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17 October 2005 (Unofficial Translation of Selected Comments)
Inaugurating Religious Achievements in Kompong Cham



17 October 05 – Samdech Hun Sen was warmly greeted by the people of Kompong Cham Province upon his arrival to inaugurate the religious achievements in the district of Kompong Siem.

Samdech Hun Sen and Madame went to the district of Kompong Siem of Kompong Cham province to inaugurate various religious achievements and to lay the cornerstone for the construction of a deceased Buddha and the temple of Charity. Samdech talked to people about some geopolitical situation of the province of Kompong Cham, the renovation of the national road 7 as a main blood vein of the country and the border issue.

... My wife and I are happy that we could come once again to the Pros (male) Mountain and Srey (female) Mountain after my visit here in May 2004 for a Buddhist ceremony in inaugurating a number of achievements in this place. We are here today to inaugurate a Buddhist teaching hall, to lay the cornerstone for the construction of the Buddha statue of 21 meter long and 6 meter high, and a Charity temple with Angkor feature of 12 meters by 9 meters. I wish to take this opportunity to ex-

press my sincere thanks and appreciation to people who have contributed to the achievements in this place – new and old, which will be useful for not only this generation but many more to come.

... I wish to recall a short history of the pagoda of the Phnom Pros-Phnom Srey here which was first built in 1918. It is 87 years to the present. We had seven head monks taking care of the pagoda of Sovankiri Ratanak and each one of them had a long life, take for instance the first one passed away in his 84 years of age. The seventh head monk Tim Srun has taken up management of the pagoda in 2004. The war - took place in 1970 -brought about destruction in the province of Kompong Cham, starting with a plane that bombarded a university near the provincial town. I was then 21 and not a politician. After the withdrawal of the US forces and South Viet-

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25 October 2005 (With Unofficial Translation of Selected Comments)
The Review Meeting on Education, Youth and Sports

... I am very honored and pleased to join the opening ceremony of the conference of the Ministry of Education Youth and Sports to take stock and evaluate the performance of the academic year 2003-2005, and set new direction for implementation in the new academic year 2005 – 2006...

Through the welcoming remarks by H.E Senior Minister KOL PHENG, I have noticed that, in the past two academic years 2003-2005, although there were difficulties, the Min-

istry of Education Youth and Sports achieved tremendous results. This significantly contributed to the overall achievements of the Government in the third legislature as we are implementing the Rectangular Strategy focused mainly on building infrastructure for socio-economic development, in particular roads, bridges and irrigation system. These will contribute to a sustainable growth, equity and poverty reduction of the people. In this

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14 October 2005 (With Unofficial Translation of Selected Comments)
Addressing the 9th Government-Private Sector Forum

... I have the great pleasure and honor to join you all once again, *Samdech, Your Royal Highnesses, Your Excellencies, Ladies, and Gentlemen*, the Members of the Royal Government and the Representatives of the private sector as well as all the distinguished national and international guests, at this Government-Private Sector forum. As in previous meetings, I would like to declare today forum an open plenary cabinet meeting for us all, the government and private sector, to work together in solving the outstanding issues with the aim to improve investment climate to all the domestic or foreign business people, and investors.

Thus, the objective of our today meeting is to conduct a joint review of tangible progress and improvement in private sector development since the 8th government-private sector forum held on 14 March 2005, and to evaluate at what extent the issues to be will be addressed

today have been so far solved. We will also consider new issues that investors are facing.

Before touching upon specific issues that we must address together, I would like to share some views and comments with regard to Cambodia position in the regional and world economic and business community.

As reflected in the key macroeconomic indicators and the forecasts for the year 2005, Cambodia's macroeconomic situation is stable with a growth rate of 6.3%, regardless of the negative external impacts of higher oil price, and terrorism. In this robust growth, the tourism sector, garment exports and construction activities still play an important role in improving

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spirit, on behalf of the RGC and myself, I would like to express my profound gratitude and sincere appreciation to Excellencies, ladies and gentlemen, who are the educational officials at all levels, namely lecturers, teachers, monks, student parents, civil communities, generous people and local authorities across the country. They exerted their utmost efforts to successfully carry out their tasks in the past academic years to provide education for the next generation and for the success of human resource development regardless of the shortages and difficulties that we had to overcome. Through this conference, I would like to convey my regards and appreciation to civil servants and all education staffs, who are busy with their duties in the new academic year in all provinces and cities.

At the same time, I would like to take this opportunity to express my gratitude to national and international organisations and friendly countries in the world, which have contributed in great deal to restore, build and develop education, youth and sport sectors in Cambodia by providing material, budget and technical support and assistance.

The participation and support from all stakeholders highlight that *"Education is For All and All are for education"*. This is our holy goal that we have to achieve in order to comply with the chapter 6 of the Constitution stipulating that all people have equal rights to education, no discrimination in terms of gender, race, social status and class. As I mentioned in previous education forums, in particular at the national and international literacy day of 8th September and in my message at the opening ceremony of the academic year on 1st October, the priority of the Ministry of

education youth and sports, as that of the government in this period, is to ensure that all school children complete nine-year basic education for all, and promote gender equality in education by providing scholarship to female students and poor students in order to help them to pass through from grade 6 to grade 7 and pursue to high school and tertiary education. In the Rectangular Strategy of the government, the Ministry of Education remains the priority one, and education remains a strategy for poverty reduction, and qualified human resource development is still a main factor for building and developing the nation.

Based on education outcome that we have achieved, I wish that the new academic year will achieve more progress in all education areas from kindergarten to graduated level and post-graduated level. In a situation where the building of peaceful culture across the world has faced international terrorism since 2001, I strongly feel and understand that good education can make people be able to live together, respect each other, love each other and mutually help without violence and discrimination. This is a road which leads to the building of peaceful culture, virtual value, etc. This gesture reflects the respect of human life, human rights, legal and liberal principles, democracy and justice. The peaceful culture is also against violence and social anarchy.

I would like to urge all lecturers, teachers and education staffs to continue to effectively and efficiently carry out the basic education principle and good education instruction to all students at all levels, thus building a new generation progressing in all fields and possessing capacity and quality as *"good children, good students, good friends and good citizens"*. This will help them to

get rid of unethical behaviour that is our upfront concerns. Indeed, the phenomenon does not only lead to the downfall of social morality, custom and cultural loss, but it also affects all values of our national development.

With a new improvement in morality, I would like also to see a new growth of knowledge and know-how as the budget allocation to the education has indeed increased from year to year, despite enormous economic difficulty. To enhance education quality in the age of reform, I would like request the Ministry of Education, Youth and Sports to divert its budget expenditure to the right target of education and the necessity of the society and the nation in the new context of regional integration and globalization.

Within this framework, I would like to request the conference to pay attention on and take good experiences from countries in the region and the world. This is to be used as basis for comparison, evaluation and improvement in order to develop the education sector in Cambodia. Furthermore, we shall also focus on the previous good experiences because *"the past experiences are the lessons for the future"*. Based on this concept, I would like to teach all students to obtain good ethic, knowledge and good qualification for their use to enhance living standards of their families and the society as a whole, by focusing on labor intensive and production works. This means that we do not educate people just to be bureaucratic civil servant.

The conference of the Ministry of Education, Youth and Sport today is an important event and a good opportunity for the key officials from provinces to come together to discuss, exchange views, and share knowledge and experiences

with the management of the Ministry in order to find a solution to problems on the table and identify measures for further implementation and develop education sector to be responsive to the new request of socio-economic progress of our country, and to have education quality similar to the regional standard as we are one of the ASEAN members. This is a form of democratic work which is moving towards decentralization system. All decisions made by the conference at the ministerial level has to be based on the decisions and proposals of the local conference. Thus, conferences have to be organized at the municipal/provincial level prior to the ministerial level. In accordance with the program agenda for this three days conference, I would like to request the educational institutions at all levels to pay more attention on the following key issues:

First, continue to implement the principle of *"linking school with family and society"* in order to enlarge the participation in implementing the government policies to reduce poverty of our people, by providing equal opportunity for children to enroll more to schooling and complete nine years of basic education or at least the primary education.

Second, develop *teachers in all education centers* by improving training program at pedagogic institutions both in terms of fundamental training and re-training and linking it to enhance living conditions of teachers and focusing attention to females in line with *"gender"* principle in education sector.

Third, continue to implement *reforms and improve curriculum and text books* aimed at providing education and technical training at all educational institutions and all fields of

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 nam in 1973, the stage of Khmerization of the war began and Kompong Cham became a target of active fighting. The Governor of Kompong Cham in those days were Bu Khleung, who was replaced by Srey Ya, and then by Sar Hao, who brought along with him the marine forces docking along the Mekong river in front of the town of Kompong Cham... Sar Hao ordered the bombardment of the Boeung Kok levee letting water to flood in as he knew that the forces from the hill tribes did not know how to swim.

... The liberation forces then captured the Phnom Pros Phnom Srey. There was a dry season campaign by the Lon Nol forces to recapture the Phnom Pros Phnom Srey. At that time nobody knew about Pol Pot as Samdech Preah Norodom Sihanouk and Samdech Pen Nut were appearing as leaders. If we knew it was Pol Pot who stayed behind the movement I would not accept to follow them. History could not be falsified... In the peace negotiation, Samdech Preah Norodom Sihanouk said to me, if (it is a matter of) Khmer Rouge, we all are. I said to him that I could not accept that because of three reasons.

... First, Samdech was a leader and I was a follower. I joined the struggle when I was 18 years of age. If there were to be a reward, Samdech would get it and I would be one of the well wishers. But if there being guilt, Samdech would be tried and I would be a non-guilty person.

... Second, when I led the struggle against the Khmer Rouge's Pol Pot, Samdech was then the Head of the Democratic Kampuchea, even after resigning Samdech was still with the Khmer Rouge.

... Third, sitting together to

negotiate a peace deal Samdech was the head of the coalition Government with the Khmer Rouge in it, and I led the anti-Khmer Rouge Government.

... After 1975 this place became a killing field and we built a stupa for keeping the victims' remains here. We discovered 7300 skulls scattering at the edge of the mountain and over one thousand dead bodies in the village of Sralao at the foot of Phnom Srey. After 1979, especially in 1982 we started to rebuild the pagoda according to our limited resources. As of now in Kompong Cham, according to the report, rice cultivation has reached 97,37% of the planned area, as the provinces heavily affected by shortage of rain are Kompong Speu, Svay Rieng, Takeo, Kandal and a part of Prey Veng.

... In their last attempts with the late coming rain, take for instance, Svay Rieng has increased its cultivation to about 70% of plan. We have fulfilled a cultivation area of about two million hectares throughout the country or 90% of plan. We have predicted that this year seasonal flood would reach 10.30 meter at Chadomuk but in reality it has come to just 10.01 meters. Almost all typhoons have come out but we hope to continue to have some more rains.

... I hope that our people are taking precaution that late rain water is conserved in canals and ponds, etc. and leaving it flowing into the water system (river, lake) could be a problem when you need to have water for irrigation. I have seen from helicopter that some of the water reservoir started to dry out and I would urge our people to take appropriate action to conserve water for dry season rice. The Royal Government has set its agricultural growth at 3.3% and judging from the production we have already

scored, it is positive to reach the set goal. I wish to take this opportunity to apologize for being late in renovating the road 6A and 7 as they have had severe damages. The damaged 6A road indicates objective and subjective reasons. Objectively, we have a discussion with Japan to do major repairs but subjectively we also have been negligent in taking care of the roads in face of heavy transportation... I have asked HE Sun Chan Thol Minister of Public Works and Transports to examine the length of road to be renovated and decide which part is to be given to whom – the Phnom Penh Municipality, the Kandal province and Kompong Cham province, to implement. The Ministry of Finance and Economy will have to make pre-financing release for the repairs work. In some parts pot holes covering is all right, but others need substantial repairs. This is my order and it has to be implemented quickly and effectively.

... In relation to the border issue, I would take this opportunity to express my sincere thanks to all sorts of support as expressed through letters. Let me argue a bit about the border issue and the fact that why I am the one who is getting all the accusation. These people have gone too far on this issue that forgiveness and patience could not be exercised on them anymore.

... We have taken legal actions and as a result two have gone into jail, one still in France and two others in Thailand, and they would not escape because we have an agreement on extradition with Thailand. They will be brought back to show us the land that Hun Sen gave out to a foreign country. They said I am responsible for the loss of between 4000 and 6000 square kilometers of land and I want them to show where they actually are. They also said

Cambodia lost an area of 10,000 square kilometers of water territory. Was not it funny that on October 10, 2005, I signed a treaty of land border and we lost the water territory?

... I consider suing Prince Sisovath Thomico, a cousin of HM the King. He said on the Voice of America that I was the one who maneuvered the loss of Koh Tral (Tral Island). No matter how incompetent a country's leader would be, he would not fly to give land to a foreign country. Even Pol Pot was that bad and genocidal but he never gave land to anyone.

... I think of making documentary footages to show to our people issues relating to the border. We all should be clear about the Brevie line. The prince will have to answer to all the points concerned, if he failed then he should be sent to jail. I would not only step down but also give myself to the national or international court if they could present with fact that I am the one who allows the loss of the land of the Kingdom of Cambodia.

... Who actually caused all the problems? It was no different group to the one who opposed Samdech Preah Norodom Sihanouk in the past but they dare not criticize him now. I think the Royal Government and the National Assembly should be dealing with this matter together. I could not accept their silly remark that why the content of negotiation of the border issue is not brought to light for discussion with the non-governmental organization. Why NGO is more important than the people? Don't they know the tactics in negotiation?

... For instance, HM the former King issued a letter in defense of all members of the royal families and Kings no matter

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how bad they could have been in the past after the Angkor period. Why Hun Sen could not defend himself?

... In 1949, the French and the Khmer representatives met and the Cambodian representatives led by Prince Yukunthor, voted abstention on their own land. I am to take this matter according to the law. I would not do anything that is contrary to the law. I would not follow Samdech Preah Norodom Sihanouk's trace of leaving a chance for someone to overthrow him. I wish to recall that someone in 2003 appealed to the armed forces to turn their guns at me, I could have taken legal action against him already but did not do so because I also wanted to see how things would turn to be. I warn him not to use such words as mobilizing forces to go against the Royal Government or action will be taken. My patience has its limit.

... It is absurd that they have messed up also the negotiation moves. I wish to inform everyone that the Constitution's Article 2 bears its weakness and strength. It has two weaknesses. First, we have written that we will use the map that is printed between 1933 and 1953. So in relation to the border with Vietnam and Laos, we have tied up our hands, because it would be wise if we just mention any maps printed prior to 1953, so we can use those printed in 1928 or else. It is not that the Prime Minister do not know, it is just the Prime Minister do not want to lay bare its own Constitution, because I do not want other countries to see it.

As for Thailand, the Constitution says nothing and we are adhering to the 1904-07 France-Siam Agreement. It looks as if our land borders are only on one side with Vietnam and Laos, and the other side

with no one. That was why I have said in the Cabinet's meeting that we should amend our constitution, and it could do a lot to help.

... Now they say the Royal Government is launching an anti-democracy campaign. I ordered no closure of radio or newspaper. All I did was arrest a person who made a falsified fact. How can we reclaim the land? or shall we go take Koh Tral by force? or Cochinchina by force? or also some provinces on the Thai side? I recall in one of our discussions, Samdech Preah Norodom Sihanouk, Samdech Preah Reach Akamohesei and Samdech Krom Preah were on one side of negotiation team, and I had HE Dith Munti and HE Cham Prasidh with me, and we have it on tape. Samdech Preah Norodom said to me that we must keep the 181,000 square kilometers land. I said no as the exact size is 181,035 square kilometers... I took all the blames and I sue no one on count of criticizing the Royal Government in relation to poverty, illegal checkpoints, illegal logging, illegal land grabbing, lack of water and roads, etc. because they all are correct and I would listen to their ideas. But selling land to foreign country can not be ignored.

... In this concern I am glad that I have the support from our people of all walks of life in defending independence, sovereignty, territorial integrity and clarifying issue of border demarcation. I have suggested to Vietnam to build concrete markers for long lasting. We will have to decide which map we are using and we have decided to use the one that is deposited at the United Nations. If We lost the land as they said CPP would not get any votes from villages or communes along the border, but in 2003 we won in all border's communes. ■

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lem with drugs hidden in the container already. We have to ensure credible business with everyone and we cannot stand to have drugs, equally weapons, shipped out from Cambodia. We accepted that weapons from Cambodia in the past flowed to Sri Lanka, the Philippines, and even the Karen in Myanmar; 3) the most haunting issue of terrorism for the whole world. Before there were bombing incidents in London, HE Ambassador of the United Kingdom to Cambodia, in his capacity as the head of the EU, led a EU delegation to see me to find out what is the development on the ratification of the law. I just wanted to assure you that it is not pragmatic to think that countries with law against terrorism could do better thing to prevent it, while those without law could do nothing to prevent it. What is important here is the moves and measures taken by the Government.

... After my discussion with HE Ambassador of the UK, about five days later London was under attacks, and I watched the news on CNN in Kunming. Terrorism is unpredictable because they may resort to smaller countries when bigger ones are hard to deal with. Export route is one of the possibilities in carrying out their attacks, exploding the planes, the ships, or even destination countries as they reached in. Then Cambodia would suffer a greater blow. It is for the sake of doing long-term business and nurturing partnership that we have thought of using this scanning machine.

... I have ordered the Ministry of Finance and Custom Office to cease the scanning process for export goods – they may have to conduct manual checks while I am suggesting two options for HE Keat Chhon, Minister of Finance and Economy. First, we should seek foreign assistance in this matter

and I have learned that we have conducted discussion with Japan. When we have foreign assistance in this matter, the Customs Office and CamControl should manage it with a minor cost for checking operation... In case no foreign country would offer to help, we should allow the company to purchase the machine, but they should first agree on the price before reporting it to me. I would like to make clear that scanning will be conducted in all export-import points, and one they all are in place and fully operational the customs officers and CamControl will have less duties in checking the stuff which would eventually lead to the reduction of corruption.

... It is indeed disappointed that we have problems of bribes. To round them up we need to have the cooperation from the private sectors. As we now continue for a while the manual checking on goods I would seek the private sector's cooperation if there appears to be any under-table money in the process. Once scanning is in place, no customs officers come to your place as your goods will be checked only at the exit point. I have learned of a model of human trafficking from Africa to Europe, and trafficked people were stuffed in containers. We all should do our utmost to keep the three points addressed... I am sure you all are fascinated by the current political development, especially when it definitely has a direct impact on your decision of whether or not invest in Cambodia. Let me assure you that there is nothing serious. It is usual that some people in Cambodia, when they dislike or oppose someone, they always accused so and so of selling land to foreign countries. I have ordered the broadcast of songs from the previous times "Bye mum to

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education by ensuring that the provision of quality education services can respond to the demand and socio-economic development of our nation. This includes the essence of teaching foreign language which serves as a bridge to pursue technical professions and scientific research.

Fourth, continue to enhance education and training profession as well as strengthening governance, controlling, inspection and evaluation linking to new human resources development to be the successors of the retired and contract teachers.

Fifth, continue to strengthen quality of education at tertiary level both public and private institutions. Tertiary education has increased in quantity and is required to pay attention on quality up to comparable level of tertiary education in the region.

Sixth, continue to repair and maintain existing and newly-built educational premises in response to the increases in enrollment every year. At the same time, we should pay more attention on information technology facilities, library, laboratory, warehouse, working room, art room, gardening, sport center as place for research and applied research in accordance with the principle of linking theories to practices.

Seventh, strengthen informal education by ensuring the improvement of skill in literacy program, additional training and re-enrollment program at primary school and lower secondary school. This would provide opportunity for youth and children who are not in the system can have equal access to basic education. This is an important participation towards the goal of “education for all”.

Eighth, continue to improve youth activities and sport to ensure that child and youth can

be mobilized both from formal and informal system to be a new force that is free of drug, smuggling, sexual exploitation and gangster activities for the sake of development of the country. Starting from sport activity that is an important component of education for a healthy body. Sportsmen and sportswomen can be trained for both domestic and international competition.

Ninth, Continue to strengthen relationship and partnership cooperation with national and international communities to mobilize resources for the development of education towards a higher level that is proper for each grade of education. In this regards, parents, families, communities and the whole society have to work closer with the school to educate their children to become “the next generation and the real pillar of the nation.” All aforementioned are what I want to convey to the conference for consideration and to include in the new direction of the new academic year 2005-2006 and for the years to come...■

Selected Comments

- *On how education was restored after the fall of the Khmer Rouge,*
- *On efforts to improve educational infrastructure and human resources,*
- *On how Cambodia should focus attention in sports development in Cambodia.*

... In addition to the nine recommendations that I have listed out here, and also in the National Institute for Education, we need to continue to narrow down the differences over a span of time between 1979 and the present. **Firstly**, I wish to mention about technical and material infrastructure. Coming out of the Pol Pot's Khmer Rouge regime, we had to begin from scratch in the event that we were under constant attacks by the Khmer Rouge and economic embar-

goes from outside. Still we have focused our attention on education as a priority area. Some of the children from those days have now become intellectuals, professors, and instructors. They were the ones who studied under the tree's shades, the people's homes or even the Buddhist monks' residences instead of proper school buildings. In those days we do not have schools in the rural area and so in the city.

... As of now we have a different situation. Thanks to our continuing efforts, from the People's Republic of Kampuchea to the State of Cambodia, and to the Royal Government of Cambodia, we have continued to address one after another the demands for technical and material infrastructures. Take for instance we have here HE Kong Korm, who was one of those I had instructed HE Pen Ien, currently Deputy Governor of Prey Veng province, to recruit along with HE Kong Nem, HE Men Kuon into the workforce in the Ministry of Foreign Affairs. The Government, the people and in some places the Government and the people jointly build schools aimed at addressing the need for educational infrastructural development. In some cases we have to upgrade a primary school to college. It turns out that this policy option has addressed not only the need for upgrading educational level in place but also helped with the issue of gender disparity that is caused by the our tradition of allowing no daughters to go away from parental guidance. It clearly improves female student enrolment in college level.

... I learned about lack of transparency in recruiting teachers. That was why I ordered from the district of Batheay of Kompong Cham province that we have to change the pattern of recruitment from automatic admittance to cross examination. Those passed the exam,

whether they are or are not parts of the specified 5000 teacher candidates to be recruited, would be admitted as fully qualified teachers – since it is just a matter of swapping them from contract teachers to systematic teachers. It is our objective to continue to build more schools because more and more children have become grown up and also because many have finished their nine-year education.

... **Secondly**, another difference in our comparison between the past and the present is that we now have better security – no more wars like those in between 1970 to 1975, and 1979 and 1998, under which period our teachers suffered great difficulties along with implementing their noble tasks of educating our children. It is in this respect that I initiated the appeal for the Day in Gratitude of Teachers to be held every year. As peace fully prevails teachers have been relieved from unspecified tasks of safeguarding children lives from bombardments and shells and evacuating them to safer ground or trenches. Peace also allows us to send teachers to rural areas where we now have certain roads improved and bridges built. Peace and infrastructural development have brought about positive changes in education, and others.

... **Thirdly**, it is no more schooling in which students were instructed to insult this or that person because of political inclinations, etc. These are the three basic changes giving us the potential and power to march onward. Comparing to the time when we started with both hands as the only capital in liberating the country, one may pose a question if it is possible to go on with the present development.

... I wish to take this opportunity to note that once the old

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problems are eradicated, new ones seem to have appeared – take for instance, gangs of youths and drug addicts. Though we still have small number of brotherly gangsters and drug addicts among our students, still it is a crucial issue to deal with. This is our new task and teachers at schools and parents and superintendents, and all social actors to cooperate together for the sake of our society's existence. A few hours in school would not be enough to superintend the children. Therefore it is demanding a collective effort. It is a common issue where combined responsibilities of teachers and families are required... I am a father too and I used to monitor my children studies though their log-books. I remember always that I wrote as a suggestion to teachers of my children to pay attention to moral education, despite the fact that my children have sense of discipline. On the issue of drugs and gangsters, I have seen that the military police in the province of Banteay Mean Chey has done a great job in rehabilitating those drug-addicted children and persons. The military police in the province of Battambang also takes up this measure. Drug addicted persons are not criminals but victims. We should try to help and provide them with education and train them to be useful kids for our country.

... Let me also take this chance to mention the importance of the Buddhist monks' role in education. It is my understanding and experience to see that teachers and Buddhist monks in the local areas have been very helpful and cooperative. Take for instance we have here a good example of Samdech Venerable Monk Tep Vong who has led a "Children Assistance" program in which orphans and children from the poor families are being fostered and provided with education. We have about 4000 Buddhist monasteries and we would have

saved a lot of people if each one of them could foster twenty children. Settling with the Buddhist monks in the monasteries would help those children to gain understanding in both secular and Buddhist worlds... All religions in Cambodia may do so. There is no religion in this world that instructs human being to commit harm and sin. Terrorists may have been identified to be Muslim but Islam is not the source of terrorism.

... As far as sports are concerned I wish to make my appreciative remark that it is making headway now thanks to Samdech Krom Preah Norodom Ranaridh in his capacity as head of the Cambodia's Olympic Committee. I am pleased to see that, with the help from generous people, our sports activities have gone on a fast developmental track. It is important to institutionalize sports in primary schools so that our children can practice it since childhood...

... In the 1980s, in the Ministry of Foreign Affairs, maybe HE Kong Korm could recall it we had a team of footballers and volleyball players. I was one of the players in the volleyball team. I remember that HE Kong Korm was a reserve player. According to my experience, we had a situation where in volleyball everyone in the team wants to be a smasher, and not ball passer. As I have seen in various international matches, everyone in the team seems to know how to pass or to distribute the ball. The same is true for football because I see that everyone want to run in the central forward line or to be strikers... We are determined to host the SEA Game in 2011 as I assured Samdech Krom Preah that recently. I wish that we improve our skills from now so that we could get some medals. We have six years to go and at least we could get some, if not many. ■

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be a soldier" sung by the late famous singer Sin Sisamuth. I do not know its lyrics writer but I think it was released in the 1970s and part of it goes "it is remorseful about the Cambodian land left from our ancestors, the King sold it to Viet Cong in betrayal of nation and religion, I decided to launch a victorious war." The song blamed Samdech Preah Norodom Sihanouk for selling land to foreign country, but the said sold land still belongs to Cambodia.

... As for me now I do not think they care about insulting me. The current development has evolved into a serious situation when they called to the Cabinet of the Central Committee twice threatening to kill my father in the pagoda. They also sent a fax from France. Yesterday the Royal Government already sued four people who have accused in their leaflets that Cambodia lost its land from 4000 to 6000 square kilometers of land and 10,000 square kilometers of water territory. I wish to seek understanding from foreign diplomatic corps in Cambodia and refrain from interfering in Cambodia's internal affairs, while allowing the court to proceed. I am very disappointed that some friendly countries still offer the bad guys money to insult the Government and to condemn the Government for its legal action. Democracy has to go along with rule of law, without which it will become anarchy. We also see that you all have problems. We do not interfere in your affairs, and you should reciprocate in kind.

... Let's see the problem as a political attempt. When there was political conflict with Samdech Preah Norodom Sihanouk in the past, the opposition to Samdech Sihanouk accused Samdech of selling land to Viet Cong, and now the opposition said I sold the land too. There

are many cases similar to this one. Take for instance the South China Sea territory – many countries claimed their ownerships. Indian and Pakistan has a Kashmiri problem, while Japan and Russia all claimed ownership of the Kuril islands. However, politicians never insult one another or blamed the Government but encouraged their Governments to seek a solution to the problem.

... As in the case now in Cambodia, when reaching a solution, one has to bear the brunt of condemnation. I know they would not go away easily or soon because they nurture it as a political target. It is in this fact that we have no other choice but invite the four guys to point to us the lost land and waters as they said. I signed a treaty on land border, but lost the waters, I want them to tell me how and where...

... In fact one should ask why the Royal Government could not reach a deal with Vietnam on the seventh point. We do not come to the deal on this point because we think the case in point is the Cambodian land and therefore we do not agree on that. It is hard to trace back when the Governor General of France in those days defined the border between us. It is worse that the map that we have deposited at the United Nations already illustrates the loss. Though it was a deposit copy at the United Nations, auditing it should be ordered, as six of them have been redefined, the seventh point has to be reexamined as well. I would ask for an forgiveness from Samdech Preah Norodom Sihanouk that I have ordered the play of the song that was once against him, but it was because it is important to explain that it was the same group that blamed Samdech Preah Norodom in the past now has come to do the same against me. ■

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the higher growth of 2005.

This growth will be achieved thanks to the growth of the agriculture sector of 2.4% in which rice production will increase by 3.3% after the drop down of 13% in the year 2004. The industry sector will increase by 10.7% due to a garment manufacturing export increase of 13%, the construction sector by 13%, the service sector by 4.5% due to the increase of the hotel services of 15%, and the number of tourists visiting Cambodia will increase by 30-35%. Actually, the numbers of tourists in the first 8 months of the year 2005 have increased by 36.43% compared to the same period of 2004.

On the other hand, thanks to the concerted efforts of the government, of the development partners, and of the communities in expending and strengthening the irrigation networks, our farmers are able undertake their tasks normally.

Indeed, we have noticed that the increase of oil price on the international market has put pressure on the goods and main services prices in Cambodia which have increased as well. Oil prices have increased by 84% from US\$ 33.7/gallon in early January 2005 to US\$ 62/gallon in early October 2005. In the meantime, the Royal Government has supported indirectly by limiting the tax base at only US\$ 320/ton while the price on the market has reached US\$ 500/ton. The increase of the oil price has had negative impacts on the economic growth, the inflation and the exchange rate. According to our forecasts the average inflation rate in 2005 will be around 5%. From the beginning of the year to October, the exchange rate has increased from 4,035 Riels/USD to 4,230 Riels/USD. The Riels value has dropped down about 4.8%

during that period. The Royal Government has strived to maintain the macroeconomic stability.

Revenue collections are expected to reach 11.3% of the GDP. In the first semester of year 2005, due to the governance and reform measures, revenues have increased, especially, the tax department and the customs and excise department have collected 1,044 million riels or the equivalent of 60% of the amount budgeted in the 2005 financial management law. The tax revenues have increased by 28% compared to the first semester of 2004 which amount to 812 million riels. The customs and excises department has endeavored to implement the measures to curb illegal activities by cracking down 406 cases of large smuggling and other 1,025 smaller cases. Thus, in comparison to the first semester of 2004, there is an increase of 70% of such interventions.

It is clear that the increase of revenues reflects the result of the reforms of the public finance management, which will enable the smooth implementation of the 2005 budget. Moreover, through those reforms we have been able to reduce our debts queuing at the National Treasury, at a lower level as compared to last year, and have increased expenditures on priority projects of the Royal Government, in particular on irrigation projects.

As I have raised in the 8th Government-Private Sector Forum the major Cambodian issue is the strengthening of good governance and institutional capacity in the development management. I wish to inform the private sector representatives and development partners attending this forum on the results of the implementation of my recommendations in the 8th forum:

First, Improvement of Trade Facilitation and Investment

Following the recommendations of the 8th forum, the Ministry of Economy and Finance has issued the prakas number 298 dated 17 June 2005 on the implementation of VAT for supporting industry or subcontractors who are supplying goods or services for garment export, textile, and shoes industries.

As provided in that prakas, for supporting industry, the duty on inputs for the calculation of VAT on the import of production inputs and equipments used for the direct supplies to the garments, the textile and the shoes industries should be born by the government. The VAT on products and services used for export is at the 0% rate.

As for the enterprises under the real regime of taxation, supplying directly 80% of its production or services to exporters of the garments, textiles and shoes industries, the VAT on their production outputs is at 0% rate.

Second, Promoting of Market Infrastructures and Deregulation

During the first semester of 2005, in the framework of the steering committee for private sector development, the Ministry of Economy and Finance, the Ministry of Commerce, the Ministry of Industry, the Ministry of Tourism, the Ministry of Public Works and transportation, have cooperated with other ministries and institutions for the consultations with the private sector, in order to discuss important draft of laws and regulations. Some of those drafts have been adopted by the Council of Ministers while others will be submitted soon.

First, the draft of the concession law: this law will set up the framework for private participation in the provision of infrastructures.

Second, the sub-decree on the establishment of provincial-

municipal sub-committee on investment, the sub-decree on the implementation of the law on the amendment to the investment law.

Third, the SME development framework.

Fourth, the sub-decree on the establishment and management of special Economic zone.

Fifth, the establishment of a joint customs and Camcontrol office for the inspection of documents and goods, and the production of a joint report on the nature of exported garments products, this will streamline the administrative procedures for import and export as compared to previous practices. Moreover, the Royal Government will continue to emphasize on trade facilitation through the establishment of the single window whereby the Customs and Excise Department will fulfill its tasks accordingly the Kyoto Convention.

In order to support to the development of financial market infrastructure, the Ministry of Economy and Finance is implementing efficiently and smoothly related regulations, including:

- *Accounting standard and International auditing*
- *Sub-decree on the establishment of the national accounting council whose function is to control the standard and regulations of the accounting profession.*
- *Sub-decree on the establishment of the National Accountants and Auditors Institute aiming at promoting the profession of accountants and auditors, and at monitoring the compliance of practitioners with the rules and the code of ethics. The Institute will also provide training to the next generation of accountants*

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and auditors.

- *Sub-Decree on the creation of the code of ethics to be implemented by the Cambodian Institute of accountants, and auditors.*

Cambodia has also developed other key legal infrastructure to sustain the development of financial sector such as the "Law on Commercial Companies". This Law can be implemented without further sub-decree. The Draft Law on Government Securities, the Draft Law on Issuance and Trading of Public Securities, and the Draft Law on Bankruptcy will be soon submitted to the Cabinet, the Draft Law on the Secured Transactions has been already adopted by the Cabinet. Meanwhile, the Ministry of Economy and Finance and the National Bank of Cambodia are preparing the Draft Law on Leasing.

3. Institutions Building and Strengthening of the Banking Sector

To sustain the well-being of the entire banking system, the National Bank of Cambodia has strengthened its monitoring capacity through the issuance of new regulations aiming at more transparency, by creating the unified charts of accounts and by preparing the Draft Law on Anti Money Laundering. In order to improve its operations and management, the National Bank of Cambodia has modernized the Central Bank by introducing information technologies. Such move has improved the confidence of the public vis a vis the banking system. In this regard, in 2004 the foreign currencies deposits have increased by 34% as compared to those of 2003. Similarly, in the first semester of 2005, those deposits have increased by 10% as compared to those of the first semester of 2004. The indicator of velocity

of the Riel is at 4.3, decreasing from previous years, due to the larger amount of national currency injected in the banking system reflecting the good condition of the economy.

As H.E Keat Chhon, senior Minister, Minister of Economy and Finance and First Vice Chairmen of the CDC has just reported to the Forum, the Royal Government has strengthened the 7 Sectoral Working Groups and the 3 Sub-Steering Committees mechanism thus providing investors the opportunities to raise their concerns and issues. I have noted that this mechanism allows us to endorse some measures to facilitate trade and improve the investment climate. It also allows us to exchange experiences and realize the transfer of knowledge through this dialogue.

However, we have to acknowledge that we are living in difficult circumstances full of challenges. The regional and global landscapes have changed significantly since the Asian Financial Crisis. The changes of the economic situation in East Asia, the growing uncertainty caused by terrorism, troubles, wars, diseases and natural disasters around the world, and the ending of the Quota system under the Multi Fiber Agreement and the recent increase of oil price represent the new challenges for Cambodia. In this context, to reduce the negative impacts of the instability and the oil price increase's threats, the Royal Government endeavors to diversify the production and supply of energy by promoting investment projects in hydropower in Kam Chay and in other regions of Cambodia. Moreover, despite the achievement of a remarkable economic growth, the base of this growth being relatively narrow, makes Cambodia's economy vulnerable to the adverse external factors. On the other hand, although Cambo-

dia's trade regime is very liberal by the regional standard, Cambodia has the obligation to continue implementing other reforms in order to get the benefit and to bring prosperity to its people.

In that context, we acknowledge that the sustainable economic growth of Cambodia in the future must rest primarily on the capacity of the Royal Government to strengthen its economy and expand the base of its growth. The challenges for Cambodia in the future is to improve governance in order to attract more private investments and insure the competitiveness of enterprises in Cambodia in order to benefit from our potential in agriculture, agro-industry, labor intensive industry, processing industry, tourism, manufacturing, and other services.

I would like to take this opportunity to sincerely thank the Government of Japan for sending experts, in recent months, to study and push for the creation of the Special Economic Zone in SihanoukVille. We strongly believe that the mechanism which will be implemented in those Special Economic Zones will help streamlining the administrative procedures and reduce considerably the inspection activities, as would wish investors. I would like to inform the Forum that the Royal Government has approved the request of the Societe Concessionnaire de l'Aéroport (S.C.A) to expand its activities in Cambodia by investing in SihanoukVille.

With this new airport, we will be able to diversify our tourism products by implementing our triangular tourism strategy based on the connexion of the 3 main poles of Cambodia ie Siem reap, Phnom Penh and ShihanoukVille. It must also be noted that during the past year, we have received applications for mining activities and ce-

ment plants...

Selected Comments

- *Cambodia's current political situation, and*
- *Settlements of business process*

... May I have your attention on today's event – October 14th, 2005, when the Thrown Council conducted its election for the new King. It is a historical event that deserves remembering, though the coronation day itself was until late October. I had a plan to visit HM the King today's afternoon with delegation from the Ministry of Social, and Veteran's Affairs. But last night I had too much to think and do because some of the bad intention persons. I therefore requested HM the King's permission to have His Excellency Deputy Prime Minister Sok An to lead the delegation on my behalf.

... Let me now turn to the work that we need to settle. I know today is the fourteenth day of scanning efforts on goods to be exported from the Sihanoukville seaport, and HE Keat Chhon was there to preside over the launch of the scanning session. I talked with HE Pen Siman (from the Customs Office) and HE Sok An, and I think may be it is not worth having this scanning vehicle since it is 1.2 meter lower than the container. Because its beam light into the container can go as far as just 1.5 meters, the vehicle has to run around the container for scanning. I think this is not economical or cost-efficient at all.

... We will have to apply scanning on both export and import goods and the three aims we have are to prevent 1) smuggling in the form of deceiving items or amount of items in the container; 2) possible trafficking of drugs and weapons. This is indeed a serious matter since we had in the past some prob-

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