



INFORMATION BULLETIN

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CAMBODIA-JAPAN RELATIONS

- ▶ Japan Welcomes First Hearing of ECCC
- ▶ Japanese Company to Create National-level Faculty in Cambodia
- ▶ Japanese Investors Come to Study Investment Potentials in Cambodia
- ▶ Japan's Grant to Improve Irrigation and Health
- ▶ Hydroelectric Dams Funded By Japan Inaugurated
- ▶ Japan's Grant for the Construction of Drainage System in Rattanakiri
- ▶ Japan's Grant Aid For School Construction

ECONOMICS AND TRADE

- ▶ Cambodian Economy in Good Shape Despite Global Financial Crisis
- ▶ World Bank Supports Cambodia's New Export Access
- ▶ ASEAN Trade Hits \$2 billions
- ▶ A boost for regional financial security
- ▶ National Valuer Association
- ▶ Central Bank of Cambodia Predicts 5% Economic Growth in 2009

OTHERS

- ▶ PM Stresses Importance of Public Administration Reform
- ▶ IRI Presents Results of 2nd Public Opinion Survey on Cambodia
- ▶ UNODC To Provide An Additional US\$2 Million To Cambodia
- ▶ More Support from FAO
- ▶ WFP to Provide Some US\$ 25 Million for Humanitarian Project in Cambodia
- ▶ Second Largest Fodder Factory Operates in Kampong Speu

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CAMBODIA-JAPAN RELATIONS

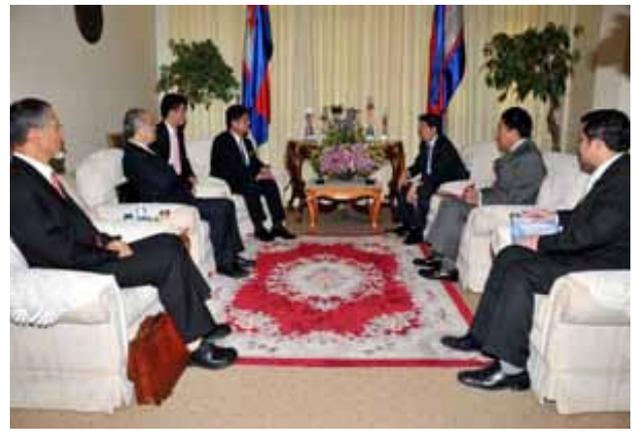
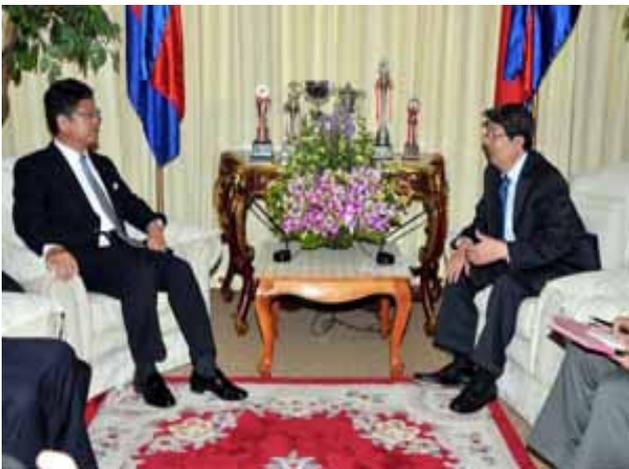
Japan Welcomes First Hearing of ECCC

The Ministry of Foreign Affairs of Japan has welcomed the start of the first hearing of the Extraordinary Chambers in the Courts of Cambodia (Khmer Rouge Tribunal) on trial of Kaing Guech Ieu, known as Comrade Duch, the former director of Tuol Sleng prison during the Khmer Rouge regime.

Japan has even made diplomatic efforts to achieve the establishment of the Khmer Rouge Tribunal in addition to Japan's financial support, amounting to US\$21.6 million, approximately half of the original fund of the United Nations for the ECCC, the statement recalled.

The Ministry expresses firm conviction that the trial that will provide justice for the serious crimes committed during the Khmer Rouge era will be conducted justly, quickly and without delay due to the fact that all the KR defendants who are now under detention are aging.

Japanese Company to Create National-level Faculty in Cambodia



DP and CM H.E Sok An meets with Mr. Hide Okubo, Director General and Executive Director of FOVAL Co., Ltd of Japan on February 10, the Japanese side was planed to set up a faculty at a national level in Cambodia.

Japanese FOVAL Co., Ltd. planed to create a faculty at the national level in Cambodia in order to contribute in the country's human resource training in the fields of exploitation, educational sciences and management.

The plan was raised during a meeting between H.E. Sok An, Cambodian Deputy Prime Minister and Minister in charge of the Council of Ministers and Mr. Hide Okubo, FOVAL General Director and CEO on February 10 in Phnom Penh.

FOVAL Co., Ltd. would also provide opportunities to Cambodian students who have finished their study in the field of commerce to continue their study in Japan, said Mr. Hide Okubo, adding that the plan is scheduled to begin in September or October 2009.

While thanking Japanese company for its contribution to develop educational sector and build human resource in Cambodia, H.E. Sok An recalled the success of "the Education for All" policy led by Prime Minister Samdech Techo Hun Sen. More than 200,000 students are expected to finish their study each year from 2011.

Japanese Investors Come to Study Investment Potentials in Cambodia

A group of Japanese investors came to Cambodia last week to study investment potentials in Cambodia.

After visiting Koh Kong province, Sre Ambil district, Preah Sihanouk province, and Bavet border town in Svay Rieng province, the group was interested in goods transportation and communication.

Japan’s Grant to Improve Irrigation and Health



DPM H.E Keat Chhon, Minister of Economy and Finance and Chief Representative of JICA Cambodia Office H.E Kazuhiro Yoneda signed here on Feb. 10 an agreement on a grant of roughly 2.8 million US dollars for two projects.

Japan has recently provided some US\$2.8 million as non-refundable aid to Cambodia for two important projects to improve the irrigation and health, according to the Ministry of Economic and Finance.

The aid agreement was signed in Phnom Penh by H.E. Mr. Keat Chhon, Deputy Prime Minister and Minister of Economy and Finance, and Mr. Kazuhiro Yoneda, Resident Representative of Japan International Cooperation Agency (JICA).

Japan’s financial assistance is intended to help improve “Rolaing Chrey” irrigation sluice gate in Kampong Speu and to carry out the epidemics control project.

H.E. Keat Chhon said the non-refundable aid would partly help the Royal Government of Cambodia to deal with the current challenges caused by the global financial crisis and economic downturn through the provision of direct benefits to people living in the targeted areas of projects.

He indicated that the irrigation improvement project would contribute a major part to the reduction of external impacts on the economic growth by increasing the agricultural productivity.

Japan is ranked first among the donor countries in providing the non-refundable development assistance to Cambodia in terms of the volume of funds summing up US\$1.31 billions since 1992.

Hydroelectric Dams Funded By Japan Inaugurated

Two small hydroelectric dams at Monorom town in Mondulkiri province were officially put into functions during an inaugural ceremony on Feb. 23 under the presidency of Deputy Prime Minister



and Economy and Finance Minister Keat Chhon.

The construction of the two hydroelectric dams with a total capacity of 370 kilovolts in O'Mis and another one in O'Mleng was funded by the government of Japan at a cost of nearly US\$10 million.

Japan's Grant for the Construction of Drainage System in Rattanakiri

Through the KUSANONE program, the government of Japan has pledged US\$79,500 to the Department of Public Works and Transport in Rattanakiri province.

The grant will be used to build a 1,087-metre drainage system around Banlung Market in Banlung district. The project aims at improving sanitary and environmental conditions for those working in the Banlung Market.

The KUSANONE program started in Cambodia in 1991 with the purpose of contributing to the development and construction of Cambodia at the local level. Since 1991, the Japanese government has provided more than US\$42.3 million to local authorities and NGOs to implement 422 different projects throughout Cambodia.

Japan's Grant Aid For School Construction

The government of Japan has pledged to provide US\$152,691 to Association of School Aid in Cambodia (ASAC) for the construction of a two-storey school building at Thkov Primary School, in Batheay district, Kampong Cham province.

According to a press release of the Embassy of Japan, once finished, the 10-classrooms school building equipped with furniture and lavatory will provide a good learning environment for more than 600 students currently studying at this school. With the increased number of classrooms, the school will also be able to accommodate 80 out-of-school children in the surrounding villages.

ECONOMICS AND TRADE

Cambodian Economy in Good Shape Despite Global Financial Crisis

The Cambodian economy is in good shape, though it has been affected by the global financial crisis.

Cambodian Prime Minister Samdech Techo Hun Sen said that we have succeeded in securing peace, political stability, security and social order while promoting macro-economic stability and international integration. We have been successful in developing our infrastructures as well as improving governance structure.

He added that despite the global economic downturn, the Cambodian economy was estimated to grow by seven percent in 2008 and the government would try to maintain a six percent growth in 2009. The economic growth has been robust, averaging at 9.4 percent during the last decade and 10.2 percent in 2007. This helped reduce poverty by one percent per annum from 47 percent in 1994 to 30 percent in 2007.

The Prime Minister also highlighted that Cambodia's banking system remains strong in general, well capitalized and highly liquid. The bank



loans and deposits continued to grow in 2008, reflecting public confidence in the banking system. International reserves position has been favourable and was doubled during the last two and half years, from one billion U.S. dollars years ago to two billion U.S. dollars in 2008.

Meanwhile, progress in agriculture has been historically impressive and we managed to increase rice yield up to 2.65 tons per hectare in 2008, from 2.5 tons per hectare in 2005, he added.

World Bank Supports Cambodia's New Export Access

Cambodian Ministry of Commerce has officially launched the new export market access fund for its domestic private companies' partnership under the financial support of the trade facilitation and competitiveness project of the World Bank group.

During the official launching ceremony in Phnom Penh on Feb.3, H.E. Kim Sithan, Secretary of State of the Ministry of Commerce said that the above-said project will help small and medium enterprises to their export markets and quantities. Some 50 to 60 local enterprises are expected to benefit this initial two-year project.

ASEAN Trade Hits \$2 billions

Cambodia's trade with ASEAN increased by 23 percent in 2008 to US\$2.189 billion up from 1.775 billion the previous year, according to the official figures, as the Kingdom's trade deficit with neighbors expanded close to \$2 billion.

The rise in trade volume was mostly imports of raw materials for the garment sector and steel, while agricultural product exports increased, especially with neighboring Thailand and Viet Nam.

Though trade has increased sharply, Cambodia still has a large deficit with the other nine-ASEAN nations-exports, which increased by 2 percent and imports were up to 25%.

Import from ASEAN in 2008 amounted to \$2.067 billion while exports were just \$121 million, according to the Ministry of Commerce, giving a year trade deficit of \$1.946 billion, which the bloc up from \$1.536 billion in 2007.

A boost for regional financial security

The finance ministers from ASEAN plus China, Japan and South Korea met in Phuket, Thailand on 22 February and have agreed to expand the bilateral currency swap arrangement from US\$86 billion to US\$120 billion.

It is an important step for ASEAN Plus Three to reinforce closer fiscal cooperation at a time when the financial crisis is ravaging the world. In a time of crisis, more reserves are better than less. If all the reserves contributed by ASEAN Plus Three are put together in one basket totaling \$120 billion, it will immediately become a regional fund.

National Valuer Association

At a recent inauguration ceremony of the National Valuer Association, H.E. Keat Chhon, Deputy Prime Minister and Minister of Economic and Finance



stressed that the Royal Government of Cambodia always consider private sector as a mechanism for economic growth. Thus establishing the Association would strengthen the evaluation quality and reduce the impacts of the global financial turmoil and contribute to the success of the government's financial strategic development.

He added that quality evaluation service would lead to transparent financial statements from all business and cooperation and also build up trust among the public. The National Valuer Association has a crucial role in providing quality update on the market price of fixed assets in Cambodia.

Central Bank of Cambodia Predicts 5 percent Economic Growth in 2009

The National Bank of Cambodia (NBC) has predicted that the Kingdom will score a 5 percent economic growth rate in 2009. This year's estimation must be conservative, because of the international financial crisis and the decrease of garment exports, the foremost cash generator of the country.

Meanwhile, oil prices are down this year, which also brings consuming commodity prices down and contains inflation, thus somewhat off-balancing the impact of the crisis and the export slowdown.

Service, agriculture, garment and construction are the top four contributors to the growth of gross domestic products (GDP) for Cambodia. The GDP growth of the country respectively stood at 10.3 percent in 2004, 13.5 percent in 2005, 10.8

percent in 2006, 10.2 percent in 2007 and 7 percent in 2008.

Cambodia Prime Minister Samdech Techo Hun Sen said that the government would try to maintain the country's economic growth at 6% in 2009, in the context of the current global financial crisis.

The World Bank is only confident of a 4.9 percent GDP growth rate for Cambodia in 2009, the International Monetary Fund 4.8 percent, and the Asian Development Bank 4.7 percent.

OTHERS

PM Stresses Importance of Public Administration Reform

“What the Royal Government of the 4th mandate needs is the effectiveness of the public services.”

The remark was made by Samdech Techo Hun Sen, Cambodian Prime Minister at the closing ceremony of the two-day National Seminar on Disseminating the Vision, Strategy and Administrative Reform and Developing its Action Plan for 2009-2013.

“The public administration reform will help not only improve the quality of public services and reduce poverty, but also strengthen the capacity building of each institution,” the Prime Minister said.

He emphasized that the 4th mandate royal government would continue to concentrate on the increase of civil servants' salary, the efficient use of IT network, the management enforcement, the civil servants' capacity



building and the widening of women's role in the public administration.

IRI Presents Results of 2nd Public Opinion Survey on Cambodia

"82% of the Cambodians believe the Kingdom is moving in the right direction," an increase of 11% over results from a similar survey in 2007, according to a nationwide public opinion survey by the International Republican Institute (IRI).

The survey also found that 85% of respondents wanted to elect their own village chief.

IRI country representative John Willis said that the data would be used by all major political parties to promote democracy, accountability and good governance.

UNODC To Provide An Additional US\$2 Million To Cambodia

The United Nations Office on Drugs and Crime (UNODC) is planning to provide an additional US\$2 million to Phnom Penh office to further enforce the law sector in Cambodia.

The plan was made on February 23 by visiting UNODC Deputy Director Mr. Bernard Frahi during his meeting with H.E. Sok An, Deputy Prime Minister and Minister in charge of the Council of Ministers' Office.

Mr. Frahi highly praised the country's development in all fields and its efforts in legal and judicial reforms, and in combating drugs and human trafficking and also focused on the cooperation on the fighting of drug and human trafficking.

More Support from FAO

Food and Agriculture Organization (FAO) planed to provide 2.25 million US dollar as a grant aid to rehabilitate irrigation system and agricultural sector so as to improve food security and food safety in Cambodia.

The grant support was highlighted during the 30 January meeting between H.E. Hor Namhong, Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation and Mr. Ajay Markanday, FAO's Representative to Cambodia.

H.E. Hor Namhong acknowledged significant role of FAO in making the world food safe and secure, especially when the world is facing food security problem.

FAO supported Cambodian 3.6 million US dollar in 2007 and 3 million US dollars in 2008 terms of the country's natural resource management and food security development.

WFP to Provide Some US\$ 25 Million for Humanitarian Project in Cambodia

During a talk on February 11 with H.E. Hor Namhong, Deputy Prime Minister and Foreign Minister, the country World Food Program director Jean-Pierre de Margerie raised that World Food Program (WFP) planed to provide a fund of some US\$25 million for the implementation of humanitarian project in Cambodia.

The WFP director confirmed WFP's assistance given to Cambodia in the future, mainly in 2009, saying that the amount of some US\$25 million offered this year for the humanitarian



project in Cambodia would be allocated for education including nutrition project given to primary school children, for health including mother and child care, AIDS and tuberculosis, and for a work for food program in a preparation for drought or other natural disasters happening accidentally.



While appreciating WFP for its assistance, H.E. Hor Namhong asked the organization to consider helping some additional programs such as pure water, hygiene and latrines in the rural areas.

Second Largest Fodder Factory Operates in Kampong Speu

The second largest fodder factory invested by South Korean SCF Co., Ltd., which located in Kampong Speu province was officially put into functions on February 16.

H.E. Chan Sarun, Minister of Agriculture, Forestry and Fisheries praised this new achievement and considered it as contribution to the increasing of agricultural productivity and diversification, in line with the rectangular strategy of the royal government.