

# Cambodia New Vision

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**05 February 2005** (Unofficial Translation of Selected Comments)  
**Inaugurating a Hall of Common in the Lanka Pagoda**



05 February 05 - Samdech Hun Sen Confers a Medal on the Buddhist Follower and Mother in Law Bun Seang Ly for the contributions she made for the development of Buddhism (Photo: Virakmuny)

... Today, my family and I have great pleasures for being present in the inauguration of a great hall of common in the pagoda. Yesterday we had a religious rite to perform with the participation of Samdech Patriarch and the Buddhist monks of all levels. We had the well wishing ceremony (krong pealy), the sermon recitation, the preaching of Dharma before we have this inauguration today. I wish to take this opportunity to express my sincere appreciation and thanks to Samdech Patriarch, Samdech Podhivang, Samdech Preah Dhamalikheth, Samdech Preah Udom Charya and all the Buddhist monks for honoring my mother in law and the whole family. The religious rite was performed yesterday and today we have the inauguration itself to do. If we were to look to the backside of the compound, we could feel that it is as old as the Phnom Penh city itself. The

city is now 570 years old but according to the publication in 1967 the pagoda is 568 years as it was built in 1437 under the reign of Ponnhea Yaot. It was first built in a different place but about 100 years ago (in 1892) the pagoda was relocated due to urban planning in those days. From 1910, the pagoda noted some major development under the Banha Nhean Vidhya Khan as the head monk.

... At the later stage, the pagoda made a great deal of progress because its location is not far from the Royal Palace. The Buddhist pagoda of Lanka was honored by the naming the Buddhist pagoda of Langka Preah Kosomaram by the Queen Preah Kosama Munnirath Sereiratana. Samdech Preah Dharma Likheth Lovea Em was once the head monk of the Buddhist pagoda  
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**08 February 2005** (Unofficial Translation of Selected Comments)  
**Opening the National Institute of Education**

*In addition to the prepared text, Samdech Hun Sen made a number of comments on the following matters:*

**On gangsters and publications of pornographic content**

... It has been obvious that the problem of gangster continues to get in the way of the study of our students and the teaching of our teachers. I do not accept that we could not solve this problem as this problem could not be addressed by only school and

teachers. On the other hand there requires a collaboration of schools, teachers, district authorities and offices of education at the municipal/provincial or ministerial level. Especially the armed forces – take for instance, police and military police -- could also be of assistance. I used to mention that if we cannot eradicate the gangster (big brother) issue, we all should resign from positions of Governors of provinces and districts and let them take over your positions instead. It is quite disturbing to the majority of students and  
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**11 February 2005** The Keynote Address at the Phnom Penh Gathering on:  
**“Seizing the Global Opportunity: Hope, Strategy, Actions”**

It is a pleasure for me to be here and a privilege to be speaking to this distinguished audience about a growth strategy for Cambodia in an Era of Free Trade. I would like to take this opportunity to express my profound gratitude to the World Bank, the European Union, UNDP, AusAID, the US-ASEAN Business Council, the Global Fairness Initiative and other organizations for sponsoring this conference. At the same time, I would like to congratulate once again to the winners of the 1<sup>st</sup> Cambodia Corporate Citizenship Awards 2005. Since today marks the beginning of the Chinese New Year, allow me to extend to those of you with Chinese connections my best wishes for a prosperous and happy New Year. I appreciate very much the guests with Chinese

descent who are attending today’s conference instead of enjoying family reunion at home.

This policy conference can become a useful mechanism for dialogue between business, trade unions, governments and international organizations and institutions on investments and trade related issues in the new era of free competition. I believe that we should focus more concretely on the policy issues Cambodia is facing. To help frame this conversation, I would like to share with you our hope, our strategy and our actions to support our vision of  
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**In This Issue**

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of Lanka. The pagoda enjoyed support of Their Majesties the Kings of all reigns up until 1960s, when it was bestowed with the above name and honor. I remember that when I first entered Phnom Penh I resided in a house not far from the pagoda of Lanka. There was an owl that used to fly from the Buddhist pagoda of Lanka to my house where there were two jackfruit trees. According to our tradition, we have to use salt in scaring away the owl, but we could not find salt for own consumption, how could we take salt to throw away to scare the owl? Later more Buddhist monks came residing in the pagoda and the owl seemed to have gone away.

... The pagoda had experienced three head monks already from Samdech Preah Bodhivang Nun Nget to the head monk Sun Khim and after his death in 2002, the head monk Sao Chanthol. Because of our efforts in the past under the leadership of the venerable monks, we have been able to put the pagoda in various development step after step.

... In the old days, when Samdech Heng Samrin was the President of the State Council, Samdech Chea Sim was the President of the National Assembly and the National United Front, and I was the Prime Minister, we used to bring up the subject of how long Buddhism would exist. Our discussion brought us to a conclusive answer that Buddhism will exist as long as the Buddhist followers believe. As long as they believe, Buddhism will exist. I think this is the best answer for a long time to come. Buddhism ceases to exist when people no longer believe in it. It is a short but succinct answer.

... In regard of the above statement concerning the existence of Buddhism, let us look at what happened under the Pol Pot regime. They claimed to have abolished religion, while indeed all they did was prohibiting people from practicing Buddhism in public, but people continue to nurture belief in their hearts. They destroyed pagodas, disrobed monks, but in the end they could not remove religion from our people's hearts. I was a pagoda boy and when I have difficulties I always ask for protection from the Buddha, the monks, my parents and my mentors. Now we have both in form and in content, the monks of all levels, schools of Buddhism in the medium and tertiary levels.

... Aside from these we have Samdech Ov (Preah Norodom Sihanouk) and Samdech Me (Queen Monineath Sihanouk), HM the King who are followers of Buddhism. So, asking how long Buddhism would exist will be responded with an answer that it will exist until it has no more followers. We are now at the Buddhist year of 2548 and I am glad that people give their trust in Buddhism which is the state religion. We now have up to 4000 Buddhist pagodas, and it is good if none of them involves in politics as doing so would end the trust of the Buddhist followers and they no longer come to the pagoda for religious rituals anymore.

... The day before, I watched the Bayon TV's program "helping the miserable person," who happened to be an old lady for whom my wife contributed a sum of 500,000 Riels and other utensils that cost in all approximately another 300,000 Riels, and my mother in law gave her the plastic tent for covering her roof. I was surprised to hear

from her that she would contribute a part of what she has been given for the Buddhist ritual. It makes me think that nothing could obstruct the people's belief in religion, and in this case the Buddhism, which is the religion of the state.

... Taking this opportune moment I would like to express my sincere appreciation for Samdech Patriarch and venerable Buddhist monks for the leadership which brings about contribution to the secular world. My remark is that Buddhism shares its value in all national development – national security, social order and social development, economic development, etc. because it advises human beings to do good things and to inflict no harms on others. This value is indispensable in the overall development of the country, through which progress will be made. Morality and virtue are the most essential elements in life, which are bestowed upon all Buddhist followers by the monks. Performing positive actions by the Buddhist followers will harmonize the social fabric in the secular world.

... I wish to also thank Samdech Patriarch and head monk for the management and leadership at the Buddhist pagoda's level for the support they have provided in time of difficulties. When we had natural calamity as the 2000, 2001 flooding, and the 2002 and 2004 droughts, the Buddhist monks proved to be key leading forces in mobilizing material and financial assistances and provided them to our people through HE Deputy Prime Minister Sok An. Those assistances were channeled to the vulnerable people in the district of Kroch Chhmar, Stoeung Trang of Kompong Cham and some to

Prek Prosob of Kratie. It is a correlation of dependence between the two – people and the monks. Once people have sufficient food, the monk would have a good meal as well. On the contrary, when the people starved, the monk would not be in any better situation.

... Through Samdech Patriarch, on behalf of the Royal Government, I would like to convey my sincere thanks and appreciations to the contribution made by all Buddhist pagodas in saving our people from damages of rice cultivation caused by general drought in 2004, through which efforts we have recovered about nearly ten percent of the predicted loss of 20% from the whole figure of rice cultivation. Along with this, my deepest thanks also go to all the Buddhist monks who have provided assistance for the children who are in need of support for livelihood and study.

... The Buddhist pagoda is the most favorable place for children of the poor to reside in so that they could get both residence and food for the time of their study. Take for instance, in the Buddhist pagoda of Lanka we have about 244 such persons who are currently benefiting from the offer, and another 700 others in the Buddhist pagoda of Botum. I was a pagoda boy myself and I was brought up and educated with the help of the Buddhist pagoda. I wish to remind those who reside in the pagoda that the Buddhist pagoda is the place of serenity and they may wish to remember a recitation in my song "the Buddhist pagoda is in the path of Buddhism, I live and study, while serving the Buddhist monks before they go to bed, I would evade all karmas in the secular world."

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... Unfortunately we could accommodate only male students and could not do so for female ones. It is in an effort to redress the loss suffered by female students, we have included in the action plan for the Ministry of Women Affairs the creation of student's hostel in medium and high levels of education. I am all ears and throw my support to this idea. I am very happy with the inauguration of the hall which is indeed the contribution of the Buddhist followers Bun Seang Ly and Hun Neang, my mother in law and my own father. Before passing away, my mother contributed to the construction of so many Buddhist pagodas in Kompong Speu, especially the Buddhist pagoda of Kdei Lovea. After her death my father continues what she had been doing in those days. My mother-in-law also does the same thing. My wife and I are following their will and help them contribute in the Buddhist achievement and development.

... Aside from inaugurating this great hall of residence, the venerable monk of the Buddhist pagoda of Lanka has also requested for one more construction and I approve his request. I think I should try to have the engineering team of the Ministry of National Defense help with the design blueprint and the construction. I hope that it is not weird to see soldiers in uniform building the pagodas.

... The most important thing here is to preserve peace and political stability. When the country is at war, even God could not help us and/or the monks. Let's think about monks at war time and at peace time. At war no one could ever do or develop anything. When the country is in peace and peace is well strengthened,

especially now that we have a determined cooperation between the two political Parties – the Cambodian People's Party and Funcinpec, stability will be preserved for the people. Samdech Krom Preah Norodom Ranaridh, President of Funcinpec, the National Assembly and Special Advisor to the Royal Government of Cambodia discussed with me almost everyday on how to keep peace, political stability.

... Thanks to the strong determination of the two Parties – and coalition partners in the coalition Government, Samdech Krom Preah (Norodom Ranaridh), Samdech Chea Sim, Samdech Heng Samrin and others have united for the sake of providing peace, stability to the country. There is nothing that we cannot do, as drop by drop the bucket is full. Take for instance we have hall of residence, hall of Dharma and in the future we will build something else.

... As for today I have brought here five sets of computers, printers, two copiers and a contribution of Riels 20 million for further refurbishment of the pagoda. I wish to recall also that I have contributed a sum of Riels 36 million for a year to the Faculty of Buddhism. ■

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mitted to engagement in the weeks, months and years to come. We look forward to working with all development partners including donor community, private sector, and civil society, as we together seize the global opportunity.

In conclusion, may I wish successful deliberations during the conference and wish you all to have a memorable stay in Cambodia. ■

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the fact that they carried weapons in to school compounds impose serious threats to peers and teachers.

... It is in this issue that I would like to place an appeal for stricter measures to be taken irrespective of the criminals' relations to whom it may be. They must be caught, though they are children of the army officers or provincial governors, etc. Social order and security have become a debating subject because a small group of bad youngsters have caused endless disturbances, and the use of drug has also stemmed from this issue. We do not have bad intention for these kids but we should try on the other hand to help them through education to be provided by schools, parents, society and other measures that can be taken for the prevention of those kids from problems such as bloodshed clashes at various sites from religious rites to weddings ceremonies. I therefore recommend the authorities of all levels and police of all posts to provide support to all schools so as to create a safety system for educational institutions and for parents whose kids have disobeyed. I am sure that parents will be of good understanding and offering us supports in return for the sake of evading those kids from eventual death or wounds.

... I am taking this issue as a result of the ineffectuality on this matter over the past years. Years ago and in our Cabinet meeting of July 16, I made several comments on televisions because by 1998 pornographic films were televised on cable. I was able to change that by one of my strong message to them and

later I expressed my discontent on the accompanying dancers on stage for their inappropriate clothing. They have now altered their dresses, but I still see that more need to be done. Now let me turn to a publication that is causing us an alarming shock on our culture. This one is "Chumtung Rik-reay" magazine or "Amiable Youth" -- written and published by Lim El Djurado – a Director of a Department of the Ministry of Social Affairs. The publication is indeed pornographic, and what is worse is that it has got the authorization for publication from the Ministry of Information. It is available at bookstalls that are not far from the Prime Minister's house, let alone nearby many schools in town. It is indeed a disappointment.

... Another publication also enjoyed the authorization from the Ministry of Information is "Sexual Health and Partners" – whose content is nothing but sex -- also by same author. I came across another sexual discontented matter in the issue 56 of the Angkor Thom Happiness magazine. This one is the "Kolab" magazine which runs a story "Love for Lady Boss." In this case what do the Ministry of Information and Ministry of Culture do? Why should we overlook the consequences for the authorization of such publications? In Cambodia, freedom of press and speech is fully applied as newspapers could criticize anyone, while radio could broadcast opposition opinion at will. I could conclude that this freedom of expression is nothing but a freedom of creating social problems. As they obtained authorization from the Ministry of Information, H.E. Khieu Kannharith should review this matter and if necessary, authorization could be

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withdrawn. After reviewing if it is found that the matter could not be solved because of the absence of laws, we then have to come up with a bill and/or issue more sub-decrees to handle the case.

... The social value is sinking when students do not make progress in their studies. We now have to keep in mind this objective -- “education for all” and “all for education” – so that we all are working in similar pace throughout Cambodia, not only in the rank of teaching staff. Some teachers could be targets of threat by bad students, gangsters, etc. There may be remarks that Hun Sen is meddling in sexual expression or in author’s rights. Let me clarify that this is my term (till 2008) as Prime Minister, I have the responsibility to bear before the Cambodian nation or in Khmer it means I have to be responsible for both right and wrong. If you wanted to do all this you should wait till when you became Prime Minister. This is similar to what President Bush and Presidential candidate John Kerry were arguing about same sex marriage issue.

... As we are in the stage of implementing the rectangular strategies, I represent the majority of the people to keep this society safe and one or two NGOs could not advise me to the contrary. Some people are paid by foreigners to keep an eye on the Royal Government, the National Assembly. I would not in any instance object to the non-governmental work as a whole but I would just want them to be realistic. People in the National Assembly represent millions of people in the whole country, and they have given birth to the coalition government with me as the Prime Minister. I have the obligation to oversee eve-

rything, and encourage what is right and improve what is a shortcoming. Various crimes have been reported in the press ranging from conflicts at the game boots to child hitting one’s mother, etc. I made several speeches on many occasions which went in three TV stations -- TVK, Bayon and Apsara. A study of the speeches should be carefully conducted as to what I have recommended on this matter.

... Failing to do so a dark society would eventually take shape, with many youngsters of ours become gang members, and it would be a dangerous situation. We have to enforce the law and what do we have the law for if we do not abide by it? Take for instance there has been a claim that I bribed Samdech Krom Preah in exchange for HM the King Sihamoni being able to ascend the throne and Samdech Krom Preah to be President of the National Assembly. Now the law has been applied in relation to such a groundless remark. A number of countries in the world, take for instance France, in between 1992 and 1999, MP immunities have been stripped off more than once. If the press would like my comments on the matter, I would suggest them to take the question to the court.

... Today all of you have become professors or teachers. You have spent 12 years studying in the general education system and another four years in tertiary education which add up in all 16 years of education. Growing a tree would give us fruit in just five or six years. Growing a human being has taken us 16 years as you can see. I agreed with HE Senior Minister Kol Pheng for having quoted Lao Tsu as saying “though I am 80 years old already, if I find an

8-year old kid who knows better than I am, I ask him to teach me. If I meet someone older than I am but does have much knowledge, I will teach him.” It is true that knowledge is never at its end and we can always fill it up. I may let you know that my study is going on and my research is endless. There are things that we do not know so it is important to increase one’s knowledge always.

... Another point that I want all of you to understand and behave appropriately is when you, after graduation of bachelor degree, come to meet with your teachers who may have only secondary level of education. What would be an appropriate manner from you to them? We should be thankful because thanks to them you have come this far. The fact that you may teach a class higher than your former teacher, but a teacher of one day is a teacher of the whole life. We also have to respect their experiences as they have gathered in such a long time in their professional lives.

#### **On the Constitutional Amendment from 2/3 to 50+1 vote**

... One political issue that I would like to share with you all today would be useful for us in evaluating our country’s situation. We used to say “bamboo shoot will eventually replace the bamboo.” Recently there are two “pundits” (political commentators) saying that this slogan is wrong. In fact the slogan means that younger generation like you will take over the task from senior generation, not only in education but also in politics.

... What I wanted to bring up today is the fuss around issue

of amending the Constitution to provide confidence motion for the new Royal Government from by a two third majority to a 50 + 1 formula. This was brought up on January 29, when CPP conducted its 31st plenum. It received an official proposal from the opposition party for the amendment of the Article 90 of the Constitution, with the above content. The proposition was rejected by CPP and it has become a subject of discussion in cafe and NGOs on the reason why CPP does not accept the offer.

... Let me from this podium clarify that it is nothing but a political trap. It sounds like a generous offer but there is a huge secret behind. Up to this moment, on the contrary, the opposition does not write to Funcinpec yet on this matter. Why they wrote only to CPP? H.E. Say Chhum, on behalf of CPP has written a letter in response and a clear position has also been taken in the speech of Samdech Chea Sim to the plenum. When the question is asked why the proposal is written to CPP and not to Funcinpec, one could have a good understanding on the move. Their ultimate aim is to seek a split within the coalition of CPP and Funcinpec. A “yes” answer from CPP is equal to the breaking down of the Royal Government. Why? All Funcinpec officials joined in the creation of the Royal Government would certainly feel that they would be disapproved as the Constitution goes into amendment. This could be their first concern. While later in the parliament, when Funcinpec disagrees with the move, another concern would arise as to whether CPP abandons Funcinpec for the Sam Rainsy party.

... To amend the Constitution we have to seek a change in  
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the quorum as well. CPP could hold the national assembly meeting as it has the quorum needed because to set up a Government then, we need only 63 to 64 votes, and CPP possesses 73 votes already as it occupied 73 seats in the National Assembly. Once CPP is leading the Government alone, there will be an alteration of all positions of all the commissions under the National Assembly because the formula 50 + 1 is applied – the positions of President and Vice Presidents of the National Assembly, Heads and Deputy Heads of the various commissions of the National Assembly as well as those in the Government. Therefore, first of all when CPP gives a “yes” answer, Funcinpec would immediately feel that it has been cheated. Once disagreement prevails in the National Assembly, the final outcome of this would lead to a Hun-Sen-50 + 1 Royal Government, which would not last till 2008.

... We can also ask if CPP accepts the proposal, where could be the virtue, morality and faithfulness in cooperation between partners? We have an old saying that goes “once in difficulties, everyone is called upon, once the honey is available, everyone is forgotten.” Samdech Krom Preah (Norodom Ranaridh) and I, together with all of you, we overcame all sorts of obstacles in setting up a Royal Government. With such an opportunity offered by another opposition party for CPP to rule alone, would CPP be happy to accept it? CPP would not do so.

... CPP possesses a political seniority and experience, and would not bait the trap easily for individual and immediate interest at all. We are on the contrary looking at an alliance

of forces that would provide favorable conditions for political stability, peace and development for a long time to come. CPP does not accept their offer and we have the obligation to work with its current partner in the coalition Government.

... I am sure you all get the points. This is politics. Politics could be thankless and if it is thankless towards a partner, then it is not politics anymore. In that instance CPP would not be a trustworthy partner as well. We, CPP and Funcinpec, have been working together in all circumstances – in difficult as well as in peaceful time, but I am sure we have more peaceful time than difficult one. It is indeed normal when in working places we have some differences as what could have happened for those plates that rattle in the basket. With regard to this I would like to reaffirm that we have to look for the whole forest and not just one tree. We must provide one another with a sharing win –win situation, the result of which would be development for the whole country. CPP would not betray Funcinpec, and so would I not to Samdech Krom Preah. Now it is reasonably understandable as to why CPP does not accept the offer to rule alone.

... Taking this matter into discussion, please allow me to inform you all that Samdech Krom Preah has made a great sacrifice for the stability of the country. Would you happen to know who has got the news that Samdech Krom Preah would not be selected as King? It was H.E. Jacques Chirac, President of France. When HM the King Norodom Sihanouk declared his retirement, I was attending the meeting of ASEM in Hanoi,

the Socialist Republic of Vietnam. Walking together to the meeting room, H.E. Jacques Chirac said to me: “Isn’t it obvious that now is the time for Prince Ranaridh to become King?” I replied in reaffirmation that “no, he would not be the one because he has to go on leading Funcinpec, as it is the foundation of political stability and the constitutional monarchy as well as the survival of the throne.” H.E. Chirac said to me: “Well that is a good thinking.” Later on I gave similar answer to H.E. Prime Ministers Junichiro Koizumi, Wen Jia Bao, Thaksin Shinawatra, Badawi and President Arroyo of the Philippines.

... The fact that Samdech Krom Preah abandoned his chance of being King is indeed a great sacrifice. As you all can see that the transfer of the reign to HM the King Norodom Sihamoni is a smooth one and took us only a week to do so. If Samdech Krom Preah offered to stand for the throne, HM the King Sihamoni, who then was a prince, would not have stood as candidacy.

... Let’s imagine if Samdech Krom Preah were to not stand for the throne, then in face of CPP accepting the formula 50 + 1, Samdech Krom Preah would not have a chance to be President of the National Assembly, and positions in the Government would not be guaranteed too, what would happen to Samdech Krom Preah then? How would he be blamed by Funcinpec members? CPP would then be a cheater. I raised this thinking so as those who voted for CPP and Funcinpec could understand as to why CPP rule out the possibility of ruling alone. ■

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why the Royal Government has initiated the annual Corporate Citizenship Awards. We want to show the Cambodian public that good corporate behavior, good morale, labor standards, community citizenship, environmental stewardship and good governance, especially transparency and accountability can lead to better conditions for the whole society.

### V. Our Hope

In recent decades, Cambodians have lived through many difficulties and some of the most profound challenges any nation has faced. Having overcome all these, our Hope is simple. It is to give our people the opportunity to think about and take care of their own future by themselves. For this reason, we have embarked on a wide range of reforms. We know that every reform is an investment in our future and the future of our next generation. We hope that our young people will grow in a Cambodia that is known as a place where you can “do good” and “do well”; a place where good governance, corporate social responsibility and profitability go hand in hand.

We hope that Cambodia becomes known as a country that recognizes its problems and bravely took the needed concrete actions to solve them. Our hope is that the private sector sees Cambodia, although young but dynamic and vibrant place that has a long and rich history with great energy and potentials, which embed in our natural resources, history, civilization, culture and our youth.

We are grateful for the help of the international community in these efforts, and we are com-

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a vibrant, profitable and responsible private sector. Much of this draws upon our Rectangular Strategy for Growth, Employment, Equity and Efficiency. The core of which is good governance, and a large part of which involves private sector growth, so that they can play a meaningful role as driving force for growth.

### **I. Achievements which underpin opportunity, confidence and hope**

*During the last ten years Cambodia has gone through a sweeping change not only in political and security, but also in economic and social landscape.* Probably some of you are not aware of the fact that more than two decades ago, after the fall of the Khmer Rouge regime, there were only 70 people living and working in Phnom Penh. Now more than one million Cambodians from all walks of life live in this city, once considered as the gem of South-east Asia during the 1960s, before the war broke out.

*Peaceful settlement of the Cambodian problem has opened up a window of opportunities for social and economic development.* Again Cambodia has become just 6 years ago an oasis of peace. The threat of Khmer Rouge eroded and disappeared following the “win-win” policy that I initiated in 1996-98, leading to the dismantling of their military and political organization.

*The long-term political alliance between the CPP and FUNCINPEC represents the anchor of the peace for Cambodia. Our experience shows that peace can be achieved through perseverance, compromise, accommodation and mutual understanding.* The

election of **His Majesty Preah Bat Preah Boromneath Norodom Sihamoni** as our King was another landmark in the Cambodian history for ensuring long-term stability for the Nation. Now we know and value the prevailing and improved security and political stability as Cambodia and Cambodians have come to enjoy and appreciate peace unknown for many decades. This allows the government to pursue bold reforms to liberalize and facilitate trade, strengthen free-market institutions and train human resources, open up the society and democratize our institutions.

*The Overseas Development Assistance has provided the foundation for equitable social and economic development.* Overall, the assistance of the international community to Cambodia these past 10 years has been very valuable and well spent. Official development assistance has reinforced ongoing national efforts to develop social, economic and physical infrastructures. It has strengthened Cambodia's unceasing efforts to lift the country to a higher destiny, to a new plateau of sustainable development.

*Trade has been the main source of economic growth in Cambodia.* Normalization of relationship with the US and the EU countries resulted in the signing of trade agreements that has been widely hailed as a success, with Cambodia gaining jobs and investment along with better working conditions. Our factories here gained access to the U.S. market in exchange for submitting to inspections from the International Labor Organization (ILO). Garment exports increased exponentially from a US\$20 million in 1996 to US\$1.6 billion in

2004. Employment in garment and textile has been a major stabilizing force for the population and the economy in recent years, 280,000 skilled and semi-skilled, especially female workers.

*Moreover, Cambodia has made sensational strides in integrating Cambodia into international community.* Cambodia's membership in ASEAN and the WTO, as well as cooperation within the framework of the Greater Mekong Sub-Region (GMS), the Ayeyawade-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) and other Triangular Developments at sub-regional level provide great opportunity 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, implementing reform programs and initiating the modernization of structure and management system of the national economy and upgrade its competitiveness to the regional and international standards.

*Cambodia has achieved remarkable macroeconomic stability and poverty reduction.* During the last five years, the Cambodian economy grew by 6.8 percent per year on average. Inflation was less than 3 percent, compared to 150 percent in 1993. Poverty was brought down from 49 percent in late 1980s to 36 percent in late 1990s. The exchange rate has been broadly stable. Domestic revenue collection increased from 6 to 11 percent of GDP, though remaining low by regional standards. The country's international reserves have grown from nothing to a level that be able to cover 3

months of imports, reflecting strong export performance and sustained tourist arrivals. Thus, we can see clearly that Cambodia has open a new chapter of history and emerging into a new dawn of its future with a vibrant peace, ample national reconciliation, strengthened democracy and human rights and dignity.

### **II. Challenges and Our Strategy**

*However, we are living in a tough and challenging time.*

The contours of the regional and world configuration have dramatically changed since the Asian financial crisis. The change of economic aspects in East Asia, the increasing uncertainty caused by terrorist acts across the globe, turmoil, wars, epidemic diseases and frequent natural calamities in the world, the expiration of the quota system under the Multi-Fiber Agreement (MFA), and the increase in oil prices pose a new challenge for Cambodia. Moreover, although we have achieved robust economic growth, the growth base is still narrow, which would make Cambodia's economy vulnerable to external shocks. And the fruits of growth have not yet been distributed equitably to all social strata in the rural areas to meet the government's aspirations. Although Cambodia's trade regime is much more liberal than that of the region, Cambodia has committed to undertake many other reforms in order reap the benefits and maximize prosperity for the Nation.

Faced with this situation, we recognize that Cambodia's future sustainable growth primarily depends on the Royal Government's ability to broaden economic opportunities and growth base. In this sense, the challenge for Cam-

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bodia in the next ten years is the strengthening of good governance, so that we can attract more investment and ensure our competitiveness with neighboring countries in order to gain benefit from our potentials in agriculture, agro-industry, labor-intensive and processing industry, tourism, manufacturing and the services sectors. Based on this, the Royal Government in the third legislature of the National Assembly is committed to promote private sector development as a key sector in its political platform.

As you are already aware, due to our political history, our institutions were developed under specific circumstances to protect Cambodia from being abused by unscrupulous businesses who have sought to take advantage of our emerging institutions in the post-war period. These institutions took the form of multiple-layered control systems, which lack coordination among relevant agencies. This was relevant to the circumstances of that time. However, at present when the country's exports have jumped to nearly US\$2 billion, our vision for pro-poor trade strategy requires us to review the functions and structures of our institutions in response to new developments. Our objective is to encourage the private sector to export while introducing modern technology, streamlining procedures, and use risk management techniques to ensure inspections. Therefore, we have laid out some concrete measures as follows:

#### 1. Trade facilitation, by:

i. **Rationalizing** Government's agencies that impose high costs and delays on private sector, such as those units under the responsibility of the Ministry of Econ-

omy and Finance, particularly the Custom and Excise Department, and the Tax Department, the Ministry of Interior, particularly the Economic Police, the Ministry of Commerce especially CAMCONTROL, the Ministry of Public Works and Transport, the Ministry of Industry Mines and Energy, the Ministry of Health, the Ministry of Agriculture Forestry and Fishery as well as the Ministry of Social Affairs and Labor;

- ii. **Reducing** transaction costs on the import and export of goods while increasing Government's revenue;
- iii. **Reducing** unnecessary and overlapping transaction costs in trade transactions;
- iv. **Reducing** time of import and export process;
- v. **Increasing** predictability of time and costs of export and import process; and
- vi. **Maintaining** the compliance vis-à-vis the trade facilitation guiding principles of the World Trade Organization (WTO) and World Customs Organization (WCO).

The specific result we seek in this area is to (a) minimize paperwork required for exportation through a single administrative document, and operationalize the "single window" for export-import; (b) reduce the time required to process export-related forms to one day; and (c) reduce and eradicate unofficial costs.

#### 2. Promotion of market infrastructure and deregulation, by:

- i. **Reducing** time and costs imposed by different types of inspection;
- ii. **Establishing** an informa-

tion system to facilitate firms to have access to bank credits and to help commercial banks evaluate investment proposals;

- iii. **Institutionalizing** the labor market through the development of a registry of required skill profile, training needs and availability of human resources for the private sector;
- iv. **Improving** infrastructure, expanding the coverage of electricity, telephone and communications network, water supply and sewerage system, increasing the efficiency of ports, reducing the costs of electricity, port handling, transportation and communications;
- v. **Discouraging** monopolistic trading arrangement through the relaxation of licensing and inspection requirements;

vi. **Increasing** the participation of firms in the formal economy by reducing the regulatory burden on firms including:

(a) *Lower the cost of commercial registration. We have therefore lowered this cost by US\$400;*

(b) *Eliminate unnecessary and multiple licenses. We have abolished the Economic Police permit. We have eliminated the Export License, since there is no longer required as the Multi-Fiber Agreement (MFA) expired. We have eliminated the need to issue Certificates of Origin (CO) before the shipment is cleared. We will now issue certificates of origin on a post-shipment basis in order to save time.*

(c) *Lower the minimum capital requirement for registration. We have therefore lowered from*

*\$5,000 to \$1,000 dollars; and*

(d) *Reform inspection regime. The Ministry of Industry, Mines and Energy's role in inspections of individual consignments has been confined to a "post-shipment inspection" with less encumbrances to the exporters. We are actively conducting a possibility to review and streamline procedures and the needs for inspections.*

vi. **Introducing** a law governing all forms of private participation in infrastructure;

vii. **Revisiting** the generous provisions on overtime, nightshifts, and holidays, while upholding the core labor standards with the view to make Cambodia's garment industry competitive.

#### 3. Enhancing market access and access to information, by:

1. Strengthening trade promotion and market information activities;
2. Developing a directory of enterprises, to be combined with the computerized registration system;
3. Developing website to promote local products;
4. Strengthening capacity of Customs and Excise Department to prevent smuggling;
5. Developing export promotion potential through the establishment of industrial zones for exporters.

**4. Institution Building and the Enhanced Rule of Law** includes the following measures:

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1. Promoting legal and judicial reform to ensure contract enforcement and provide fair judgments of cases;
  2. Adopting commercial code and establishing commercial court;
  3. Establishing system of Arbitration and Mediation for settling trade disputes;
  4. Facilitating business registration by using automated registration and establishing computer database for enterprise registration;
  5. Promoting adoption of customs law and issuing sub-decree and regulations to ensure effective law enforcement;
  6. Finalizing and adopting implementing regulations to the Amended Law on Investment of the Kingdom of Cambodia as soon as possible. In this regard, to decentralize decision-making on investment projects, the Royal Government decided to delegate to the provincial authorities to approve investment projects of up to US\$2 million;
  7. Reducing barrier access to market and promoting the level of playing field for competition;
  8. Improving “tax regime” by increasing number of companies including more companies into the categories of medium- and large taxpayers and reforming “assessment regime of taxation”;
  9. Encouraging establishment and empowerment of business association;
  10. Rationalizing quality control institutions for goods by setting up a single body to inspect quality, measurement and technical standards;
  11. Enhancing consultative government-private sector forum, aimed at ensuring transparency in decision-making;
  12. Promoting development of leasing business.
- 5. Promoting Small and Medium Enterprises, by:**
1. Encouraging the development of SMEs, especially through the provision of medium and long term finance;
  2. Suppressing smuggling of all kinds;
  3. Reducing registration procedures and start-up processes for companies;
  4. Facilitating export-import activities by simplifying procedures such as licensing and other authorization;
  5. Supporting some infant industries during an appropriate period;
  6. Promoting linkages between SMEs and large enterprises;
  7. Establishing a national center for productivity to assist SMEs, enhancing their productivity and reducing production costs;
  8. Establishing a national standards institution to help ensure the quality of domestic products to meet regional and international standards;
  9. Establishing national laboratories for physics, chemistry, micro-biology, mechanics and tests for quality and criteria of products;
  10. Strengthening mechanisms for the protection of industrial intellectual property rights, to prevent illegal copying, re-creation and illegal use of new techniques and technology;
  11. Promoting vocational/ skills training, both domestic and overseas;
  12. Promoting the "one village, one product" program; and
  13. Strengthening the legal framework by creating laws related to: factories, industrial zones, patents and inventions, measurements and industrial safety etc.
- III. Focusing on the effectiveness**
- Our Actions have been driven by our confidence in economic liberalization, multilateral trading system and sound government institutions to manage the reform process.* We envision that public institutions should provide a regulatory framework to ensure fair competition, avoid monopoly and maintain equal treatment. We have collaborated with a number of donors to promote implementation of the above mentioned measures in order to attain concrete outcome as we expect. In this spirit, I urge private sector partner to actively work with the government counterparts to ensure effectiveness and consistency in the implementation of those measures in a new environment.
- At the same time, we are also well aware that the above concrete measures can not be achieved as planned if there is no comprehensive reform programs in other key sectors, especially legal and judicial reform; public financial management and banking sector reform; land, natural resources and state property management reform; construction and maintenance of physical infrastructure, and more importantly institutional building.
- Indeed, strong institutions depend ultimately on the people. We will, therefore, accompany this program of reform in tandem with public administration reform and other reform programs. This reform includes (a) the rationalization of civil service wages to attract and retain skilled staff; (b) strengthened civil administration to ensure that human resources are wisely deployed in high priority sectors; (c) promoting a performance-based civil service system, and the institutional reforms to move Cambodia to a new plateau of development. Our core philosophy in this sector is to move toward an effective, merit-based public service, which provides all kinds of incentive to officials.
- IV. Corporate Citizenship**
- While the Royal Government is making every effort to promote institutional reform and improve public governance, business community should also uphold their ethics and accountability. I would like to take this opportunity to appeal to all businessmen, both national and international, to strengthen their corporate governance. What we have achieved in the garment sector must be made standards for all of Cambodia. We should strive to promote our reputation as an ethical producer in all sectors, not just textiles and apparel. In addition, improving management standards, respect for laws, professional code of conducts and social morale is good social deed in itself and also good for business people and corporations, as international buyers and consumers increasingly demand more responsible behavior from the companies with whom they are dealing. That is

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