization of CCEI so that it can efficiently meet the requirement for improving revenue collection of the RGC, protecting domestic market, and fulfilling the need of the private sector for a simple, fast and reliable operation of international trade in Cambodia.

For this most important objective, I would like to present my recommendations to the management of the MEF and especially the CED as follows:

First, further improve and create clear and simple laws, regulations, and procedures in consistence with international practice to guarantee the efficiency of management and the regulation in implementing the RGC reform policies in public fi-

(Continued on page 3)

(Continued from page 2)

nance sector. In designing and implementing these tasks, responsible institutions have to carefully follow the principles of good governance, which consists of accountability, transparency, predictability, and participation. Within this context, our important task is to improve information dissemination on laws, regulations, and procedures to increase awareness of the public and participation at all levels of the society in understanding their obligation/responsibility in taxation and obeying the state laws and regulations. This task is the important part of our efforts in trying to strengthen the state of law and the tax culture among our populace at all level, which got lost and depreciated through the past chronic civil war for decades.

Second, a complete organization is necessary for revising this law and legislation, thus I urge the MEF and the Council of Ministers to cooperate for pressing on the draft on customs law to be prepared as soon as possible, and this law should be appropriate to the need for international trade operation, for reviewing and approval by the full committee of the Council of Ministers, then submit to the National Assembly and the Senate for approvals.

Third, endorse the implementation of modernized and streamlined procedures through the introduction of simplified customs clearance procedures and the application of risk management techniques by using information technology to enhance trade facilitation and improve/increase effectiveness/efficiency of customs operation. Our long-term objective is to apply automated system for customs operation in the whole country, which is the important segment toward the E-Government vision of Cambodia.

Fourth, maximize the return from Pre-shipment Inspection (PSI) by concentration on two mechanisms:

- (1) minimize opportunities for fraud and fiscal evasion through mis-description, misclassification and under-valuation of good by importers, and
- (2) Facilitate trade through risk management techniques and avoid double controlling.

Fifth, enhance an appropriate preparation for regional and global integration especially the cooperation of customs sector within the ASEAN framework and prepare the necessary requirements by the WTO. CED is going to face some new tasks such as the WTO's methods of determining the value of imported goods for customs purposes, which requires a modification of methods to determine the value of imported goods and organizes a post clearance audit.

All of this work requires considerable attention on human resource development and building capacity of the CED. The RGC also needs to prepare and confront with possible reductions of the national revenue from international trade and reverse its efforts to enhance and broaden revenue base from domestic taxes. For this reason, I urge the MEF to give extra attention to enhance and build capability of domestic tax administration and the CED needs to give a close cooperation with the Tax Department in order to enhance and broaden revenue base of the RGC.

Sixth, finally yet importantly is the cooperation in reducing or eliminating all kinds of illegal smuggling and cross border activities. In the past, the RGC's position as well as mine is to use a combination of means to search for an effective and efficient strategy for successfully tackling this problem. In deed,

the past efforts of the RGC have received positive results. Specifically, the tax revenue was significantly increased during the last three years.

This also proved by the growth of the economy and an increase in trade while there was a reduction in smuggling. I think elimination of smuggling is similar to elimination of corruption, which cannot be done within one or two months or even within one or two years. The success of this objective requires longer time, a strong law enforcement and policy with flexibility and effectiveness, especially human resource with high professional skills and morality, and the cooperation and participation from all institutions and individuals.

However, the RGC had been giving high priority to this area and has taken a non-discrimination position in tackling illegal smuggling. No one at any level of the society or within the government can be above the law. It is a humiliation and cannot be forgiven for any government officials at any levels to participate in illegal smuggling that causes loss of revenue for supporting the RGC policy and strategy in poverty reduction.

In this respect, I would like to take this opportunity to appeal to officials at all levels, the armed forces, private sector, and every citizen to support and promote the tax culture and be responsible for tax obligation as good citizens and cooperate with authorities at all levels for fighting and eliminating all kinds of illegal smuggling.

At the same time, I want the MEF and other responsible institutions to pay attention and deep consideration on the necessary and appropriate reform of tax system on some commodities based on the principle of "relatively low rate with high

(Continued on page 5)

Chroy Changva, July 22, 2001

Excerpts of Responses to the Press at New Development Sites of Phnom Penh

On the construction and expansion of Phnom Penh...

“... In fact the Municipality of Phnom Penh has got many projects... As for this project to build a park and expand the city, I see that aside from tourism there have various other positive components...”

“... Let's talk about environment... As we all could see, within a period of 20 to 30 years, (in front of the four-face river) there emerge islands that divert strongly the water current (from the Mekong) ... Originally there used to be four rivers merged here. But in 1975, there was a huge ship sunk which gathered sand and alluvial to form a big island, and change the water stream from four to five... This has created difficulties for small and big ships alike to pass the shallow passage to the harbor (on the west banks of the Tonle Sap)...”

“... The project also serves our interest in fishery as well... Every year we have lost millions of fish... (Some) fish breeds upstream of the Mekong and flow themselves downstream to a point at which they are being channeled by water current to the Tonle Sap lake (for further physical development)... As the water current changes its course, the fish also get flown to further down the stream of the river...”

“... Normally Tonle Sap is like a reservoir that absorbs water during the flood season... Since the island confronts the flow, the absorption capacity is slow and the flood severely affects Kandal and Prey Veng to a great degree...”

“... As far as Chroy Changva is concerned, and His Excellency Chea Sophara may have more projects, I wish to see it becoming a

real part of the capital. HE Chea Sophara and his teams deserve praise and support... It is remarkable that the project is being studied and implemented by the Cambodian expertise...”

“... I am proud to see this happen, and it should be recognized that in the time of Hun Sen as Prime Minister and Chea Sophara as the Governor of Phnom Penh, the Khmer expertise has been utilized...”

“... Now I am considering that Arey Kasat and Sarikakeo -- (two communes on the eastern bank of the Mekong) -- be separated from Kandal province and placed under the Phnom Penh Municipal authority... I remember that in 1987 we have separated a number of communes (along road 6A) from Kandal province to become part of Phnom Penh Municipal and now that area has boomed into restaurant business...”

“... I have heard that HE Veng Sereivudh and HE Thaong Khon, Minister and Secretary of State for Tourism, would like to propose this site to Tourism-2003 in Cambodia... I am sure if we could mobilize all out efforts; we would be able to realize this wish... We already have six companies to support and implement parts of the project... As of today, the project owes US\$ 730,000 in addition to the financial support made so far... To get the project fully implemented, we may need up to the most three million dollars using local expertise completely...”

“... If the project were to be implemented with foreign support and expertise, it would cost us no less than US\$ 50 millions...”

“... Thanks to the saving from the Royal Government's policy to can-

cel tax-free imports of vehicles for the members of parliament, senators and Government members, and other sources, the money can be used to help financing the project... What we have been doing today should be a remarkable example for generations of Cambodian to come...”

“... The idea that the project narrows the river mouth is a myth... We on the contrary are expanding and deepening the flow way...”

On the Trial of the Khmer Rouge...

“... Talking about the Mekong and the shallow of water ways makes me think of the past... When we fought against the Khmer Rouge and we were caught guilty -- the Mekong river (the part in Cambodia), Bassac river, Angkor Wat and many others -- were punished...”

“... When we sought out financial assistance to mend and maintain Angkor Wat, we were refused to access any financial resources because the United Nations did not recognize Cambodia (the Phnom Penh regime)... and because the United Nations recognized Democratic Kampuchea...”

“... As for this river problem, we knew the cause and we needed help but we were refused... You may remember that we sold a sunken ship and took that money to purchase sand-pump equipment and fill the area where is now the Hun Sen park... And now that we are given a status of being the right people and free from punishment, we are forced to make a trial happen...”

“... We will hold a trial... Some people said that the legislative bod-

(Continued on page 5)

Takhmao, July 21, 2001

Comments on Voters Registration for the Commune Elections

On Registration...

"... Today, making further contribution to the appeal made by the National Election Committee, and on behalf of the Royal Government of Cambodia, may I appeal to all eligible Cambodian citizens to register within the specified time frame so that each and every one of us could exercise our rights... It is the first time in the Cambodian history that democracy in the form of decentralization of power can be exercised at the local level. This effort is of great significance in rendering our people power, which embodies not only a democratic process in the election of the person one likes but also the expansion of power sharing at the local level... May I appeal again to our people to try to go to the registration booths/offices and to go to vote on February 03, 2002..."

On Voter's Turn-out...

"... If we compare Cambodia to other countries in the region or any other countries, we have had a remarkably high turn-out in the general election in 1993 and especially in 1998... Despite the fact that, for this commune election, there would be some difficulties for our eligible voters, who currently stay and work away from their local residence, to go to register and vote at their places... I am sure that Ministries concerned will discuss (this issue) with the employers so that they will be granted permission to exercise their rights... This in fact depends on each and every one's personal effort as well... I believe that with all the favorable conditions created and provided, we will have a high turn-out for the registration and for the elections..."

On Financial Commitments ...

"... Certain countries have been quite professional in terms of telling or advising us of what to do, and

making promises... but in reality, there have been a small number of countries making actual contribution... Whether there will or will not be (the said contribution), Cambodia will have to march forward... We must not let the process fail... We will do anything we can in our own limited resource to get the elections going as planned. If the effort does not get the projected US\$ 18 million, we would then have to seek financing from banks, which, of course, is a choice that is not acceptable to the World Bank and IMF principles... We have to choose this way in order to save the elections preparation and operation... Being master of our own fate, Cambodia is committed (to the local elections)..."

On reported threats...

"... Every one has his/her own rights to express one's own opinion... I think that people who have received threats any where should arrest the person responsible for the acts and send them to the authorities... because, if they claimed that the incident was a political violence, they should know the person who committed... a proof needs to be presented... If one fails to prove to the authorities that this or that person should be investigated, the authorities have no ground to conduct its task, and it seems that one tries to spread falsified information..."

Will the CPP win?

"... What is expected here is an election that is judged to be free, just, transparent and free from violence... It will be a success for the whole Cambodian people... I have reserved my wish to whoever wins in this election... Let our people decide on the basis of their individual right... When more people turn out to register and to vote, we could say it is a victory of the CPP already..."

(Continued from page 3)

Customs and Excise ...

collection" instead of high rate with low collection leading to increase of illegal smuggling.

In sum, the RGC and I personally consider this task urgent and most important and hope that all the ideas raised here will be broadly disseminated among all civil servants, soldiers, police, private, and individuals at all levels within our society.

The success of reducing illegal smuggling will help support other RGC programs, especially the implementation of the poverty reduction strategy and facilitating business, trade, and private investment activities, which require a fair competitive environment with opportunities, transparency, and predictability..."

(Continued from page 4)

Responses to the Press...

ies -- (the National Assembly, the Senate, the Constitutional Council) including HM the King -- have to abide by the agreement that came into force between the Royal Government of Cambodia and the United Nations... Well then, why should a country have its legislative bodies and HM the King? Should it abide by only the United Nations? Would not it be better to have a free Cambodia... The law is in smooth process now and I do not anticipate further problems... Maybe (some problems) from the foreigners... But we will not take much of those issues into consideration... Participate (in the trial process) or not is their problem... As for me I am following the Cambodian legislative bodies and HM the King and law of the nation... We would welcome their participation, and it will not be a problem if they do not..."

(Continued from page 1)

This has in fact pleased the Royal families, Government and people of Cambodia.

Moreover, I would like to express my sincere thanks to HRH for the recent generous offer of a school building to Cambodia's educational infrastructure in Sambo Prey Kuh in Kompong Thom.

The Kingdom of Cambodia and the Kingdom of Thailand are neighboring countries with similar civilization, culture, custom and tradition.

These special characteristics are important factors for the creation and consolidation of the bonds of friendship, cooperation and mutual understanding between our two peoples.

With the Royal Government and people of Cambodia, I have a great pleasure for the frequent visits by HRH in Cambodia because it is a factor that shows that HRH loves and appreciates Cambodia.

Furthermore, the more exchanges of visits by delegations of the two countries have contributed to the progress of friendship and cooperation by the two Kingdoms day after day.

In this context, may I recall that only last June, the Royal Government and people of Cambodia had a great honor to warmly welcome the official visit of HE Thaksin Shinawatra -- Prime Minister of Thailand -- in the Kingdom of Cambodia.

The visit concluded with a great success. The two sides had agreed on many bilateral issues that bear historical characteristics and that offer common interest to our two countries for the benefit of expanding and strengthening, and improv-

ing further the relations of friendship and cooperation between our two countries as required for the 21st century.

As a member of ASEAN, Cambodia will try any thing in its efforts to bring about a close cooperation with the Kingdom of Thailand as well as with other ASEAN member nations with an aim to keep ASEAN competitive in face of the current phenomena of globalization and regionalization.

May I take this joyous occasion to express once again to the Royal Government of Thailand for the return to the Kingdom of Cambodia not long before this of a number of archeological objects that were stolen from temples inside Cambodia and made transactions to foreign countries. Those invaluable objects are heritage not only to the people of Cambodia but also the people in the whole world. Every country has an obligation to help preserve and safeguard them as inheritance for the humanity. The return of those objects clearly shows the concern of the Royal Government of Thailand in obstructing the trafficking of cultural wealth.

The return indicates also direct concern of HRH Princess Sirindhorn on this issue. At the same time, I have a strong belief that in the future, with a close cooperation from the Thai authorities and the support from HRH, Cambodia will continue to get back its precious archeological objects that have been stolen. The Royal Government and people of Cambodia highly appreciate the fruitful efforts exercised by the Royal Government and people of Thailand not only to overcome various side effects of the financial crisis in 1997 but also to score successes in its economic development.

As a faithful neighbor of the Kingdom of Thailand, the Royal Gov-

ernment and people of Cambodia would like to express its sincere greeting to the successes of the people of Thailand in their efforts to make Thailand a country of strong economic foundation.

It is in this spirit of solidarity and mutual understanding that I am nurturing a firm belief that our two Royal Governments will be able to resolve the remaining problems -- including unexpected ones, aimed at maintaining and continuing to strengthen the relations of friendship and good neighborliness between our two countries.

Finally, in this splendid occasion and to offer a warm greeting to the success of the official visit of HRH Princess Maha Chakri Sirindhorn in the Kingdom of Cambodia, and in the spirit of strengthening relations of friendship and cooperation between Cambodia and Thailand, may I propose a toast..."

The July-2001 Releases Available at www.cnv.org.kh	
23/07/01	Address to the Launching of the New Building and the 50th Anniversary of the Customs and Excise Department.
16/07/01	Toast in Honor of HRH Princess Maha Chakri Sirindhorn of the Kingdom of Thailand.
05/06/01	Excerpts of Responses to the Press at the New Development Sites of Phnom Penh."
08/06/01	Selected Comments to the Press on the First Day of Voters Registration for the Commune Elections.

