

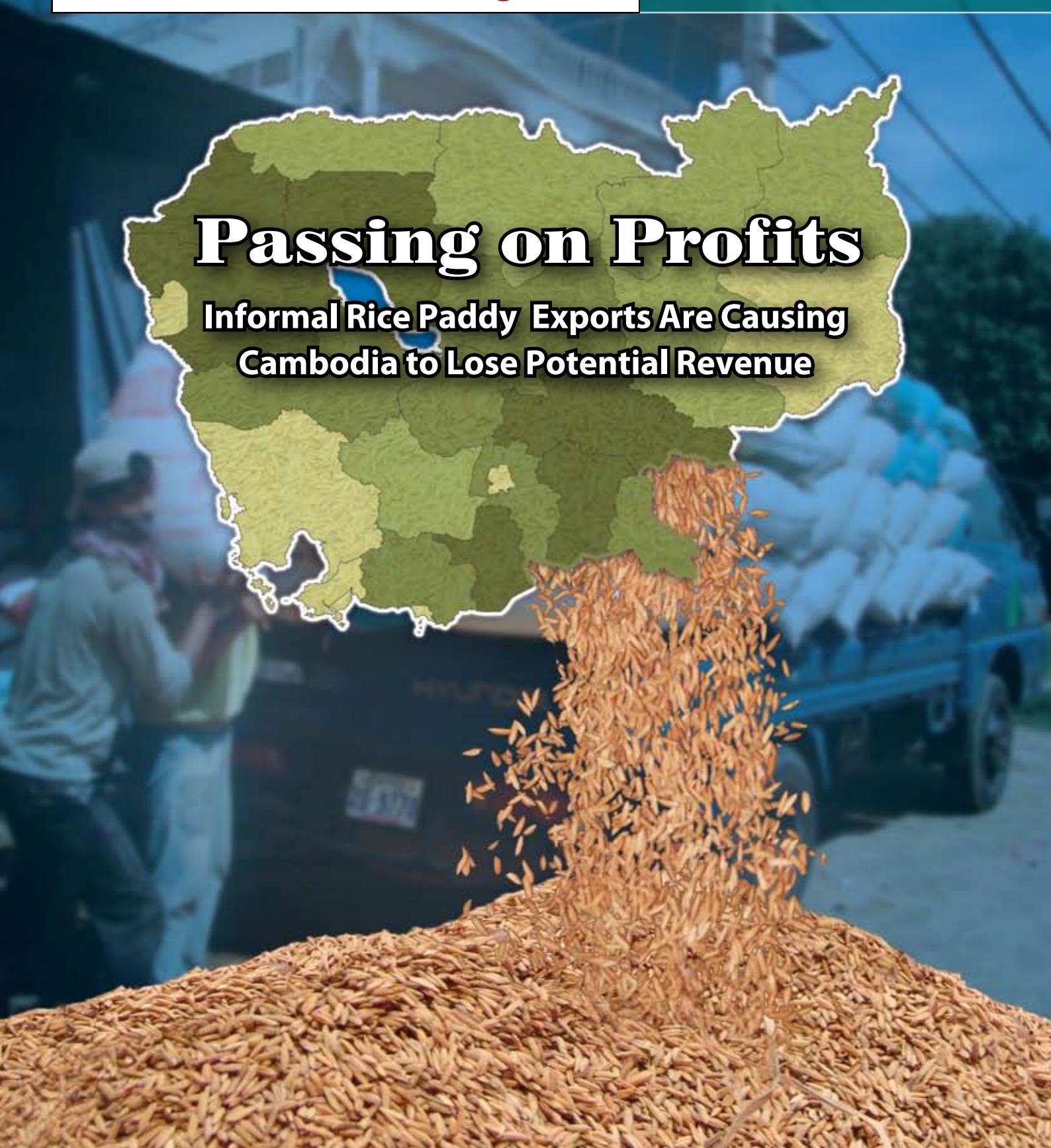
# Economics Today

Cambodia's Business Magazine

- Swept Up in a 'Silent Tsunami': Higher food prices are undermining food security among Cambodia's poor
- Getting Wired: More and more are doing it in spite of high taxes
- Business as Usual: The recent border conflict with Thailand seems to have little impact on overall trade volume
- Leopard Cambodia to Pounce on Stock Exchange

## Passing on Profits

**Informal Rice Paddy Exports Are Causing Cambodia to Lose Potential Revenue**





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**On the Cover:**

*Fast and easy informal rice exports are causing Cambodia to lose millions in potential revenue (page 8)*

## Swept Up in a 'Silent Tsunami': High prices are undermining food security among Cambodia's poor, economists say



*Centuries from now, history books likely will mark the first decade of the 21st century as the end of the era of cheap food. Sustained steep fuel costs and rising world demand for crops that can be eaten or converted into biofuels have caused dramatic spikes in food prices around the world. The growing hunger for biofuels has created food shortages in some parts of the globe.*

*The situation is so dire that earlier this year World Food Program chief Josette Sheeran described it as a "silent tsunami." (page 12)*

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# Getting Wired

## More and more are doing it in spite of high taxes



*The push is on among Cambodians to connect to the Internet as more and more recognize how information communication technology (ICT) is improving quality of lives by facilitating economic, social and human development.*

*Mekong Net, one of the country's leading Internet service providers (ISPs), has seen a gradual increase in the number of clients who are keen to get wired. (page 16)*

# High Stakes

## NagaCorp carves out a niche market in the region's booming gaming sector

*Most gamblers at NagaWorld may not fit the industry's bill of a high roller, but the largest casino in Cambodia is making millions of dollars in profit treating them as if they are. (page 18)*



# New Government

## to Continue Rectangular Strategy



*A day after lawmakers in the National Assembly formally endorsed Cambodia's new Government, Prime Minister Hun Sen outlined in a five-hour speech his party's objectives for the next five years. (page 24)*

# Economics Today

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**Publisher:** Sao Sonita

**Editor-in-Chief:** Kim Natacha

**Managing Editor:** Alanna Jorde

**Reporters:** An Sithav, Chhun Kosal, ( Interns: An Channthla, Chan Boramey, Leng Bunthea, Nou Vannsan, Phen Raksmey, Teng Chan Karuk Ratha )

**Photographer:** Kong Socheat

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**Designers:** Ouk Vibol, Rin Sochea, Sreng Veseth

**Business Development:**  
Socheat Kanharith (016) 979 757

**Marketing:**  
Nuon Kakada(017) 789 515  
Ourng Chansy (012) 431 194

**Office:** 233, Phnom Penh Center,  
Phnom Penh, Cambodia  
Phone/Fax: (855-23) 987 943  
etm@etmcambodia.com

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## Passing on Profits:

# Fast and easy informal rice exports are causing Cambodia to lose millions in potential revenue

**By Raksmey Phen  
and Sithav An  
*Economics Today***

Huge transport trucks weighted down with Cambodian rice paddy rolling through to the border, where Vietnamese middlemen are eagerly waiting to buy up the bounty. For Cambodians who live near the Bontay Chakrey border crossing in Prey Veng province, this is a familiar sight during rice harvest and it's a scene that's repeated over and over again at border crossings in Battambang, Bantey Meanchey and Svay Rieng provinces.

Prey Veng rice farmer March

Khun says she would rather not see so much of Cambodia's rice paddy cross the border, but she and other rice farmers don't feel they have any other choice. After harvest, rice farmers are in a hurry to repay loans and Vietnamese traders offer higher prices for their paddy than rice millers in Cambodia do, she said.

### Volume of informal exports is anyone's guess

It's impossible to say with any certainty how much paddy is exported from Cambodia each year. A significant portion of rice paddy exports go unrecorded and even when

it is tracked, border officials have no means of measuring the paddy. They simply make their best guess after a cursory inspection of trucks laden with paddy.

"When the truck arrives, (customs officials) estimate the size of the truck and how much is to be paid and then the paddy goes directly to Vietnam," a Bontay Chakrey border official told Economics Today. A fee of about 150,000-200,000 riel is charged per truck.

The World Bank estimated in 2003 that 80 percent of Cambodia's rice paddy is exported informally. According to the bank's calculations, the country loses more than US\$70

million annually in unexploited value addition opportunities.

The bulk of Cambodia's paddy rice is bought up by millers in Vietnam and Thailand. Countless jobs would be created and thousands of additional dollars collected in taxes if Cambodia were to refine its rice paddy in the country. Cambodia also runs the risk of creating food shortages by exporting its paddy, the World Bank has warned.

Cambodia's annual rice paddy surplus is estimated to be about 3 million tons, making it one of the world's largest rice exporters.

Pou Puy, president of the Federation of Cambodian Rice Miller Associations, says Cambodian rice millers simply do not have the funds to prevent paddy from being exported to Vietnam and Thailand.

According to the federation's estimates, Cambodian millers currently spend about US\$300 million to purchase paddy annually and would need an additional \$US70 million, at the very least, to purchase all of the country's surplus paddy.

"Export taxes are zero," Pou Puy told Economics Today by phone, making informal exports relatively fast and easy for traders.

About 6.7 million tons of rice paddy were produced in Cambodia in 2007 an increase of about 2.6 million tons from 2004, according to the Ministry of Agriculture.

Earnings from rice paddy grew almost 51 percent in 2007, said Agriculture Minister Chan Sarun, who agrees that jobs and business opportunities are being lost as a result of informal rice paddy exports.

The Government has avoided banning rice paddy exports during harvest because it does not want to prevent Cambodian rice farmers from benefiting from higher prices offered by Vietnamese and Thai traders, he said.

### **Cambodia can't compete with Vietnamese, Thai millers**

Tang Yourk, a Prey Veng rice miller, said he can't compete with Vietnamese millers, who receive financial assistance every year from the Vietnamese government in the form of low-interest loans.

Last year, Cambodian rice millers



A worker (bottom photo) in Takeo province stacks sacks of milled rice onto a transport truck. Farmers (middle photo) in Banteay Meanchey province harvest rice paddy (top photo).





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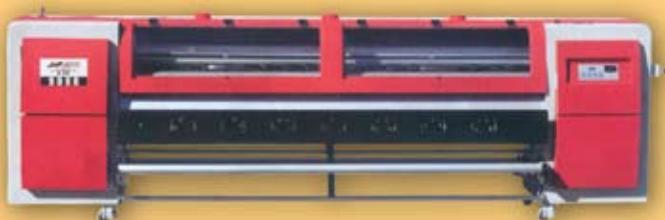
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# Swept Up in a 'Silent Tsunami': High prices are undermining food security among Cambodia's poor, economists say



**By An Sithav**  
*Economics Today*

Centuries from now, history books likely will mark the first decade of the 21st century as the end of the era of cheap food. Sustained steep fuel costs and rising world demand for crops that can be eaten or converted into biofuels have caused dramatic spikes in food prices around the world. The growing hunger for biofuels has created food shortages in some parts of the globe.

The situation is so dire that ear-

lier this year World Food Program chief Josette Sheeran described it as a "silent tsunami."

If incomes do not increase enough to offset soaring food prices Cambodians could be swept up in the "silent tsunami," warned Chan Sophal, a senior research manager at Cambodia Development Resource Institute (CDRI).

Speaking at a recent workshop entitled, "Rising Food Prices and Responses," he said the price of rice—the Cambodian food staple—has doubled while the price of rice on the international market has increased 180 percent in the past year. At the same time, the price of beef jumped about 15 percent and pork 50 percent causing some Cambodians to turn to cheaper less conventional sources of protein such as dog and rat.

Cambodians have to spend about 47 percent more than they did last year to get enough to eat, a recent CDRI study on the impact of inflation in Cambodians found. An average Cambodian household spent about 11,000 riel in May 2008 compared to 7,500 riel

**The increase of food prices  
between May 2007 and May 2008**

| Items      | Increase (%) |
|------------|--------------|
| Rice       | 100          |
| Pork       | 50 to 70     |
| Beef       | 16           |
| Poultry    | 54           |
| Fish       | 5 to 30      |
| Egg        | 20 to 40     |
| Vegetables | 0 to 30      |

*Source: Impact of high food Price in Cambodia, CDRI, September 2008*

**Cambodians have to  
spend about 47 percent  
more than they did last  
year to get enough to eat**

a day in May 2007.

Increases in the price of rice are likely to have a significant impact on the living standards of the majority of Cambodians and particularly the poor, said Chan Sophal.

About 40 percent of the population is living in relative or absolute poverty and spending on food accounts for 70 percent of their total household expenditures, according to the 2004 Cambodia Socio-Economic Survey (CSES-2004).

Cambodians who have stable jobs or who have the opportunity to find additional work are coping with rising food prices, said Chan Sophal. However, he noted, farmers in provinces such as Kompong Speu, Prey Veng, and Svay Rieng do not have such opportunities and as a result are suffering.

## Food Security

The commonly accepted definition of food security is unfettered physical, social, and economic access to safe and nutritious food that meets dietary needs and food preferences to sustain active, healthy lives.

In Cambodia, about 3 million people consume less than the minimum dietary energy requirements of 1,715 kcal per person a day, based on the 2004 Cambodia Socio-Economic Survey food consumption data.



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## Inflation has soared

The rate of inflation, which is based on 227 consumer items of goods and services that are measured by the National Institute of Statistic (NIS), was 22.3 percent in July 2008 on a year-on-year basis.

High oil prices, which peaked at over US\$140 a barrel a few months ago, also have driven up the cost of transportation, which increased 50 percent, and diesel, which was up 80 percent compared to last year.

While food, fuel and transportation prices have spiraled, prices for a few commodities such as clothing and footwear have remained stable.

## ► Food supplies low in some households

The survey, which was conducted four to five months prior to the country's late rice harvest, predicted that about 74 percent of households would run out of rice, forcing them to supplement their household stockpile by purchasing rice at the market.

"Farmers will have to buy cheaper food and rice or they'll have to borrow money to buy food," said Chan Sophal. Households that are most vulnerable to food insecurity are located in the Tonle Sap and plain regions, he added.

In theory, increasing prices of agriculture commodities should boost the income of farmers who manage to produce a surplus of crops. But since most farming in Cambodia is done on a smallscale, only about a quarter of Cambodian farmers—who produce dry season rice, cassava, maize and/or soybeans—are reaping the benefits of higher food prices, the CDRI study found.

To cope with higher food prices, the majority of the country's farmers are finding additional work in construction, forestry, or weeding, planting or harvesting crops for larger farms.

Kem Khek, 51, owns a small rice field that produces around 1,700 kg a year. "One ton and a half of

paddy rice is not enough to feed my 10 children," said Kem Khek, who lives in Prey Veng province's Sot-hear village. "We have to buy more at the market."

To supplement his rice supply, Kem Khek climbs palm trees to collect palm syrup or works in construction for four months of the year.

But Kem Khek is one of the lucky farmers who has found work off the farm. At least a quarter of all farmers are unable to find such employment, which is critical to supplementing their incomes in the wake of high food prices, noted the CDRI study.

## Emergency Food Aid a Short-term Fix

High food prices earlier this year led the Government to temporarily ban rice exports in a bid to protect the national supply. In response to a perceived rice shortage and panic-buying around the country, the Government also released its rice stocks at a lower price.

Donors hastily launched emergency food assistance programs. In May, the Asian Development Bank (ADB) announced US\$ 500 million in aid to support countries affected by the food price spike after which the Cambodian Government promptly requested US\$ 30 million in emergency assistance.

However, emergency food aid is short-term fix that does not address the root causes of food insecurity,



said Chan Sophal.

Long Piseth, ADB's project implementation officer, said that ADB's US\$19 million food assistance project, slated to last until 2011, includes support for productivity enhancement in agriculture. The project is expected to help as many as 2.6 million vulnerable Cambodians, he noted.

Increasing agricultural productivity and closely monitoring local paddy rice production and stocks are key to ensuring food security in Cambodia, Government officials, donor representatives and economists concluded at the workshop.

Since paddy exports are informal and unrecorded, Piseth recommended that the Government begin collecting data on paddy exports at customs checkpoints to estimate how much rice should be exported and how much stockpiled in the country. ■

## Daily wage is both input cost and income (Riels/day/person)

| Task for day labor                  | Wet season<br>(July-Dec/2007) | Dry Season<br>(Jan - Apr/2008) | May<br>June/2008 |
|-------------------------------------|-------------------------------|--------------------------------|------------------|
| Transplanting rice                  | 6,000                         | 9,250                          | 10,000           |
| Harvesting                          | 7,500                         | 9,000                          | 11,000           |
| Weeding                             | 7,500                         | 9,000                          | 11,000           |
| Planting other crops                | 8,000                         | 10,000                         | 11,000           |
| Clearing bushes or degraded forests | 9,000                         | 12,500                         | 13,000           |
| Construction                        | 10,000                        | 11,000                         | 13,500           |

Source: Impact of high food Price in Cambodia, CDRI, September 2008

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*Tito Sreang, CEO Mekong Net*

**By Chhun Kosal**  
*Economics Today*

The push is on among Cambodians to connect to the Internet as more and more recognize how information communication technology (ICT) is improving quality of lives by facilitating economic, social and human development.

Mekong Net, one of the country's leading Internet service providers (ISPs), has seen a gradual increase in the number of clients who are keen to get wired.

"Many Cambodian people are now accessing the Internet," said Chief Executive Officer Tito Sreang, who expects the numbers to continue to increase sharply. "The demands have been aggressively generated and it is believed that every home not only needs computers but also Internet connection."

The company is committed to becoming a "main player in technological advancement" and in a bid to strengthen the quality of its services, Mekong Net has focused, in particular, on increasing the speed and ease of using the Internet with the addition of fiber optic connections, he added.

So far, Mekong Nets has drawn most of its clients from nongovernmental organizations and the corporate world—hotels, casinos and Internet cafes and serviced apartment complexes among other businesses. In addition to Phnom Penh, the company offers services in parts of Svay Rieng and Prey Veng provinces and expects to expand to Siem Reap, Sihanoukville and Battambang.

# Getting Wired

## More and more are doing it in spite of high taxes

Delivering broadband services to consumers, businesses and entire communities is essential to social and economic growth, said Ken Chan Than, founder and president of Cambodia Computer Society (CCS).

Many ISPs in high-growth economies today are transforming their services, networks and businesses to offer affordable mass market services to Internet users, he pointed out in an e-mail to Economics Today.

The Internet made its debut in Cambodia around 1994 and the number of users has increased as the speed and quality of connection has improved even though the cost of connecting is higher here than neighboring countries, including Laos, said Ken Chan Than.

The high rate of taxation in Cambodia is a common complaint among local ISPs, who are also annoyed to have the additional expense of paying for multiple fixed phone lines, said Ken Chan Than.

"If you want to lower Internet costs, first you have to look at the government taxation," Tito Sreang agreed, adding that he wishes the Government would demonstrate its support to the ICT sector by reducing import taxes on ICT and telecommunications products and fees

for additional fixed phone lines. A 15 percent import tax on computers, a 10 percent value-added tax and document fees make it much more expensive for Cambodian ICT firms to do business compared to neighboring countries, he pointed out.

Internet prices are also higher in Cambodia because the country does not yet have a submarine fiber optic link that would allow it to connect with neighboring countries. Instead, "ISPs have to purchase Internet bandwidth through satellite from the US or Singapore and fiber from Thailand and Vietnam and that is very costly," said Tito Sreang, adding that the fees charged by Government for interconnection are "still very high."

Information technology trainer Srene Chanroth told Economics Today he can't imagine his life without the Internet.

"You can find almost any type of data on almost any kind of subject that you are looking for. There is a huge amount of information available on the Internet for just about every subject known to man, ranging from government law and services, trade fairs and conferences, market information, new ideas and technical support. The list is endless," he said. ■

Total Mobile Market: Subscribers by Country in the Emerging Markets (Asia Pacific), 2003-2013

| Year | Total Mobile Subscribers ('000) |          |         |           |       |          |           |         |           |
|------|---------------------------------|----------|---------|-----------|-------|----------|-----------|---------|-----------|
|      | Bangladesh                      | Cambodia | India   | Indonesia | Laos  | Pakistan | Sri Lanka | Vietnam | Total     |
| 2003 | 2,200                           | 619      | 28,533  | 18,833    | 172   | 2,404    | 1,346     | 2,743   | 56,850    |
| 2004 | 4,836                           | 863      | 48,013  | 30,450    | 360   | 5,023    | 2,211     | 4,962   | 96,718    |
| 2005 | 10,479                          | 1,139    | 75,947  | 46,976    | 625   | 12,771   | 3,362     | 9,593   | 160,892   |
| 2006 | 21,643                          | 1,578    | 149,620 | 63,660    | 887   | 34,507   | 5,412     | 15,057  | 292,363   |
| 2007 | 34,373                          | 2,455    | 233,625 | 92,909    | 1,212 | 76,883   | 8,021     | 37,542  | 487,020   |
| 2008 | 44,693                          | 3,343    | 313,535 | 117,380   | 1,503 | 96,813   | 10,032    | 54,345  | 641,644   |
| 2009 | 53,631                          | 4,197    | 388,445 | 136,044   | 1,782 | 108,043  | 12,101    | 64,003  | 768,246   |
| 2010 | 61,676                          | 5,018    | 462,620 | 149,648   | 2,003 | 116,033  | 14,099    | 73,290  | 884,387   |
| 2011 | 69,694                          | 5,621    | 525,220 | 157,130   | 2,173 | 122,273  | 15,803    | 80,427  | 978,342   |
| 2012 | 76,663                          | 6,164    | 583,020 | 160,273   | 2,291 | 128,193  | 17,103    | 86,998  | 1,060,705 |
| 2013 | 82,796                          | 6,472    | 641,322 | 161,876   | 2,368 | 132,787  | 18,491    | 88,163  | 1,134,276 |
| CAGR | 15.8%                           | 17.5%    | 18.3%   | 9.7%      | 11.8% | 9.5%     | 14.9%     | 15.3%   | 15.1%     |

Key: CAGR = Compound Annual Growth Rate (2007-2013)

Note: All figures are rounded; the base year is 2007. Source: Frost & Sullivan

# The Poor Are 'Indispensable' but Overlooked in City Growth



**By Leng Bunthea**  
*Economics Today*

Urbanization is an inevitable stage in the growth and development of most nations. But in developing countries, the trend is usually accompanied by the apparition of slums that house an influx of poor people whose living conditions are damaged by their habitat.

In Cambodia, urban populations have grown about 5 percent on average per year over the past decade. Demographic pressures are adding to the woes of poverty.

"We cannot stop people from moving to the cities. And rural areas are also developing into urban zones," said Din Somethearith, program manager for UN-Habitat in Cambodia on World Habitat Day Oct. 6. "But in the process we cannot forget about the low-wage people living in cities."

Labor provided by migrant workers in cities is actually an indispensable asset for developing cities, he

noted. Low-paid construction workers, garment workers, motorcycle taxi drivers and other low-skilled jobs play a critical role in a city's growth. But their contribution to urban growth and development is not usually appreciated.

One of the most common mistakes urban planners make in poor countries is evicting the poor from cities, but this strategy failed in neighboring countries during the 1970s and 1980s, said Din Somethearith. Poor people were driven out of cities in Vietnam and Thailand during those decades only to return after they couldn't find work where they were forced to resettle.

The UN has designated the first Monday in October as World Habitat Day. It's a day to reflect on the state of human settlements and

the basic right to adequate shelter for all and to serve as a reminder of the world's collective responsibility for the future of the human habitat. The theme this year was "Harmonious Cities."

"Harmonious urban development is meant to improve people's living conditions and to protect sustainable environment and natural resources," noted Din Somethearith. Urban developers and municipal authorities must address the issues of migration, jobs and settlement simultaneously to curb problems associated with living in slums, he added.

Yap Kioe Sheng, chief of the poverty reduction unit at the UN Economic and Social Commission for Asia and the Pacific (UNESCAP), insisted that housing for the poor must include access to water and proper sanitation.

The poor should not be dismissed because they figure prominently in the growth of cities, he said.

The UNESCAP introduced a set of seven quick guides for city developers and law makers, which are designed to be a toolkit to help them in making decisions that allow cities to develop in such a way that they serve the interests of everyone and not just the wealthy, Yap Kioe Sheng said.

For his part, UN Secretary-General Ban Ki-moon said in a statement released Oct. 6 to coincide with World Habitat Day that: "Our rapidly urbanizing world cannot claim to be harmonious if slum-dwellers do not enjoy opportunities to find jobs and improve their living conditions." ■





# High Stakes

## NagaCorp carves out a niche market in the region's booming gaming sector

By Alanna Jorde  
*Economics Today*

Most gamblers at NagaWorld may not fit the industry's bill of a high roller, but the largest casino in Cambodia is making millions of dollars in profit treating them as if they are.

An arrangement with the Cambodian Government allows NagaCorp to whisk preferred patrons through immigration after their flights arrive at Phnom Penh International Airport. From there, the baccarat tables at the casino and its five-star amenities are a mere 30-minute Mercedes drive away, said Paul Simmons, the casino's senior vice president operations, at an investment forum last month hosted by private equity firm Leopard Cambodia.

NagaWorld isn't trying to compete with Macau, which surpassed Las Vegas in 2006 as the world's largest gaming hub and generates the lion's share of its revenue from

high end gamblers. Nor does the Cambodia casino consider itself to be in competition with the popular Genting Highlands resort in Malaysia, which has mass market appeal.

Instead, NagaWorld targets mid-range regional players who fancy being treated like VIPs. CitiGroup gaming analysts have characterized the Cambodia casino as the "poor man's VIP market," Paul Simmons pointed out, adding that gamblers drop an average of US\$33,000 per visit.

Thus far, the shrewdly crafted marketing strategy, which includes cultivating close partnerships with selective junkets and tour groups, has been wildly successful.

NagaCorp posted a 54 percent increase in net profits in 2007 to US\$50.2 million and a 68.5 percent leap in revenue growth for the first half of 2008 compared to the same period in 2007.

The casino began its operations

in 1995 on a barge on the Mekong River and later became an imposing icon of the capital's rapidly changing skyline on 2.7 hectares of land in the heart of Phnom Penh. Today, NagaCorp operates on the largest property in the city and is also its largest employer, boasting a staff of 2,700.

In 2006, NagaCorp became the first gaming-related counter on the Hong Kong stock exchange (HKEx). The bulk of the proceeds from the listing were used to expand the integrated hotel, casino and entertainment complex.

The listing was not without its complications. The Singapore Exchange and then the HKEx rejected NagaCorp's listing bid over concerns about the company's internal money-laundering regulations.

To allay concerns, NagaCorp volunteered to subject itself to six monthly audits per year, said Paul Simmons.

Unquestionably, the Cambodian



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Government has been more help than a hindrance in NagaCorp's success.

The Government awarded NagaCorp a 70-year casino license in 1995 as part of an international tourism infrastructure tender. The license, which Paul Simmons pointed out is the lengthiest in Asia, grants NagaCorp exclusive rights to operate within a 200-kilometer radius of Phnom Penh until 2035.

It does not restrict the size or location of the casino, the number of gaming tables and machines, types of games, hours of operation or sub-concessions, which would allow the

company to sell licenses to foreign companies to develop gaming properties in the city if it so chooses.

NagaCorp's founder and Chief Executive Officer Tan Sri Chen Lip Keong reportedly told the financial news service, Bloomberg, on June 27 that NagaCorp "may consider any subconcession proposal when the timing is right."

In the meantime, casino executive Paul Simmons reckons only market forces stand in the way of further expansion possibilities.

Asia-Pacific is the world's fastest-growing gambling region, which bodes

well for the company. But the regional gaming landscape is likely to get a lot more crowded in coming years.

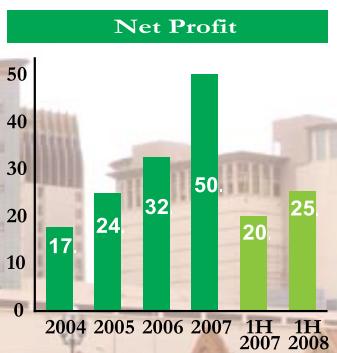
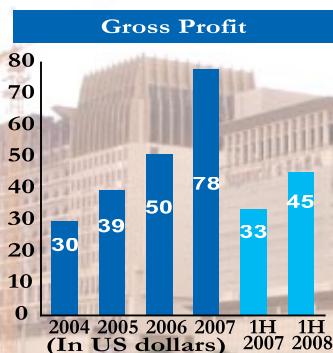
A Canadian casino company is attempting to raise funds to build a gambling resort on Vietnam's coast about 80 kilometers from Ho Chi Minh City. Industry insiders are optimistic two mega casino complexes will soon go ahead in Singapore and are speculating that Japan may have a legal casino within five years. ■

### Fast Facts

NagaWorld's 16-storey hotel currently contains 508 rooms; its eight-storey casino wing has 176 gaming tables and 211 gaming machine stations.

It boasts a shopping center, spa, seven restaurants and the largest karaoke club in the region. Work is being completed on an elaborate series of water fountains that will grace the front of the complex.

It is open 24 hours per day, 365 days a year.



# Leopard Cambodia to Pounce on Stock Exchange

**Contrary to conventional wisdom, stock exchanges are proving profitable in frontier markets: private equity firm**

By Alanna Jorde  
Economics Today

A couple of dates have been banned about for the debut of Cambodia's Stock Exchange, both of which are regarded by Asians to be especially auspicious.

But irrespective of whether trading begins on 09/09/2009 or 10/10/2010, Leopard Cambodia is targeting a 25-30 percent compounded rate of return on investments in the bourse, said Ken Stevens, the private equity firm's managing partner and chief investment officer.

In fact, that might prove a conservative estimate. After all, investors in Thai and Vietnamese stock markets were reaping returns as high as 44 percent between 1985 and 1990—the “hey day” of those exchanges—even

though the bourses included “a few dogs,” he pointed out at an investment forum last month hosted by Leopard Cambodia.

Ken Stevens dismisses skeptics who say income levels are too low and Cambodia is too underdeveloped to launch an exchange.

Conventional wisdom used to be that per capita gross domestic product (GDP) must meet or exceed US\$1,000 for a stock market to pay off. But such thinking is longer valid because development is accelerated in frontier markets like Cambodia, he said.

Better access to global liquidity, improved information and technology flows, increasingly savvy local investors and a growing lust among the investment community to find the “next best thing” have helped smooth the way for profitable bourses

in countries as poor and obscure as Papua New Guinea and Mongolia.

Companies that swore they'd never list on a Cambodian stock exchange as recently as a year-and-a-half ago are now warming to the idea, said Ken Stevens, adding: “To hit 20 (listed companies) is going to be easy.”

Leopard Cambodia predicts Cambodia's “well-rounded” stock market will include a mix of banks, rice millers, power producers, agricultural plantations, mining ventures and real estate developers.

The private equity firm is also forecasting that by 2014, average daily trade in the market will range from US\$2-2.5 million with a market cap of US\$1.2-2.5 billion.

Several hurdles must be passed before the opening bell rings, according to Kao Thach, deputy director general of Cambodia's Securities and Exchange Commission. (See Cambodia's Stock Market: A Progress Report).

But Leopard Capital is resolute. “Our feeling on the ground is the stock market is coming ... and the right people are in place to make it happen,” said Ken Stevens. ■

## Cambodia's Stock Market: A Progress Report

| Tasks Completed and Structural Strengths  | Needs Improvement       |
|---|-------------------------|
| Existence of a securities regulator (SECC)  | Payment system          |
| Securities law and other supporting laws have been passed                                       | Pyramid scheme          |
| Healthy banking system and insurance sector   | No share registry       |
| High rate of dollarization  | Data transfers          |
| Strong GDP growth   | No interbank markets    |
| Assistance for Korea, a strong and experienced partner, to develop Cambodia's Securities Market | Limited human resources |
| Cambodia's business friendly climate  | Disclosure and tax      |
|   | Liquidity               |

Source: Adapted from a Sept. 19 presentation from Kao Thach, deputy director general of Cambodia's Securities and Exchange Commission

### Asian Frontier Markets – size, shares

|                         | Mkt cap | GDP     | As % | PE ratio | No of  | Avg size |
|-------------------------|---------|---------|------|----------|--------|----------|
|                         | US\$ m  | US\$ m  | GDP  |          | Stocks | US\$ m   |
| <b>Mongolia</b>         | 612     | 2,238   | 27%  | na       | na     | na       |
| <b>Papua New Guinea</b> | 4,863   | 9,453   | 81%  | na       | 9      | 540      |
| <b>Bangladesh</b>       | 7,328   | 68,105  | 11%  | 29.9     | 269    | 27       |
| <b>Sri Lanka</b>        | 7,769   | 25,501  | 26%  | 10.8     | 237    | 33       |
| <b>Vietnam</b>          | 17,864  | 57,036  | 31%  | 65.4     | 300    | 60       |
| <b>Kazakhstan</b>       | 53,697  | 57,500  | 93%  | 13.1     | 83     | 647      |
| <b>Pakistan</b>         | 73,744  | 119,723 | 62%  | 16.8     | 652    | 113      |

Source: Leopard Cambodia

### Asian Frontier Markets - Liquidity

|                         | GDP per cap | Mkt cap | Turnover | Per day | Turnover   |
|-------------------------|-------------|---------|----------|---------|------------|
|                         | US\$        | US\$m   | 12 mo    | US\$m   | to mkt cap |
| <b>Bangladesh</b>       | 480         | 7,328   | 2,182    | 8.4     | 30%        |
| <b>Vietnam</b>          | 780         | 17,864  | 6,714    | 25.8    | 38%        |
| <b>Papua New Guinea</b> | 790         | 4,863   | 49       | 0.2     | 1%         |
| <b>Pakistan</b>         | 820         | 73,744  | 97,004   | 372.1   | 132%       |
| <b>Mongolia</b>         | 880         | 612     | 78       | 0.2     | 13%        |
| <b>Sri Lanka</b>        | 1,300       | 7,769   | 1,165    | 4.5     | 15%        |
| <b>Kazakhstan</b>       | 3,790       | 53,697  | 299      | 1.1     | 1%         |

Source: Leopard Cambodia

# Business as Usual:

## The recent border conflict with Thailand seems to have had little impact on overall trade volume

By Leng Bunthea  
*Economics Today*

Some Cambodian consumers have been determined to avoid purchasing goods imported from Thailand since a border dispute broke out between Cambodia and Thailand in mid-July. The conflict, which has reportedly escalated in recent weeks with the exchange of gunfire, also resulted in the cancellation of at least two exhibitions meant to showcase Thai products.

Meanwhile, a visit originally scheduled for Oct. 13 by Thai Prime Minister Somchai Wongsawat was cancelled and as of press-time Cambodia's Ministry of Foreign Affairs and International Cooperation had provided no explanation for the cancellation. The Association of Southeast Asian Nations requires all new heads of its member states to greet neighboring nations after taking office.

Ongoing political unrest in Thailand has put the brakes on negotiations between Cambodia and Thailand over troop withdrawals at the border.

But trade statistics suggest the dispute has had little effect on overall trade volume between the countries.

Although trade between Cambodia and Thailand dipped in August compared to July, it reached almost US\$ 180 million in August, a 50 percent increase over August 2007, according to trade statistics from Thailand's Ministry of Commerce.

Cambodia imported about US\$ 168 million worth of goods from Thailand while exporting about US\$ 11 million of goods to Thailand in August, which was three times the value of the trade exported to Thailand in the same month in 2007, when exports totaled only US\$3.7 million.

The border dispute incited tensions and boycotts of products on both sides of the border. As a precaution, Thailand's Department of Export Promotion called off a fruit fair and exhibition it has held annually in Cambodia. Commerce Minister Cham Prasidh supported the decision by Thai officials to cancel the events,

but at the same time he insisted that bilateral trade would not be affected.

Thai products that were most affected by the boycott were fruits and vegetables, which represent a very small share of Thai exports to Cambodia. According to Thai statistics, bilateral trade is dominated by exports of petroleum products, vehicles and spare parts, confectionery, beverages and construction materials, especially cement. Cambodia mostly exports to Thailand agricultural products and industrial metals and products.

On a month-on-month basis, the value of total trade between the two countries decreased about US\$ 30 million from July to August. Thai exports to Cambodia decreased from US\$ 196 million in July to US\$ 168 million in August. Thai imports from Cambodia decreased by US\$ 1.4 million.

Poonsak Khun Udom, commercial counselor of the Thai Embassy in Phnom Penh, insisted that the drop in trade was due to seasonal weather patterns and the recent opening of a Cambodian cement factory and not the border dispute.

Dips in the value and volume of trade are common during the rainy season, he said.

Meanwhile, a 13 percent decrease in imports of construction materials from Thailand can be explained by the fact that Cambodia now has its own cement factory, which is helping to meet local demand for the product, added the Thai Embassy commercial counselor.

In fact, SCT Co. Ltd, an inter-

national trading arm of Thailand's Siam Cement Group, announced in August that it expected to increase its turnover in Cambodia by 25 percent from last year to US\$ 50 million this year despite border tensions. SCT managing director Kalin Sarasin told Thai newspaper Bangkok Post recently that he saw tremendous business potential in Cambodia because few products are manufactured locally.

Although the volume of Cambodian exports to Thailand remains low compared to imports from the neighboring country, Cambodia is posting huge increases in trade to Thailand, especially agricultural products.

"Cambodian agricultural product exports actually sharply increased in comparison with last year," noted Poonsak Khun Udom.

Trade statistics showed that Cambodian exports of cereals to Thailand in the first eight months of 2008 totaled US\$ 18.2 million, while the figure was merely US\$ 1.2 million last year.

Although recent border developments were worrying, most Cambodians and Thais consider it to be a political issue that has little impact on business. Especially at the borders, where tensions should be the most noticeable, it's business as usual for many Cambodian merchants.

"My business continued as usual before and after the disputes. There is no problem with Thai products," said a depot manager and direct importer of Thai products, who asked not to be named, by telephone from Koh Kong province. "Some of my customers asked me for Cambodian noodles 'Mee Yeung' to try it," she added. "But it is difficult to contact the supplier in Phnom Penh. So they do not complain if I have only Thai noodles. They still buy it." ■

| In US\$    | Exports from Thailand to Cambodia |             | Imports from Cambodia to Thailand |            |
|------------|-----------------------------------|-------------|-----------------------------------|------------|
|            | 2008                              | 2007        | 2008                              | 2007       |
| June       | 197,061,337                       | 119,092,345 | 9,271,502                         | 3,164,528  |
| July       | 196,178,210                       | 102,065,199 | 12,598,830                        | 2,950,083  |
| August     | 168,517,359                       | 116,608,251 | 11,248,091                        | 3,706,043  |
| Jan-August | 1,454,046,234                     | 852,778,734 | 63,754,498                        | 23,725,811 |

Source: Thailand's Ministry of Commerce.

# “Fair Use” Improves Access to Information and Exchange of Ideas: Professor

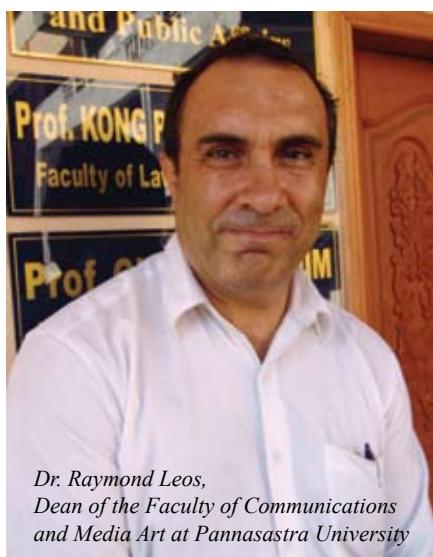
By Phen Raksmei  
*Economics Today*

Some countries refer to it as “fair use.” Others call it “fair dealing.” Whatever its name, Cambodia does not have a provision in its copyright law that makes it acceptable to use copyrighted material without the owner’s permission—albeit usually in a limited fashion.

Since 1976, United States copyright law has allowed the limited use of copyrighted material without permission and without paying a fee or royalty to the owner.

The clause is open to interpretation, but generally uses intended to further scholarship, educate or inform the public are considered “fair use.”

While fair use criteria vary, almost all countries that have fair use clauses in place permit the use of copyrighted material for educational purposes.



*Dr. Raymond Leos,  
 Dean of the Faculty of Communications  
 and Media Art at Pannasastra University*

Strictly speaking, Cambodia’s copyright law does not include a fair use provision.

However, “an article in the copyright law allows for sections of copyrighted material to be used for commentary and educational purposes,” according to Dr. Raymond

Leos, dean of the Faculty of Communications and Media Art at Pannasastra University.

The fair use principle “allows for the use of copyright materials for limited purposes (such as commentary, analysis or educational purposes) as long as the sources for the materials are attributed,” he explains. “For example, if I want to comment about a newspaper article on a website or a blog, I can do so as long as I indicate who published and wrote the article and do not copy the entire thing but only use certain sections as part of a commentary or analysis.”

Raymond Leos has been lecturing at the Cambodian university for the past five years. The topic of fair use interests him not only as a university professor, but also as a filmmaker and journalist, he says.

The fair use provision is commonly used these days not only in the US but also in countries such as the United Kingdom, Canada and Australia to justify the use of copyrighted material. The fair use clause is applied liberally in some countries and less so in others. Several countries still do not have fair use provisions in place.

“The US is not as strict about fair use as other countries. Countries that follow the civil law systems (as opposed to common law) are very strict about fair use,” says Raymond Leos. “In my opinion, we have to protect the right of creators, but we have to balance it with the public’s right to have access to the information and to discuss the information, especially in a country like Cambodia.”

Fair use proponents argue it improves access to information and encourages the public to exchange ideas and share information.

“I think Cambodia should not make its copyright law too strict because it will restrict access to information,” said Raymond Leos. “It is a very interesting time right now for fair use as more effort is being made to balance the rights of the creators with the rights of the public to access and use copyrighted material. At the same time, there are more cases of action being taken against copyright infringement.” ■



“Fair use” advocates argue it improves access to information

—Additional reporting by Alanna Jorde

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# New Government to Continue Rectangular Strategy

**By Kim Natacha**  
*Economics Today*

A day after lawmakers in the National Assembly formally endorsed Cambodia's new Government, Prime Minister Hun Sen outlined in a five-hour speech his party's objectives for the next five years.

He unveiled his new platform, dubbed "Rectangular Strategy – Stage II," at the Government's first Cabinet meeting Sept. 26. Like its predecessor, the strategy is based on four pillars: fighting corruption; legal and judicial reforms; public administration reform; and reforming the Royal Cambodian Armed Forces.

## Anti-corruption Tops Government Agenda

Prime Minister Hun Sen said he was confident the new Government

will fulfill its objectives as it has five full years to do so, referring to a political deadlock in 2003 that lasted about one year.

The chief of government said progress is being made on a long-awaited Anti-corruption law and he vowed "the law will come out no matter the comments some NGOs would make."

The draft law is currently at the Council of Ministers, he said, and will be sent to the National Assembly after the adoption of the Criminal Code. However, he did not indicate when that might happen.

Prior to the national election in July, several civil society members urged political parties to include the adoption of the Anti-corruption law among their top priorities. Some opposition parties promised to adopt and enforce the law within three months of the vote.

But the prime minister brushed

off the pledges, claiming the time-frame was unrealistic, as it had already taken two months to convene the National Assembly for the first session, which would leave only one month to adopt the law. He said that he will task Deputy Prime Minister Sok An with ensuring the Anti-corruption law is completed as soon as possible.

His pledge was met with skepticism by opposition parties who said Government leaders lacked the will to prevent corruption, while human rights workers urged the new Government and the National Assembly to speed up the adoption process, VOA Khmer reported in late September.

Ny Chakrya, chief investigator for human rights group Adhoc, told VOA Khmer that "the Anti-corruption law must come out soon, to show transparency and confidence for the new Government."

## NGO Law to be Passed with Anti-corruption Law

Political opponents and civil society are also worried about the drafting of an organic law on NGOs, which, they fear, could be used by the Government to monitor their work.

Upset with civil society's repeated demands to pass the Anti-corruption law, the prime minister insisted that the country also needs a law to govern the establishment of NGOs. He argued that some organizations may conduct illegal activities or fraud under the screen of development, citing Indonesian terrorist Hambali who was in hiding in Cambodia from 2002-2003.

Most civil society workers are convinced current legislation governing NGOs is sufficient. "Thousands of NGOs in Cambodia stay within the law already," Sok Sam Oeun, executive director of the legal organization Cambodia Defenders Projects, told VOA Khmer. "If any NGO operates outside its own statutes, the Government has the right to close down or eliminate that NGO," he added.

But Prime Minister Hun Sen tied the adoption of the Anti-corruption law with the law on NGOs. "We will have the Anti-corruption law and the Organic law for NGOs to be passed in the National Assembly at the same time," he told Government officials during the first Cabinet meeting.

## Government Officials Warned to be Responsible

Bolstered by the ruling party's sweeping of 90 of 123 seats in the National Assembly, Prime Minister Hun Sen told his senior Government officials that voters entrusted the Cambodian People Party to lead the country towards socio-economic development. But it also meant, he warned, that "the CPP could not opt for passing responsibility to its partners."

Special attention during the CPP's fourth mandate would be paid on improving the public service, the prime minister insisted, adding that "no matter what mechanism has been established, the

decisive factor lies in the working manner of our officials." He urged Government leaders to refrain from committing harmful actions against the people and to be especially mindful of working hard for the poor, as "we should not forget the conditions of being poor as we used to be once."

Political observers remain skeptical in spite of the prime minister's public commitment. "Every political announcement was good," Mar Sophal, head of the monitoring unit at election watchdog Comfre, told the Phnom Penh Post. "But the individual officials have no real commitment to following up all these programs."

Five FUNCINPEC members who had portfolios in the previous Government have been replaced by CPP members. Ing Kantha Phavy,

who left the FUNCINPEC to join the CPP in January 2008, retained her portfolio as Minister of Women Affairs.

The Cabinet shuffle means CPP members will no longer be able to blame FUNCINPEC for the Government's shortcomings, "said Prime Minister Hun Sen. ■



## New Government Team

|    |  |                                      |
|----|--|--------------------------------------|
| 1  | Council of Ministers                             | Sok An                               |
| 2  | Agriculture, forestry and fisheries              | Chan Sarun                           |
| 3  | Commerce   | Cham Prasidh                         |
| 4  | Culture and fine arts                            | Him Chhem (Replaces Veng Sereyuth)   |
| 5  | Economy and Finance                              | Keat Chhon                           |
| 6  | Education, youth and sports                      | Im Sethy (Replaces Kol Pheng)        |
| 7  | Environment                                      | Mok Mareth                           |
| 8  | Foreign affairs and international cooperation    | Hor Nam Hong                         |
| 9  | Health   | Mam Bun Heng (Replaces Nuth Sokhom)  |
| 10 | Industry, mines and energy                       | Suy Sem                              |
| 11 | Information                                      | Khieu Kanharith                      |
| 12 | Interior   | Sar Kheng                            |
| 13 | Justice  | Ang Vong Vathana                     |
| 14 | Labor and vocational training                    | Vong Soth                            |
| 15 | Land management and urban planning               | Im Chhun Lim                         |
| 16 | National defense                                 | Tea Banh                             |
| 17 | Parliamentary affairs and inspection             | Men Sam An                           |
| 18 | Planning   | Chhay Than                           |
| 19 | Post and telecommunication                       | So Khun                              |
| 20 | Public works and transport                       | Tram Iv Tek (Replaces Sun Chanthol)  |
| 21 | Religions and cults                              | Min Khin                             |
| 22 | Rural development                                | Chea Sophara (Replaces Lu Lay Sreng) |
| 23 | Social affairs, veteran and youth rehabilitation | Ith Sam Heng                         |
| 24 | Tourism  | Thong Khon                           |
| 25 | Water resources and meteorology                  | Lim Kean Hor                         |
| 26 | Women affairs                                    | Ing Kantha Phavy                     |

**Vietnam**

*Economic experts predict that interest rate for bank loan will decline further.*

■ Vietnam's banks are required to maintain a reserve of 10 percent of their deposits with the central bank, which recently increased interest on this by 1.4 percent to 3.6 percent.

The Bank for Investment and Development of Viet Nam (BIDV) cut its rate from 20 percent to 18.2 percent for normal loans, and to 17.5 percent for loans to borrowers in the petroleum, power, steel, coal, cement, pharmaceutical, and fertilizer sectors.

Rice importers and exporters can get loans at 17.5 percent, while small- and medium-sized enterprises will be charged 7.8 percent.

Dollar loans are down 0.5 percent per year to 6 percent.

State-owned Vietcombank has cut the rate to 19.5 percent and 18.525 percent. It also announced it would earmark around VND3 trillion (US\$180 million) for lending to small- and medium-sized enterprises.

Nguyen Van Se of the Viet

## Banks Cut Loan Interest Rates As State Bank Loosens Policy

*Many banks slashed interest rates for loans after the State Bank of Viet Nam announced it will pay higher interest on commercial banks' reserves and allow banks to borrow against treasury bills*

Nam Bank for Industry and Trade (VietinBank) said his bank would cut interest rates for medium- and long-term loans by 0.7 percent to 19.5 percent.

"For companies getting loans to buy food and catfish, VietinBank will only charge 18.5 percent (down 1 percent)," he added.

The Viet Nam Maritime Stock Bank has announced a new special interest rate of 11 percent for importers and exporters.

Private banks quickly followed in cutting rates. A Chau Bank announced three-month loans would not carry more than 17.3 percent while Saigon Bank (SCB) announced a rate of 18.4 percent for six-month loans.

Do Minh Toan, deputy director of A Chau Bank said: "The State Bank of Viet Nam has increased the interest rate on banks' reserves. This has helped banks cut their loan in-

terest rates by 1.5 percent. The rates could go down further."

Banks are also required to buy a certain amount of treasury bills and the central bank is now allowing them to borrow against these bills at 15 percent per year.

Banks would have to consider lending interest rates as a means to get a competitive advantage in the market, said Do Minh Toan.

In related news, many banks recently have resumed offering loans to property developers, albeit tentatively. Le Dac Son, general manager of VP Bank, said his bank would offer loans to purchase houses soon would earmark around VND2 trillion (US\$120 million) for this purpose.

Other banks have agreements with developers of apartments and high-grade private housing. ■

*Source: Sai Gon Giai Phong*

**Vietnam**

## EU Extends Anti-dumping Tax on Leather Shoes from Vietnam and China

*The European Union (EU) has decided to continue imposing its anti-dumping tax on leather shoes imported from Vietnam and China despite the opposition of most EU member countries*

■ The European Commission (EC)—the executive body of the EU—announced Oct. 2 it is extending anti-dumping tariffs while it conducts a review.

The tariffs were imposed in 2006 and were due to expire Oct. 7.

A spokesperson of the EU trade commissioner was quoted by Reuters as saying that the EU will review

tax imposition measures in a rapid and effective manner.

The review may last as many as 15-20 months.

The EU said it may consider a duty reimbursement if the review proves that the tax is unnecessary.

Last week, most EU member countries opposed the extension of anti-dumping tariffs on leather



shoes imported from Vietnam and China.

They said that these products are made in low-cost markets and benefit EU consumers, especially given the current economic downturn. ■

*Source: Radio the Voice of Vietnam*

**Vietnam**

# Vietnam to Keep Afloat In the Wake of US Crisis, vows PM

*As the ongoing financial crisis in the US has many banks around the world teetering on the verge of bankruptcy, Vietnamese Prime Minister Nguyen Tan Dung recently asserted that he is confident Vietnam will maintain its economic equilibrium*

■ The financial meltdown in the US has yet to have a significant impact on the Vietnamese economy and Prime Minister Nguyen Tan Dung expects continued economic growth and stability, he said at a meeting aimed at brainstorming ways to mitigate the effects of the US crisis.

The Ministry of Finance confirmed that the crisis has not affected the Vietnamese insurance market. AIG General Insurance Company Limited (AIG Viet Nam), a subsidiary of the US insurance giant American International Group, is still operating normally, the ministry added.

The insurer accounts for just 5.5 percent of the country's insurance market and therefore the failure of the parent company is not



Rice exported at Hai Phong Port.

expected to have a noticeable impact on Vietnam.

Vietnamese banks are now boasting very high liquidity, assured the State Bank of Viet Nam (SBV), the country's central bank.

SBV said as much as 85 percent of the country's foreign currency reserves of about US\$ 22 billion are being de-

posited into central banks in many countries, including the US, Germany, France, the UK as well as international financial institutions. The remaining 15 percent are being deposited into prestigious international investment and commercial banks.

The country's finances are currently in good shape, SBV affirmed. However, if the global economy slips into a recession, Vietnam will face a decline in foreign investment and exports, the bank warned.

Prime Minister Dung urged ministries and industries to continue implementing solutions to restrain inflation to create macroeconomic stabilization. The government leader instructed related agencies to closely monitor developments in the US and around the world with an eye to responding to them promptly and effectively.

Dung asked SBV to keep tabs on fluctuations in the US dollar and to adjust exchange rates accordingly.

He tasked the finance ministry with controlling and supervising financial organizations, and the Ministry of Industry and Trade with examining and evaluating the solvency of importing businesses. ■

Source: *Sai Gon Giai Phong*

**Vietnam**

## SMEs on the Brink of Bankruptcy

*About 90 percent of small- and medium-sized enterprises (SMEs) have encountered difficulties as a result of the recent runaway inflation; bankruptcy threatens close to 20 percent*

■ Figures were released Oct. 3 at a forum in Hanoi, where bankers, SMEs and securities companies discussed strategies to improve the business climate for SMEs.

According to the Ministry of Planning and Investment (MPI), Vietnam has 349,309 businesses with a combined registered capital of US\$ 84.1 billion, and more than 95 percent of them are SMEs.

This economic sector generates around 500,000 jobs each year and its employees make up more than half the total number of employees working in all economic sectors.



However, galloping inflation has had a negative impact on the operation of these enterprises. Cao Sy Kiem, president of the Vietnam Business Association (VBA) said that 20 percent of SMEs will face bankruptcy if they fail to access sources of capital.

As many as 10 percent of these businesses have stopped operating and may file for bankruptcy in the near future.

High inflation and the global economic crisis have resulted in out-of-control production costs, lost markets and insufficient capital to maintain production.

Duong Thu Huong, general secretary of the Vietnam Bank Association, said that it is difficult for Vietnamese businesses to access loans.

Runaway inflation has forced banks to tighten lending conditions and interest rates for loans are unaffordable for most SMEs.

At the forum, the VBA proposed that the government provide loans to SMEs and devise measures to support them, including creating a development fund and holding regular meetings with SMEs. ■

Source: *Radio the Voice of Vietnam*

**Thailand**

# Stock Exchange Selling Spree Prompts Scarcity of Funds

*Thai firms will find it difficult to raise fresh funds from the Stock Exchange of Thailand as foreign investors continue to sell their shares in the local bourse, Supavud Saicheau, managing director of Phatra Securities, said Oct. 3*

■ The US House of Representatives approved a US\$ 700-billion (Bt 24 trillion) rescue package that it had earlier rejected.

The controversial plan lets the government spend billions of dollars to buy bad mortgage-related securities and other devalued assets from troubled financial institutions. If it works, advocates say, frozen credit will begin flowing and prevent a serious recession.

Due to the US financial crisis, Supavud said, foreign investors are also unloading their holdings in some Asian stock markets, as they prefer to hold cash.

On the real economy, he said it would be great if Thailand could achieve 10-percent growth in export shipments next year.

This year's growth rate is estimated to be around 20 per cent, but the US crisis will likely hit Thailand's

export sector hard. In addition, the European Union's economy is expected to slow next year.

Supavud said there were also doubts about whether the US\$700-billion rescue package would be sufficient to prevent a serious recession.

Speaking at a seminar held by TMB Bank Oct. 3, he noted that the US dollar would likely remain weak for the medium term.

Montree Sornpaisal, CEO of Kim Eng (Thailand) Securities, said that if consumers panicked the economic conditions would worsen.

Narongchai Akrasenee, chairman of the Export-Import Bank of Thailand, urged companies to pay more attention to their cash flow.

As the US and EU face economic downturns, Asia and the Middle East will emerge as more important players. More countries are expected

to use Asian currencies for international trade, he said.

As for Thailand, foreign reserves of about US\$ 100 billion are sufficient to cope with the crisis, as there has been no large investment over the past few years, he said.

"Ironically, the political mess has saved us from a serious impact from the US crisis due to our low investment and exposure," he added.

Meanwhile Japan's Yomiuri daily said in an analysis that major Japanese financial groups and securities houses had emerged as saviors for troubled US financial firms through capital infusion or partial acquisition.

The financial crisis in the US is regarded as an opportunity for Japanese financial institutions to improve their standing in the international financial marketplace.

In late September an executive of Mitsubishi UFJ Financial Group was delighted that Morgan Stanley, the second-largest US securities firm, had approached the group to seek financial assistance.

"Morgan Stanley has been a financial company beyond our reach. Its request for help is like a dream come true," he said after his group decided to provide funds totaling about 900 billion yen (Bt 293 billion/US\$ 8.5 billion) to Morgan Stanley. ■

*Source: The Nation*

**Thailand**

■ BANGKOK — Thai financial institutions are expected to become more cautious about lending money. Asian countries are also likely to make greater use of regional currencies rather than the US dollar in making payments following the US financial crisis, according to Narongchai Akrasanee, executive chairman of the Export-Import Bank of Thailand.

Narongchai Akrasanee, a former

## Tougher Lending; More Asian Currencies Used to Settle Trade

commerce minister, said demand for Thailand's baht currency is rising as banks have become reluctant to extend dollar loans to finance investment projects in Thailand. This has resulted in liquidity of the baht, which typically has been plentiful, in the system.

Higher demand for the Thai baht will force local financial institutions to become more wary in granting loans and will eventually tighten liquidity, he said.

It is still unclear how the US\$ 700 billion rescue package will help US financial institutions weather the cri-

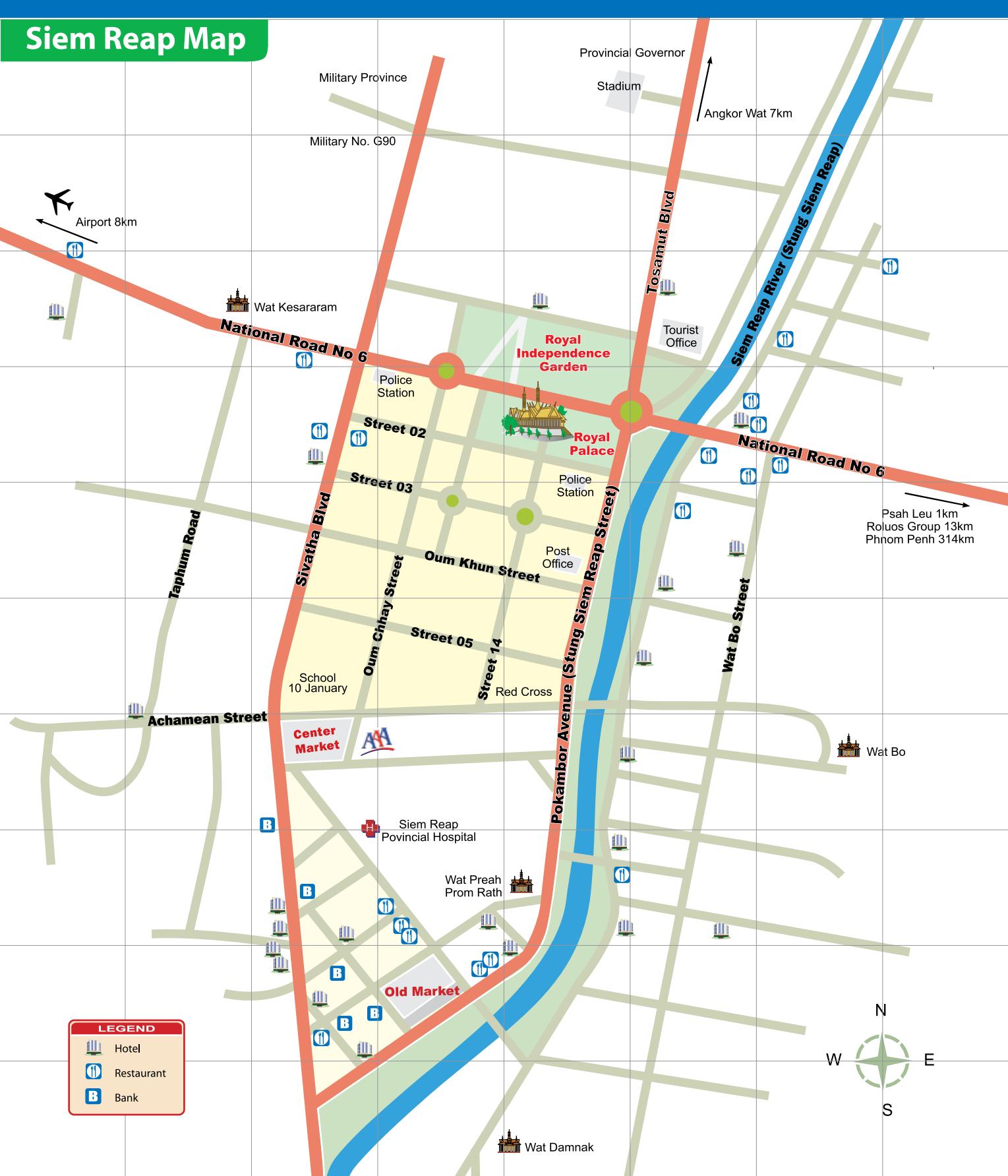
sis and to what extent, Narongchai Akrasanee said. Businesses in Asia likely will turn to major regional currencies like the Japanese yen, the Chinese yuan and the South Korean won for trade and investment transactions completed in the region.

In the future, the Asian bond could become a reality, he said.

Meanwhile, some advocate promoting a regional bond market because an Asian bond would create a source of funds for long-term investment on the continent. ■

*Source: Thai News Agency*

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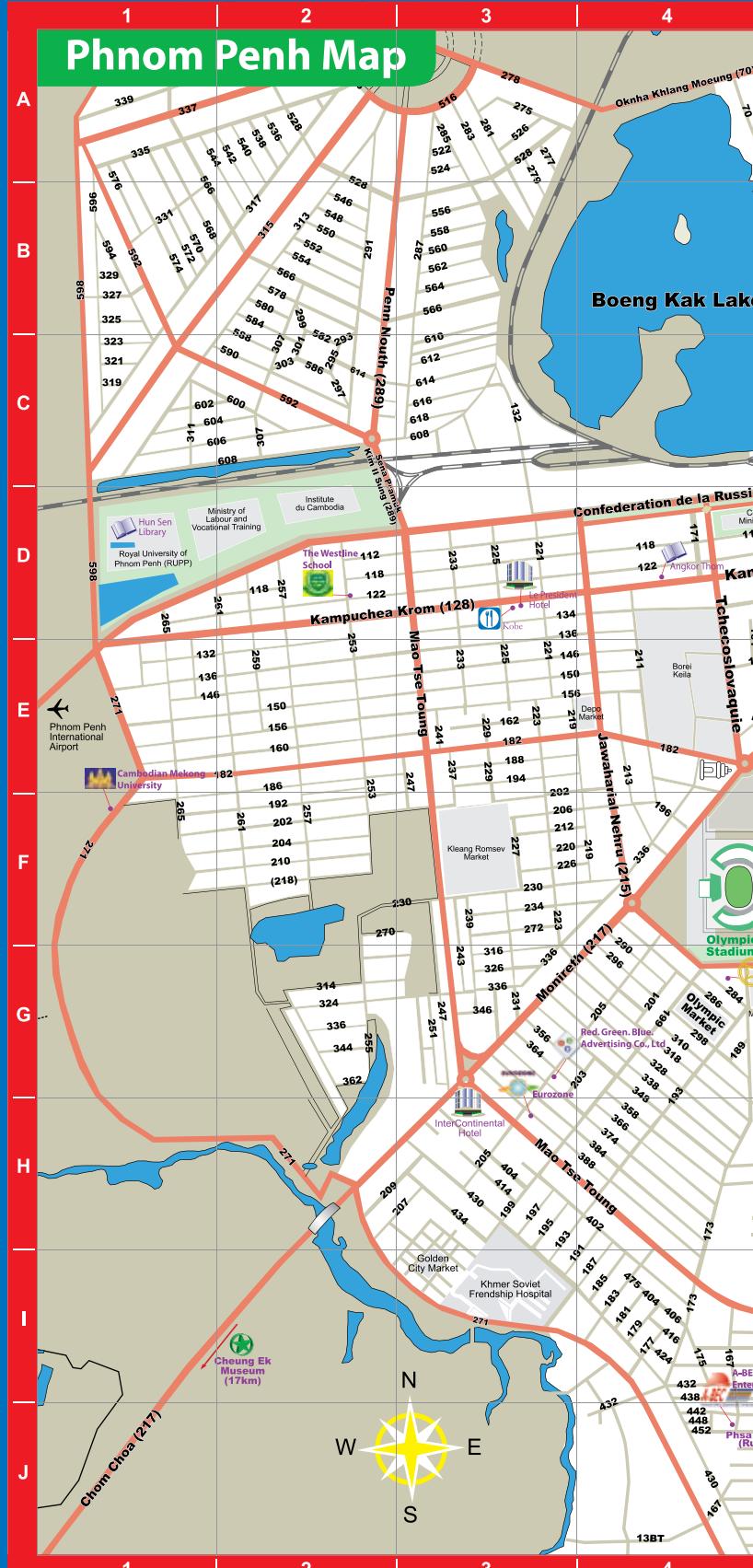


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| National Museum.....             | E7 |
| Royal Palace.....                | E7 |
| Russian Market.....              | J5 |
| Sorya Shopping Center.....       | D6 |
| Tuol Sleng Genocidal Museum..... | H5 |
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| The Pizza Company (023 211 112) .....        | F5 |
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The logo consists of a white circle on a red background. Inside the circle, there is a blue stylized 'K' and 'W' graphic above four red five-pointed stars arranged in a horizontal row. To the right of the circle, the text "Khmer World Translation" is written in bold black font, with "Khmer-English-Khmer Translation and Interpreting" in a slightly smaller bold black font below it.



The image shows a brochure for the MBA program at Cambodian Mekong University. It features a blue header with the university's logo (three pagoda-like structures) and name. The main title 'MBA' is in large, bold, blue letters. Below it, 'Master of Business Administration' is written in smaller blue text. To the right, there is Khmer text: 'អ្នកសិក្សាថ្មីរបស់ខ្លួនស្ថូល' (MBA students). A list of program offerings includes 'Operation Management', 'Accounting and Finance', 'Project Management', 'Tourism Management', 'Marketing', 'HR Management', 'Entrepreneurship', and 'General Management'. Below this is a section titled 'Working Experience Scholarship' with a table showing scholarship percentages based on work experience: 2-4 years (20%), 5-7 years (30%), and >7 years (40%). At the bottom, there is contact information: Tel: 012 498 456, 011 723 310, 092 297 722; Email: dilim@mekong.edu.kh, www.mekong.edu.kh. The footer also includes the university's logo and Khmer text.

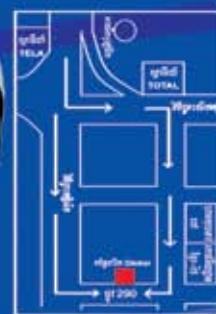
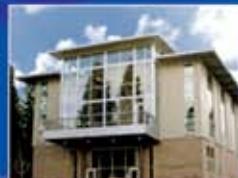
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**Thailand**

# Sell-off May Dent Rice Prices

Rice exporters expect a Thai government plan to sell 6 million tons of rice from its existing stockpile will put pressure on Thai rice prices over the next few months.

Sumeth Laomoraphorn, president of C.P. Intertrade, one of the country's leading rice traders, said Thai rice prices were expected to stay at around US\$ 700 per ton for some time, but warned that price pressure would grow if the government were to sell rice from its stockpile in big lots.

"Traders are just waiting to see what volumes of rice the government will sell and at what prices," he said.

The government said late in September that it would accelerate the sale of 2.1 million tons of old milled rice and another 3.96 million tons of paddy bought under the government's pledging scheme for the second crop that ended on Sept 30.

The sales would be made through government-to-government deals and through requests to

private rice exporters to propose volumes and prices.

Selling prices have yet to be finalized, but the ministry said they would be based on average costs of old and new rice, foreign exchange rates and prices of grains from other countries.

The government said recently that it aims to buy 8 million tons of paddy from the main 2008-09 crop—mostly to be harvested starting from November—as part of a scheme to prop up prices.

Traders are awaiting more details on the government's next rice pledging policy for the main crop and the final pledging price, said Sumeth Laomoraphorn.

The buying would start Oct. 15 and continue until Feb. 28.

Under the pledging program, farmers would be paid Bt 14,000 (about US\$ 407) per ton of paddy of 5-percent moisture from the main crop, with Thai Hom Mali jasmine paddy at Bt 16,000 (about US\$

465) and glutinous paddy at about Bt 9,000 (about US\$ 260) per ton.

Sumeth Laomoraphorn said the current market belonged to rice buyers, noting that traders were poised to shift to producers who offer lower prices.

Chookiat Ophaswongse, president of the Thai Rice Exporters Association, said falling demand would not cause Thai prices to drop sharply over the next few months, as prices were still supported by government buying.

"The current rice market is relatively quiet," he said.

"We expect the country's rice exports may drop to about 600,000 tons in October and the remaining months of the year, from 720,000 tons in September."

Thailand is the world's leading rice exporter, shipping around 1 million tons per month in the first five months of the year.

The Foreign Trade Department predicted rice exports next year of around 9 million to 9.5 million tons valued between US\$ 4.95 billion and US\$ 5.22 billion. This year, rice shipments are forecast to reach 9.5 to 10 million tons worth between US\$ 5.79 billion and US\$ 6 billion. ■

*Source: Thai News Agency*

**Thailand**

# Industries Head asks Govt to Control Baht, Lower Interest and Corporate Tax

BANGKOK – In response to anxieties over possible volatility in the global economy, Federation of Thai Industries (FTI) chairman Santi Vilassakdanont asked the government Oct. 3 to more quickly resolve liquidity problems in the Thai economy and to protect the Thai baht from strengthening too much against the currencies of neighboring countries.

Santi Vilassakdanont voiced his concerns to Finance Minister Suchart Thada-Thamrongvech at a meeting also attended by FTI leaders from the industrial community.

Santi Vilassakdanont asked the minister to reduce domestic interest rates, as rates in the world market

were tending to decline, to promote small- and medium-sized enterprises and lower corporate taxes to 20-25 percent.

On the part of the government which took office Sep. 25, Suchart Thada-Thamrongvech said it would reduce red tape to boost competitiveness, inject more funds to ease tight liquidity in the market, maintain exchange rates at an appropriate level, and address poverty by allowing the poor to access the government-sponsored Village Fund program and developing more One Tambon One Product (OTOP) sites.

The government's fiscal budget must remain in deficit to stimulate the economy and develop basic in-

frastructure, Suchart Thada-Thamrongvech said.

Anusorn Thammachai, a finance minister adviser and dean of Rangsit University's economics faculty, said he believed the Bank of Thailand (BoT) will be able to keep the baht at an appropriate level.

However, reduced foreign capital inflows are certain to create liquidity problems in the country would definitely, Anusorn Thammachai said.

The BoT should inject more funds into the system by buying back bonds or financial instruments from the financial market, he advised, which could also help in lowering local rates.

In addition, the short-term interest rate could fall between 25 to 50 basis points later this year, predicted Anusorn Thammachai. ■

*Source: Thai News Agency*

# Young Chinese Rethink US Style Capitalism



**By Ariana Eunjung Cha**  
*The Washington Post*

■ SHENZHEN, China – The gray waters around the port of Yantian are ominously empty. It's supposed to be peak season here, a time when the docks are filled with exporters shoveling holiday goods onto freighters bound for the United States.

Instead, irritated truck drivers, logistics coordinators and other workers stand idle, smoking and complaining that business is so slow that their income has dropped by two-thirds, because of the deteriorating US economy, with which this region is so closely linked.

The community that once bragged about its close ties to the United States now rues them.

Li Hongguo, 36, who was ferrying a load of handbags from a factory to the port, said that last year he made one or two runs a day. These days he's lucky to get one job every three to four days.

"America is the boss of the world, so if it does badly, it affects everyone else," Li said.

Nowhere is this view more pervasive than here in China's Pearl River delta, where the majority of companies exist with the single goal of producing products for US consumers.

For better or for worse, economists say, China and the United

States are like conjoined twins. "The two economies are mutually reliant and mutually influential," explained Hua Min, director of Fudan University's Institute of World Economy in Shanghai.

Once the envy of the nation for its abundant jobs and high wages, Shenzhen—the birthplace of China's experiment in capitalism—is experiencing an economic downturn in tandem with the United States.

Industry groups estimate that tens of thousands of factories making products from ball bearings to shoes to furniture have closed over the past year. Weighed down by the problems here, growth in China's gross domestic product for 2008 is expected to slow to a single digit for the first time in 11 years.

On a recent weekday at Yantian, the majestic, nearly 1,300-foot-long container ships that once graced the waters were gone. With shipping volume down for the first time in the port's history—by 5 to 7 percent depending on the month—the larger ships had been reassigned to other ports in China with goods headed for anyplace but the United States. Only half-size freighters are left to serve Yantian's port.

"Orders to the US have been reduced by 40 percent," said Angela Hao, general manager for the Shenzhen office of the City Ocean

shipping company. "At the moment everybody is struggling, trying to see who will survive."

The US economic problems have shaken the foundation of what many Chinese have been taught in the 30 years of Communist leader Deng Xiaoping's "reform and opening up" campaign, which was built around the idea, as Deng famously said, that "to get rich is glorious." The US system that was once held up as a model now seems full of weaknesses.

China's leaders say their country can still learn from the United States—from its mistakes, that is.

Ever since Shenzhen, just north of Hong Kong, was honored with becoming the country's first special economic zone in 1979, residents of the area have been China's keepers of the American dream. Today the landscape around the city, with its big houses and big cars, is the closest thing China has to US-style suburbs.

Xiong Ming, 28, who works at a shipping company focused on the port of Yantian, is part of a generation that grew up with the gospel of American capitalism. When he graduated from college six years ago with an economics degree, Xiong took a marketing job with Cosco, China's premier shipping company. With his strong English skills, he did so well that he earned a management position at a competitor that sent goods to California's ports in Long Beach and Oakland.

If the US economy doesn't pick up, his current employer will probably have to lay off some of its 20 employees in Shenzhen or even shut down. "Right now we haven't hit bottom yet. We see things getting worse and worse," he said.

Xiong, a marketing manager at Dragontrade Logistics, said that if he had it to do over, he would choose to work more with Europe, or emerging economies in areas such as the Middle East, or even with Chinese companies that he once thought were old-fashioned.

The US troubles have made him reconsider the benefits of communist, state-run support, he said.

"In the US, the workers at the gold-chip companies are carrying out their desks in boxes," Xiong said. "But in China, the jobs are still here because they are more protected." ■

# Dairy Farmers See Livelihood Threatened

By John M. Glionna

*Los Angeles Times*

PANZHUANGZI, China — Before dawn each day, Gao Peng Hong and his wife join scores of other farmers in this dairy-rich village who must walk their cows to a local milk collection station because of new safety requirements.

A byproduct of China's deadly contaminated milk scandal, the couple's mile-long walks to the station come as officials push for more critical supervision of dairy farmers. Only weeks ago, farmers were free to milk their cows at home and deliver the product in heavy metal containers.

But now some observers see dairy farmers, who exist at the lowest level of the milk production cycle, as having the most financial incentive to spike milk to boost protein readings. Other food-safety experts say it's unlikely that small-time farmers are behind the scandal, as they generally lack the knowledge to cause such widespread contamination.

Melamine-tainted milk is blamed for killing four babies and sickening 54,000 infants with kidney stones and other illnesses. The food-safety crisis, China's worst in decades, has led to numerous arrests, an international recall of milk-based Chinese products and at least one lawsuit against a milk company.

Many food-safety experts point to a growing black market among food makers for powdered melamine in China and elsewhere. There are numerous steps that milk takes from the cow to the consumer, including collection stations, middlemen and manufacturers. The adulteration, they say, could come anywhere in the process.

Jorgen Schlundt, the World Health Organization's director of Food Safety, says he believes powdered melamine may be produced in underground factories in China, beyond the realm of unsophisticated, small-time farmers.

"It's very unlikely that single farmers are responsible—and significantly more likely it's the work of the collection centers," he said. "You have to treat the melamine before you use it. It's more complex than just putting a little powder into milk."

Moving to stem the scandal, Chinese officials now require producers to track raw milk purchases back to the farmers who supplied them. Monitors have been sent to larger farms to gauge operations with specialized equipment.

In tiny Panzhuangzi, a dozen villagers gathered recently to rue the new milk-collection restrictions. Plummeting demand has forced many to feed unwanted milk to other farm animals and sell dairy cows.

The restrictions have created an



unlikely rush hour in this enclave of 400 families as farmers hit the road twice daily with their prized cows. Pandemonium rules as the skittish, 1,200-pound animals dodge passing cars and motorcycles, often dragging their helpless wards into adjacent cornfields.

For days, 58-year-old Gao walked with a limp after he was kicked by a terrified cow. What hurts more, he says, is being considered a criminal by consumers in his own country.

For years, Panzhuangzi's fortunes have rested on the backs of dairy cows. Located in an area of fertile farmland about 75 miles east of Beijing, dozens of villagers here began converting to dairy cows a decade ago to supplement their corn and wheat farms.

In 2000, Gao and his wife, Cai Jing Rong, plunked down their entire savings of 8,000 yuan, worth about US\$ 1,000 in U.S. currency, to buy an animal.

To Gao, the move made sense: Cows were gentle creatures who performed a daily miracle, turning grain and cornstalks into life-sustaining milk. Many urban Chinese were acquiring a taste for dairy: milk drinks, yogurt, ice cream and even cheese.

Gao bred his lone cow, working his way to a stable of four. But then the market went sour. The quality of cow feed took a nose dive as prices rose because there was less corn, the major feed source. At the same time, the price he received for his milk dropped by half.

The milk scandal was the latest blow. Gao already has sold one cow at a loss and fears the others will soon go, too. His trips to the milking station mean he must quit a part-time construction job his family depended on for more income.

His son, Gao Chun Kai, feels helpless as he watches his parents' livelihood being swallowed up by a scandal they did not create. The younger Gao, 38, who works in the local shoe business, at first took time off to help his parents deliver the cows to the station each day. But he and his brother eventually had to return to their other jobs.

"My parents worked their whole lives, and now everything is crumbling around them," he said. "It's easy to blame the farmers." ■



Photo by Blaine Harden

*Sadako Ogata, 81, heads the Japan International Cooperation Agency, which on Wednesday is swallowing a government bank that offers grants and low-interest loans. That will give the agency an estimated \$10.3 billion in available financial resources—about two-and-a-half times that of the US Agency for International Development.*

**By Blaine Harden**  
*The Washington Post*

■ TOKYO — Sadako Ogata, the diminutive woman who is one of Japan's best-known and longest-serving public figures, is 81.

That number, though, does not interest her. Like death, taxes, and the dizzying rise and fall of Japanese prime ministers, it is beyond her managerial control.

What she can manage is a Japanese government agency that gives assistance and expertise to the world's poorest people. As of October, she will ride herd on the world's largest bilateral development agency. The Japan International Cooperation Agency, which Ogata heads, is swallowing a government bank that offers grants and low-interest loans. That will give the agency an estimated US\$ 10.3 billion in available financial resources, an amount it says is about two-and-a-half times that of the US Agency for International Development.

Ogata was in Washington on Oct. 10 to talk with US officials and the World Bank about how her expanded agency can collaborate with them to fight poverty, especially in Africa. What she wants to do with Japan's beefed-up aid bureaucracy is to move aid and manpower into crisis areas such as Sudan, Afghanistan and Iraq. And she wants to do it fast.

"Unless you are there on the ground at the crucial point, you cannot

# At 81, she's Japan's Outspoken Force for the World's Poor

meet real needs," she said in an interview, noting that for decades, Japan's aid bureaucracy had a well-deserved reputation for avoiding dangerous trouble spots, as well as for having far more employees sitting at desks in Tokyo than working in the field.

Her manner was dignified, her voice calm and her English diction impeccable. But she has a very un-Japanese habit of saying exactly what she thinks, no matter whom it offends.

Shuffling papers while people die is something that has always ticked her off.

As the UN High Commissioner for Refugees, a position she held from 1991 to 2000, she angered her boss, Secretary-General Boutros Boutros-Ghali, and embarrassed the UN Security Council by demanding in 1993 that the United Nations either break the Serbian siege of Srebrenica, in eastern Bosnia, or carry out a large-scale evacuation.

She was ignored, but she was right. Two years after her warning, 8,000 Muslim men and boys were killed in Srebrenica by Serbs in the worst massacre in Europe since World War II.

She came to the world of big-league diplomacy in her 50s, after raising two children. She had no choice but to wait that long. When she was young, Ogata said, women were not permitted to join Japan's diplomatic corps.

With a master's degree in international affairs from Georgetown University and a doctorate in political science from the University of California at Berkeley, Ogata became a professor of international relations in Japan.

After she was selected in 1990 as a compromise candidate to head the

UN refugee agency, multiple regional wars erupted around the world, producing a record high 27 million refugees. With people in need from the Balkans to Rwanda to Kurdistan, her staff swelled to more than 5,000, and her budget topped US\$ 1 billion. But unlike many high-powered UN officials, Ogata never mastered the art of speaking at length while saying nothing. She even chided Japan for failing to be serious about humanitarian work.

"I think it would be pretty good if Japan, in becoming an economic power, becomes a humanitarian power as well," she said just before she took office.

Years later, she is still chiding Japan. What upsets her now, she said, is the government's failure to address the country's extraordinary demographic crisis. Japan has the world's oldest population and is projected to lose up to 70 percent of its workforce by 2050.

Yet Japanese leaders have done "nothing" to increase immigration, "nothing" to ease the strain on working mothers and "nothing" to change a work-obsessed culture that keeps many young couples from having children, she said.

Japan's government has cut total spending on overseas development aid by 40 percent in the past 11 years. But Ogata did not complain about the cuts. She has made do, closing all her agency's offices in Europe and shifting resources to Africa, where needs are greatest.

As for retirement, Ogata laughed, shook her head and said she will stick around for at least another year to oversee the agency's expansion.

"I am used to moving people and moving things," she said. ■



Photo by Blaine Harden

*Sadako Ogata, 81, shown in February at a school in Fashiso, Ethiopia, became a world figure as the United Nations' refugee chief in the 1990s. She runs the Japan International Cooperation Agency, soon to be the world's largest bilateral development agency.*

# Global Markets Fall Despite Reassurances

By Craig Whitlock  
and Blaine Harden

*The Washington Post*

BERLIN — Fear seized investors around the world Oct. 10 as stock markets dropped to levels not broached for several years. National leaders tried to intervene with reassurances and stopgap measures, to no avail.

In Japan, the Nikkei 225 index fell by 9.6 percent, its worst single-day decline in two decades, ending an abysmal week in which the index lost nearly one quarter of its value. A century-old Japanese insurance company filed for bankruptcy protection.

Stocks plunged elsewhere in Asia, as well as in Europe and South America. Middle East markets were closed.

Iceland, Russia, Austria and Indonesia suspended trading or stopped it for the entire day to slow the declines.

Panicked traders ignored a long list of financial rescue plans, interest-rate cuts and bank deposit guarantees announced by governments and central banks in recent days. With the spiral deepening, investors were hoping a firebreak might emerge in Washington from an emergency meeting of financial ministers and central bankers from the United States, Britain, Germany, Italy, France, Japan and Canada.

"We must provide far-reaching

help for self-help to financial institutions," said Axel Weber, a member of the governing council of the European Central Bank. "The alternative not to do anything is currently no alternative."

British Prime Minister Gordon Brown said he would urge other countries to commit massive infusions of public money to shore up their banks. On Oct. 8, Brown announced a US\$ 670 billion rescue plan for banks in his country, including a program under which the government will acquire up to US\$ 88 billion in equity in several private banks.

"I am trying to persuade leaders to do exactly the same as we've done so we can get the whole system moving again," Brown told the BBC.

Nonetheless, London's FTSE 100 index dropped 8.85 percent Oct. 10, extending its losses for the week to 21 percent. The pound fell to a five-year low against the dollar.

Two weeks after Germany's finance minister declared his country's banking sector to be "extremely stable," Chancellor Angela Merkel said the government would consider nationalizing weak banks if necessary. "No possibility can be fully ruled out," she said on a day when the nation's benchmark DAX index fell 7 percent.

The contagion spread to India, where Mumbai's Sensex index fell more than 7 percent as investors punished the rupee, which fell to a new low against the dollar. The Reserve Bank of India released US\$ 12 billion into the country's money markets in an attempt to thaw a lending freeze among banks, a root cause of the global crisis.

"The measure to address liquidity will boost business confidence. But interest rates have not gone down, let's push for that," Amit Mitra, secretary-general of the Federation of Indian Chambers of Commerce and Industry, told reporters.

Japanese Prime Minister Taro Aso instructed his government on

Oct. 10 to put together an emergency spending program to revive the country's economy, which began shrinking in the second quarter of this year. The stimulus plan is likely to include public works projects, tax cuts and support for troubled small and mid-size companies.

The Bank of Japan added another US\$ 45.2 billion to the liquidity of Tokyo money markets. It was the central bank's 18th consecutive day of emergency cash injections.

Investor jitters in Japan were heightened when Yamato Life Insurance, founded in 1911, filed for bankruptcy protection. Losses related to the US subprime mortgage mess pushed it over the edge, company officials said.

"With the global crisis in the financial markets, there was an unexpectedly rapid and serious price decrease in the valuable securities that we possessed," Takeo Nakazono, the company's president, told reporters.

Analysts said Yamato's problems were not typical of those of banks and other major asset management firms in Japan, a country where exposure to toxic US securities is relatively low and most major companies are sitting on large piles of cash.

"The collapse of Yamato was probably because of its own failure of asset management," said Michikazu Aoi, professor of corporate management at Keio University in Tokyo. "Obviously other financial institutions will show losses, but it won't be this significant. I don't see this case being followed by others." ■



Prime Minister of England



Prime Minister of Japan

# N. Korea in the Midst of a Mysterious Building Boom

By Barbara Demick

*Los Angeles Times*

 PYONGYANG, North Korea – It has been so long since the sound has been heard in the North Korean capital that at first it seems an illusion, a buzzing in the ear perhaps. But no, that really is a power saw, and that pounding really is a hammer at work at a construction site.

By the dizzying standards of Asia's exploding mega-cities, the construction underway here is nothing you could call a real estate boom. But it is a remarkable—and somewhat mysterious—development in a city that looks as though it were frozen in time, with its Stalinist slabs of concrete from the 1950s and '60s.

Except for the monuments glorifying leader Kim Jong Il and his father, Kim Il Sung, the founder of North Korea, hardly anything new has gone up in decades. By night, the city is so quiet you can hear a baby crying from far across the Taedong River, which cuts through the center of town.

Yet these days, high-rise apartments in shades of pink are taking shape near the Pueblo, the American spy ship captured in 1968 and still anchored in the river. A tangle of construction cranes juts into the skyline near Pothong Gate, a re-creation of the old city wall. About 100,000 units are set to be built over the next four years.

A modernistic, silver-sided box of a conference center is complete. Theaters and hotels are being renovated. Streets have been repaved and buildings repainted.

Even North Korea's most notorious clunker, an unfinished 105-story hotel that looms vacant over the city, is under construction again after nearly two decades sitting idle.

All are slated for completion by 2012, the 100th anniversary of the birth of Kim Il Sung. The deadline appears to have taken on new urgency for the appearance-conscious North Koreans, who fret that their capital has become a laughingstock

with its retrograde architecture.

"We know we need to modernize. We want to make the city comfortable for the people who live here and for tourists," said Choe Jong Hun, an official with the Committee for Cultural Relations With Foreign Countries.

What is mysterious is that North Korea appears to be as broke as ever. The country's economy went into a free fall in the early 1990s with the collapse of the Soviet Union and other communist allies, and it barely has recovered. The United Nations' World Food Program is warning that the country could be careening toward a famine similar to that of the mid-1990s, when as many as 2 million people died.

North Korean officials insist they're funding the building spree on their own, in keeping with an underlying ideology that stresses self-reliance.

"If we rely on others, our dreams won't be realized by 2012. It is all built with our own technology, our own material, our own labor, our own strength," said Choe.

But analysts are skeptical of such claims, given the nation's economy and the regime's secretive nature and often deceptive pronouncements.

"This is a puzzle," said Yoon Deok-ryong, a South Korean economist who recently visited Pyongyang. "The North Koreans are trying to show the outside world that they are not starving, that they are strong, but we know it is not true, so we wonder where the money is coming from."

Many people believe it's trickling in from South Korea, China or the Middle East.

South Korea sharply cut its aid to the North this year after conservative President Lee Myung-bak took office and after a South Korean tourist was shot and killed at a North Korean resort for foreign visitors.

But South Korean companies and individuals mostly have ignored the political chill. Among the biggest players here are a unit of the Hyundai conglomerate, which operates the resort where the shooting



occurred, and companies affiliated with the Rev. Sun Myung Moon's Unification Church, which also runs a car assembly plant in North Korea. The church completed work last year on what it calls the World Peace Center, behind the Potonggang Hotel, also owned by church affiliates.

A Chinese company, meanwhile, is renovating the No. 1 Department Store in the heart of downtown.

Expatriate businesspeople in Pyongyang say North Korean leader Kim Jong Il also might be investing some of his personal stash with an eye toward maintaining the loyalty of his Workers' Party cadres. Apartments under construction look to be aimed at the elite.

The building spree began this summer during a wave of optimism that North Korea would soon shake its pariah status and join the international community after agreeing to end its nuclear weapons program.

"They wanted to make the city more presentable to the outside world. They thought that if the Democratic People's Republic of Korea became a legitimate, well-accepted country, they could get more tourists," said Pilju Kim Joo, a Korean American agronomist who works much of the year in North Korea.

North Korea has been hindered in its ability to raise money in international markets by its US designation as a state sponsor of terrorism and by sanctions under the US Trading With the Enemy Act.

President Bush in June promised to remove North Korea from the terrorism list because of steps it had tak-

en toward denuclearization, but that move has stalled over concerns that Pyongyang did not submit an adequate inventory of its nuclear facilities.

Still, the building boom continues, much of it geared to tourists, whom the xenophobic regime historically has allowed to visit in only small numbers.

Over the years, Japanese and South Korean companies have reportedly refused to take on the Ryugyong Hotel project because of concerns it was unstable or eco-

nomic unfeasible. But the Egyptian conglomerate Orascom agreed to give the building a facelift as part of a \$400-million deal reached this year to install a cell phone network in North Korea.

Orascom's resident project manager, Mahmoud Fawzi, said his company at the very least hoped to redo the facade to make the building more attractive.

If in fact the Ryugyong is salvaged, it would give Pyongyang a big psychological boost. For years, North

Korean guides have pretended the empty hotel wasn't there, refusing to answer the inevitable question from first-time visitors, "What's THAT?"

North Korea is so embarrassed by the structure that it frequently airbrushes it out of official photographs. Now people here are again showing a glimmer of pride in the building.

As one confident tour guide, Oh Keum Suk, predicted: "Come back to Pyongyang in 2012 and you can stay in a room at the top." ■

## Filipinos Draw Power From Buried Heat



The main geothermal plant on Leyte Island in the Philippines. Geothermal now produces about 28 percent of the electricity generated in the country.

**By Blaine Harden**  
*The Washington Post*

ORMOC, Philippines — Ferdinand Marcos, the despot who ruled here for 21 years, is remembered mainly for the staggering quantity of his wife's shoes. But there is another Marcos legacy, and it is drawing new attention at a time of high oil prices, global warming and urgent questions about the role of government in alternative energy development.

Reacting to the early 1970s oil shock, Marcos created a major government program to find, develop and generate electricity from hot rocks deep in the ground. Since then, the Philippine government has championed this form of energy.

Geothermal power now accounts for about 28 percent of the electricity generated in the Philippines. With 90 million people, about 40 percent of whom live on less than US\$ 2 a day, this country has become the world's largest consumer of electricity from geothermal sources. Billions of dollars have been saved here because of re-

duced need for imported oil and coal.

In installed geothermal power capacity, the country ranks No. 2 in the world, narrowly trailing the United States, which has far more geothermal potential, far more engineering talent and far greater demand for clean sustainable power.

But unlike in the Philippines, government policy in the United States has been inconsistent. In 2006, the Bush administration cut most geothermal spending—federal programs that received as much as US\$ 100 million a year in the 1980s shrank to US\$ 5 million. Research projects were dismantled. Scientists in the field had to find other jobs.

At early stages of development, geothermal energy has historically been dependent in most countries on high-risk, long-term investment made by governments, not private companies.

In a report released late September, the US Geological Survey reassessed the potential for this kind of energy in the United States. It examined 13 Western states, from California to Colorado, Washington to New Mexico, that sit atop a hot geologic zone that is often called the Pacific Ring of Fire. It encircles the Pacific Ocean and includes the Philippines, as well as Indonesia, Japan and several other countries in East Asia.

"Geothermal resources have the potential to play a much more significant role in our nation's energy mix," the report concluded.

For nearly three decades, the Philippine government has been acting on a similar assumption, despite revolutions and widespread corruption.

The showcase for the Philippine government's long-term commitment to geothermal energy is here on the rural island of Leyte, where a government-created company, now privatized, has carefully transformed a vast geothermal field into the linchpin of the country's electricity grid.

The Leyte field, as engineers describe it, is one of nature's most perfectly designed geothermal resources. Located about one-and-a-half miles underground, it is a great pot of boiling water that covers about 416 square miles.

Molten rock heats the pot but is kept separate from the boiling water by a thick layer of impermeable rock. The pot's lid is made of a much softer, more porous rock, which is easy to drill down through. About 90 wells bring up steamy water to run turbines.

Thirty-two re-injection wells shoot cooler water back into the pot to be heated and repeat the cycle. Water filtering down naturally through a mountainous rain forest atop the reservoir also recharges it.

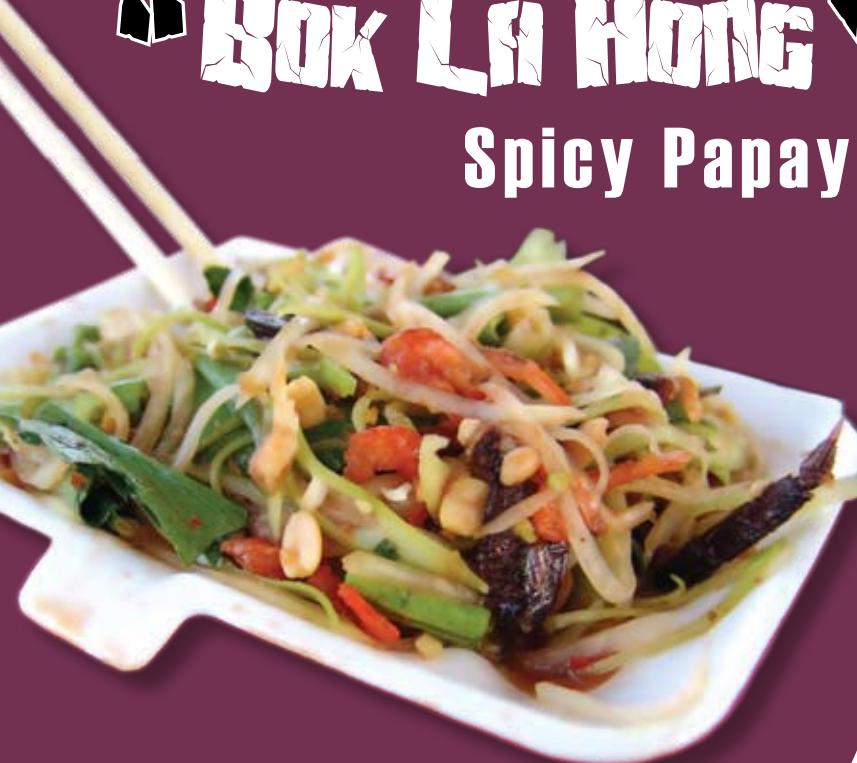
"Leyte is very blessed in the sense that the resource is not common to any other part of the world," said Ruperto Villa Jr., a geothermal engineer and a longtime supervisor here.

Villa and other engineers here have made the most of their natural blessings, inventing the world's first large-scale re-injection system. After 25 years of operation, this system has conserved nearly all of the field's heat and steam pressure. Experts say Leyte, if it continues to be well managed, should produce electricity for centuries. ■

THIS IS THE FOURTH OF A SERIES ON STREET SNACKS.

# Bok La Hong

## Spicy Papaya Salad



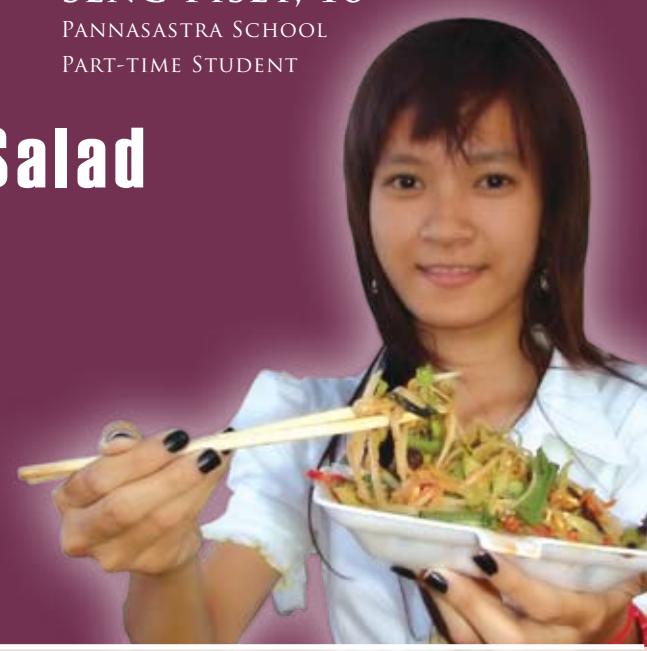
BY KONG SOCHEAT

ECONOMICS TODAY

SENG PISEY, 16

PANNASAstra SCHOOL

PART-TIME STUDENT



"This is a delicious Cambodian snack called Bok La Hong. I come here to eat it two or three times a week. I really like to have a spicy yummy snack while I'm sightseeing and experiencing the fresh air in parks and gardens."

TETH CHHEANG, 29

SPICY PAPAYA SALAD SELLER

"I've been mixing papaya salad since 1999, just after my wedding. I moved to Phnom Penh because my friend convinced me there is demand for this dish in Phnom Penh."

It took my friend only five days to teach me the ingredients to use and how to mix them together to make a delicious salad.

I started my own business with a small handcart first. After three years of saving bit by bit, I improved my business by adding a bicycle to the cart, and few years later I could upgrade it to be motorized.

The vegetables are all fresh. I buy and prepare them every morning to sell papaya salad near Wat Botum park from 3 till 8: 30pm.

I sell 80 to 90 plates on average in a day, at 2,500 riels a plate."



SAO DEKA, 21

SOPHOMORE,

BUILD BRIGHT UNIVERSITY (BBU),  
BANKING MAJOR

"Before my evening classes, I always come here to eat Bok La Hong with my friend. It's quick to prepare so I won't be late for class, and it's a tasty spicy dish that gives me energy to study."

SIK LIM, 22

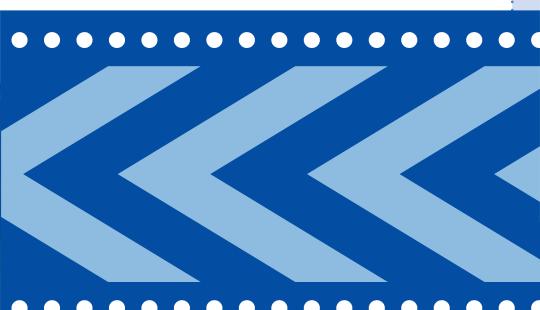
ORUSSEY CENTER ACCOUNTANT

"I really like treating myself with Bok La Hong on the streets because it's prepared quickly and it tastes better than papaya salad that is sold in shops."

The price is also affordable, which adds to its appeal. Four or five times a week I stroll at Wat Botum park, where I can get fresh air and a delicious snack." ■



# High School Prodigy to Study Civil Engineering



**By An Channtha**  
*Economics Today*

He grabbed headlines by scoring a perfect score on the “Bac II”—the national standardized high school examination. But Heng Kothay insists the only thing that makes him different from other students is his drive to further his education so he can contribute to the country’s development.

“I am a simple student, like others and my friends,” the modest 17-year-old said during an Oct. 3 interview. “Only when I reached grade 11 in high school, I started to study more and harder because I learnt about local and foreign scholarships. I wanted to continue my studies, but my family doesn’t have the financial means.”

Kothav is the youngest of six children. His widowed mother has struggled to raise his family as a single parent.

Dubbed the “perfectionist” by one Cambodian newspaper after scoring a perfect 100 on his final high school exam, Kothav said achieving scholastic excellence took discipline, determination and hard work. “To be successful in your studies, you have to set your goal and stick to it,” he said.

Every day after school, he would spend some time summarizing, re-

viewing and doing additional research to deepen his understanding about the lessons of the day. He also formed study groups with his friends so they could share ideas and help each other identify and overcome their academic weaknesses.

He was careful to schedule time for each subject and slot in regular breaks for snacks and meals to give him energy to study.

Kothay attended Hun Sen Wat Slay high school in Siem Reap. Growing up, he rarely visited Phnom Penh. On a recent visit to the capital, he marveled at all the educational facilities in the city and what they have to offer.

“There are so many books and materials available to learn from,” said Kothay. “Here in Phnom Penh, I can learn and improve my English skills,” the young man said, admitting that it was one of his weakest subjects in high school.

“For grade 12, I obtained only a ‘C’ in English,” he confessed with a note of sadness.

His spirits were lifted when he was offered a scholarship to attend English evening classes at Cambodian Mekong University. “I have to improve my English skills if I want to apply to foreign scholarships in the future,” he said.

With ‘As in six subjects—mathematics, physics, chemistry, biology, civics and meteorology—Heng Kothay intends to study civil engineering at the Institute of Technology of Cambodia (ITC) in Phnom Penh.

But his dreams were almost shattered when he discovered that the country’s top students are bound to the university they indicate as their first choice on their exam papers. Heng Kothay had rather impulsively jotted down the University of Medicine. He had second thoughts when later he learned how favorable the job prospects are for civil engineering graduates, who are being highly recruited by Government to assist in the country’s development.

“During the grade 12 year, we had little information about educational choices and especially labor market conditions,” he explained.

With the help of his brother-in-law and other relatives Kothay obtained a scholarship from an educational program managed by Prime Minister Hun Sen’s Cabinet and to enroll at the Institute of Technology in extremis.

“I want to be a leader in the Government, even if it will take a long time and a lot of effort,” Kothay asserted. ■



*There is little left of Angkor Thom's West Gate, where the trees claimed their rights.*

# Postcard from: Siem Reap, Angkor

## Venturing Off the Beaten Track

By Kim Natacha  
*Economics Today*

It had been more than five years since I visited Siem Reap, climbed the scenic Phnom Bakheng and snapped a picture of the heavenly maidens known as Apsaras that grace Angkor Wat, but there were at least two things I was sure of.

First, I anticipated that the booming tourism market and the growing popularity of Angkor Wat as a destination for Korean, Japanese, American, and Vietnamese visitors

had transformed sleepy Siem Reap. I just wasn't prepared for the town's dramatic expansion and makeover. From a rustic little town, Siem Reap has become a trendy city that could easily be mistaken for one of Phnom Penh's new commercial areas.

Second, aware of the invisible damage that hundreds of thousands of feet and hands unknowingly inflict on the 900-year-old Angkor Wat and more than 1,000-year-old Phnom Bakheng, my husband and I agreed to avoid those two magnificent monuments.

But we happily skipped Cambodia's most beloved temples as we knew our craving for dipping into the ancient Khmer Empire would largely be satisfied with Angkor's 400 square kilometers of forested areas and more than 50 temples, fortresses and archeological sites.

Driving on our own with a map and guidebook of the Angkor com-



*Banteay Samré displays some of the most peculiar carvings.*

pound, we had no itinerary in mind other than visiting one of my favorite monuments: Banteay Samré—or the “Citadel of the Samré,”—an indigenous tribe that lived on Phnom Koulen in the North.

Before reaching Banteay Samré and to optimize our fuel consumption, we first stopped by Prasat Kravan on the road leading east from Angkor Wat. The monument is quite small and its architecture—five aligned brick towers—is not really outstanding.

But guides and experts agree that its main points of interest are the sculptures inside the towers. As a matter of fact, my husband spotted a unique praying figure among the bas-reliefs, which a witty artist carved in a different posture from the others.

Hopping back in our car, we headed to Banteay Samré. Located to the east, past Pradak village, about five kilometers from the usual Grand Circuit tour, Banteay Samré is usually regarded as a remote and overlooked temple. At least that is what I thought.

After slaloming between potholes on the dirt road, through Pradak—which based on the look of the local houses is quite a wealthy village—we finally arrived at the citadel, where, to my great satisfaction, no vehicles were in sight.

Because of its architecture, its remote location and the few signs of human intervention, Banteay Samré managed to give this feeling of being lost in time. Or, as I like to put it, to feel like Bob Morane, Lara Croft or some other comic book adventurer.

As my husband and I roamed through the citadel, no sound could be heard other than the wind blowing, the insects buzzing, and our chattering. As the stone walkways are elevated a few meters, I couldn't help but think how amazing the place would be if water filled the fortress.

Gaping at the finely carved flowers and mystical animals on the walls, we enjoyed being the only two people to fully benefit from the citadel's treasures, discovering what looked like a rhinoceros and an odd contortionist.

On the way back to the car, just as I remarked to my husband about

the remoteness of the citadel and its quiet calm, three big buses packed with tourists appeared.

As Cambodian guides were explaining in French to their grey-haired visitors—probably French retirees—and leading them to the ancient structure, my husband and I silently thanked our lucky stars for letting us experience a rare moment alone in the ancient Angkor compound.

The following days, we visited Banteay Srey, the “Citadel of the Women”—my husband's and probably most Cambodians' all-time favorite. Although situated in a remote place, the small temple attracts numerous visitors thanks to its finely carved sculptures and the best-preserved in Angkor.

There is probably no chance in the world one could visit the temple alone. But the heartwarming sight of a group of aged Vietnamese tourists dancing to the sound of traditional music by disabled musicians made up for it.

Our tour also included two failed visits to the West Baray and West Mebon—the Western reservoir, still full of water, and its temple. The first time, we tried to access the West Baray by driving a path from the Bayon temple, through the West Gate, until a sign forbade entrance to automobiles.

No big deal, we'd walk to the reservoir the next day. After a 30-minute hike, we reached the West Gate of Angkor Thom, which looked pretty well-conserved, although the avenue usually boarded by rows of giants and demons supporting two Nagas was in really bad shape and lost for posterity. On a long dirt road stretching to the horizon, we were told by two boys on a bike that the reservoir was some 10-15 kilometers away, way too far for our feet.

It was then too late for a third attempt to reach the West Baray by car from another route. But since there were so many more temples on the outskirts of the complex to discover or re-discover, we promised ourselves that we'll take up the challenge again the next time we visit Siem Reap. ■



*Banteay Samré's sculptures, adorned with vegetation, foster the adventurer's wild imagination.*



*Prasat Kravan is a small temple with only five towers but the sculptures inside are noticeably large and detailed.*



*Banteay Samré is one of the quietest places to visit—if you managed to avoid tourists' rush hour.*



*A group of Vietnamese tourists were caught by Cambodian traditional music rhythm at Banteay Srey.*

—Photos By Kim Natacha

# ANGKOR THOM

## The History

Angkor Thom, the 'Great Capital,' attracted a population of one million and within its walls were housed the court, the priests, the high officials, and the bureaucrats, while some of the common people lived outside the fortifications. Built over the earlier settlement founded by Udayadityavarman II that revolved around the Baphuon, Angkor Thom is enclosed by massive laterite walls that delimit a square area of 3 km per side, bordered by a moat 100 m wide and 6 m deep. On the inside of the 8 m tall walls is a bastion 15 m wide with a parapet walk. On the corners are four small temples, all called Prasat Chrung, which house stelae containing information concerning the construction of the city. About 100 m from the walls a 40 m wide canal

once marked another inner perimeter, along which there was a road used to move troops and for the ritual circumambulation processions of the city.

## Visit

Access to Angkor Thom is afforded by five laterite causeways that cross over the outside moat and lead to five monumental gates, four on the cardinal points of the compass and the fifth, known as the Victory Gate, added on the east side to afford access to the Royal Square and the Palace. Each of the five gates, which are up to 23 m tall, is surmounted by a turreted structure consisting of four faces of the bodhisattva Lokeshvara, with whom Jayavarman VII identified himself. On the side of the gate, Airavata, the three-headed elephant, mount of Indra, King of the gods, keeps watch with his lord on his back. Above this a series of praying fig-

ures is the frame on which the faces are placed. At the approach to the gates of Angkor Thom there are two rows of 'giants': 54 devas or deities at left and 54 asuras or demons at right, all beautifully executed, holding nagas or multi-headed serpents.

From the gates there ran five avenues from 30 to 40 m wide flanked by canals 8 m wide that flowed in the enclosure canal. The city was divided into padas or residential 'squares,' in keeping with the traditional Hindu urban grid layout that had straight interesting streets, while the location of the districts and buildings depended on their function.

Of the four gates, the south one is the most famous and best preserved. The North Gate is usually not part of the itineraries, even though it has to be crossed to reach other temples;

but it is well worth a visit, not so much for the series of giants, most of which are headless, as for the praying figures and the three-headed elephants (which are almost all intact) and for the faces of Lokeshvara decorated with crowns and jewels. The Victory Gate, which was also used as an access, has no canals and only parts of the bodies of the giants have remained. The East Gate is reached by means of an unpaved road in the brush: before crossing it and going over a fascinating and mysterious path

that winds among the trees, note at your right the god Indra and two lovely praying nymphs. The West Gate is the one in the poorest state, but from there beautiful walks in the walls lead to the Beng Thom—the Great Pool, 400 m long and 350 m wide, which collected the city's sewage and channeled it into the outer south moat by means of five vaulted canals 60 m long that passed under the walls—and the Prasat Chrung.

There are other ruins among the vegetation. Little remains of Monument 487, known as Man-

galartha, which was the last one to be constructed in Angkor, in honor of the son of one of the tutors of Jayavarman VII; it can be reached via a path that winds through the forest about 200 m west of the Victory Gate. Monument 486 is a Brahmanic construction dating from the 10th century that was transformed into a Buddhist edifice in the 13th century; it is also in the forest, and can be reached by going from Bayon toward the West Gate and turning left at about the halfway point.

After the terrible sack of Yashodharapura by the Chams in 1177, Jayavarman VII managed to drive out the enemy and ascend to the throne. He then decided to build an invincible city. The defense of Angkor Thom was not only based on the structures, but also on a complex apotropaic symbolism connected to the constructions. The architects drew inspiration from Hindu cosmology: the city revolved around the Bayon, the temple mountain that symbolize Mt. Meru, and lies at the foot of the cosmic mountain as the Jambudvipa, the 'Continent of the Rose-apple' that embraces India, surrounded by six other concentric circles of continents separated by oceans. Furthermore, Buddhist cosmology also played a role in the construction of Angkor Thom, as it encloses the world in a rock wall, beyond which there is the great primordial ocean, and these are symbolized by the enclosure wall and moat.

But Jayavarman VII's city is also linked to the so-called Churning of the Ocean of

Milk; the 54 deities and 54 demons total the sacred number of the 108 protectors of the city. The asuras, as the servants of royal power, keep evil influences and enemies far from the city. The nagas with their seven heads ready to spit poison initiate the rows of giants and terminate them again with their erect tails. The multi-headed serpent is both the primordial serpent Vasuki of

darkness are both indispensable as polar forces, whose opposition generates the dynamism of existence. The rotation of the cosmic mountain, Meru-Bayon, results in the extraction of amrita, the ambrosia that makes Angkor Thom invincible. Jayavarman VII therefore built a city protected by divine powers and at the same time he utilized those

powers to ensure his own immortality. Indra, the warrior god par excellence, the king of the celestial deities, also helps to protect the city.

Lastly, Lokeshvara is keeping watch from the top of the city gates; his attentive and compassionate faces with the features of the king look in all the direction of the kingdom, guaranteeing protection: Hindu symbolism is therefore reinforced by Buddhist symbolism, becoming more comprehensible to the people, who up to that time had no access to the innermost or most elevated part of the temples and understood very little, if anything, of the esoteric meaning of the Indian myths. ■

Hindu mythology and the Khmer symbol of the rainbow, the bridge between earth and sky, the emblem of the pact of benevolence of the celestial powers that send fertilizing rain to the Earth.

The gods of the South Gate are corresponded by the demons of the North Gate and vice versa, and the same holds true for the East and West gates. The powers of light and



*Source: The Treasures of Angkor*

# Continent, on Cruise Control

**By Susan Spano**  
*Los Angeles Times*

ROME — Part joy ride, part soul quest, the road trip is part of the American character. Even before the price of gas went through the roof, many Europeans didn't care for driving vacations.

I don't know why. They have a grand continent to explore. The advent of the European Union, with its open borders and single currency, has made driving around Europe easier.

I embarked in May on a two-week driving tour from Rome to Brussels, Belgium, on superhighways and then back to Italy on winding French country roads—2,696 miles in all, about the distance between Los Angeles and New York.

Sentiment can be expensive, so despite US\$130-a-barrel crude, I rented a snazzy black Alfa Romeo station wagon at Termini train station in Rome. The price for two weeks, with unlimited mileage and insurance, was US\$1,240.

I quickly discovered how hard it was to follow road signs in Rome. It's better, I think, to go with the flow, like a leaf in a stream, carried by the current to the river. Following this latter method, I got onto the A1 Autostrada that leads from the Italian capital to Florence, passing through wine regions such as Orvieto, where I wished I could stop, and keeping

the Apennine mountains over my right shoulder.

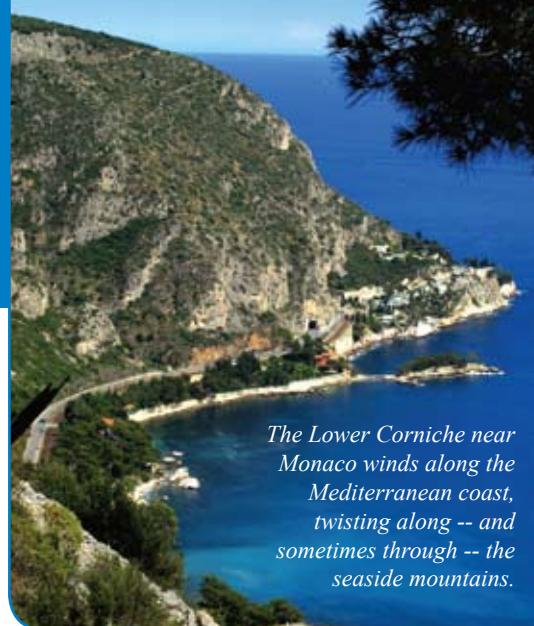
But Italy is more mountainous than I realized, and Milan isn't quite where I thought it was.

Besides enhancing one's grasp of geography, driving tours teach other lessons. For instance, as Lazio yielded to Tuscany and Emilia Romagna, I could see the differences between scruffy southern Italy and the more prosperous north, with its big, beautiful farms, warehouses, factories and American-style shopping malls.

The highways were every bit as modern and efficient as those in the U.S. There were emergency call boxes and rest stops selling Esso, Agip, Api, Q8 and Total gas for about US\$8.50 a gallon.

In the Middle Ages, crossing the Alps was like sending a satellite to Mars. Nowadays, passing between Italy and Switzerland is about as challenging as going from Missouri to Illinois. At a defunct guard gate north of Lake Como, I had to buy a US\$45 pass, good for a year of driving in Switzerland, which is a European anomaly. It didn't join the EU, uses the Swiss franc instead of the euro and is trilingual, as I noted when the signs changed from Italian to German on the far side of a tunnel and later from German to French.

I never even saw the Alps because, by then, it was pouring and the A2 Autostrada mostly goes



*The Lower Corniche near Monaco winds along the Mediterranean coast, twisting along -- and sometimes through -- the seaside mountains.*

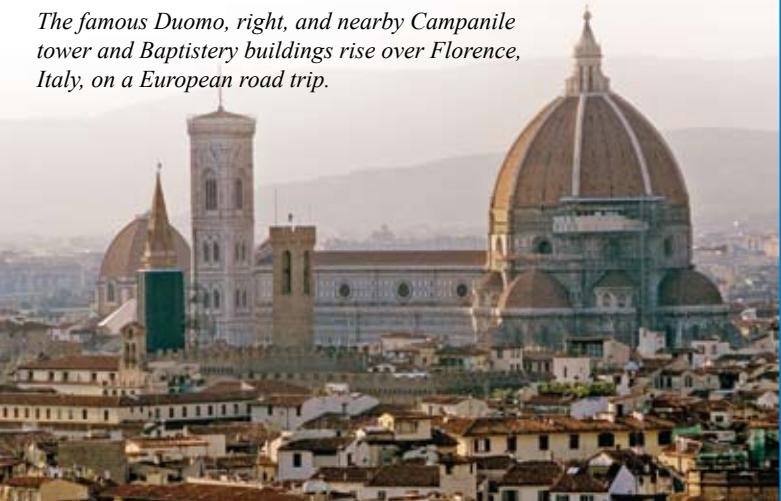
under, not over, them. Still a good hour and a half short of Mulhouse in eastern France, my intended first night's destination, I started looking for a place to stop, preferably a chateau hotel that looked like something out of "The Sound of Music." I went on and on but saw nothing, no motels, not even a McDonald's.

Switzerland, apparently, is a road-culture wasteland.

Was I hallucinating the sign for a Holiday Inn Express? No. It was real. Since 1996, Holiday Inn Express has colonized previously barren highway exits in Europe, together with chains such as Ibis, Etap, Formule1 and Campanile. Some rue the advent of American-style road motels to Europe, but I was overjoyed to see one.

I headed north toward Luxembourg through a corner of France, with the pretty Vosges mountains swelling on my left, and later west toward Brussels. On the way, I crossed the Rhine River, traversing the rich region of Alsace, famous for Riesling wine and a French version of sausage

*The famous Duomo, right, and nearby Campanile tower and Baptistry buildings rise over Florence, Italy, on a European road trip.*

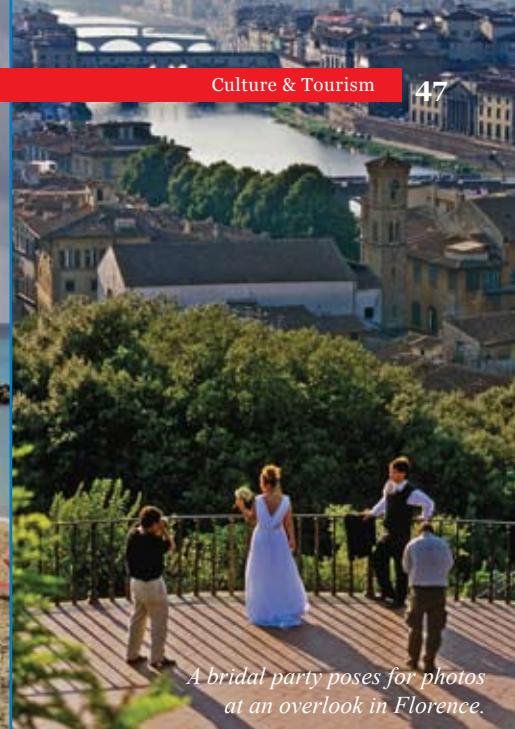


*The port at Monte Carlo in the principality of Monaco.*





A beach in the Ligurian coast town of Moneglia, Italy.



A bridal party poses for photos at an overlook in Florence.

and sauerkraut known as choucroute.

Long before globalization, European national distinctions started melting together like crayons on a hot car seat. Luxembourg seems a French-German mélange, and things get really complicated in Belgium, a union of French-speaking Walloons from the south and Flemish-speaking people from northern Flanders. The language used for road signs depends on whether you're driving through a Walloon or Flemish region.

Fortunately, my sister, Martha, guided me into Brussels, the Belgian capital, in English on my cell phone.

There followed a happy family reunion, much carrying of boxes and many excellent meals in Brussels, which, for my money, has the best seafood in Europe. Martha, my niece Sarah and I went walking in a forest on the south side of the city.

Then it was on to Paris with Martha and Sarah and so many boxes the person stuck in the back seat had to make do with half a seat.

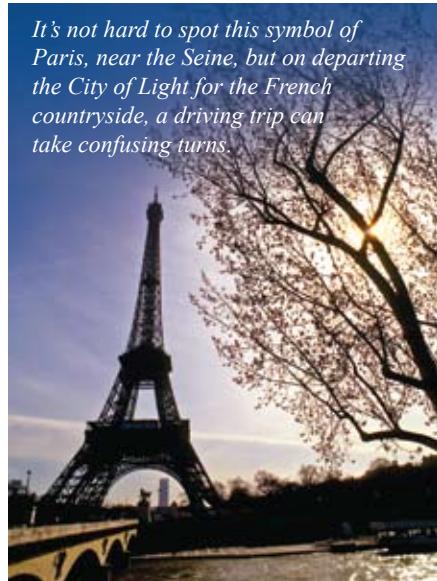
We were late reaching my friend Gigi's house in the Loire Valley. But she was hospitality itself, gave us dinner, dreamy beds and directions to the Royal Abbey of Fontevraud, Eleanor of Aquitaine's final resting place, which we explored the next day.

After seeing Eleanor's tomb, we headed deep into the French countryside south of Poitiers and Angoulême on the way to another house of another great woman, Polly Platt, an American who has lived in France for more than 30 years and has written three books on French-

American relations.

When we finally arrived, she gave me the right-and-left cheek kisses, known to the French as bisoux, and a glass of red wine.

After dinner, I asked Polly if I was mistaken that the French don't take driving vacations.



*It's not hard to spot this symbol of Paris, near the Seine, but on departing the City of Light for the French countryside, a driving trip can take confusing turns.*

bed and breakfast.

The next morning, we took the Alfa Romeo to a car wash to make a good impression in Monte Carlo. When we reached the fabled principality, perched on the Riviera, we found traffic jams, closed streets and inflated prices. A double at the Hotel Port Palace, where I had reserved a room, cost nearly US\$400 a night, but it was on the race circuit, which follows the port, rounds the treacherous Rascasse turn near the Prince's Palace and then doubles back past the casino.

After that, there was a punctured tire just across the French-Italian border in Ventimiglia, pelted rain in Genoa, a day of rest in the Ligurian coast town of Moneglia and a somewhat inelegant re-entry into eternal Rome.

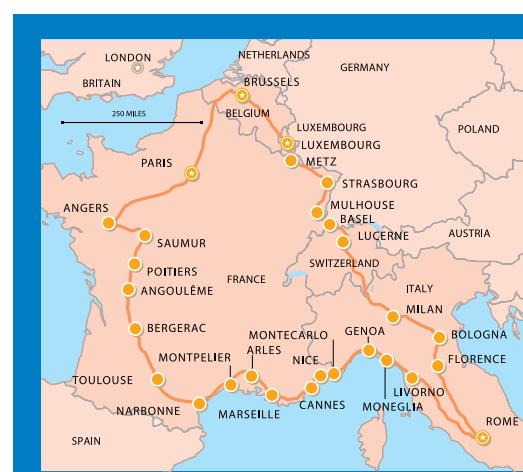
We dragged the boxes up the stairs to my apartment and rushed back to return the car. I was sad to see it go but happy to have driven it up and down Europe.

They have highways here. Someone's got to do it. ■

"Oh, no, they would never do that," she said, as if I had suggested walking naked down the Champs Elysées.

Sarah and I continued on toward the Côte d'Azur, but our ultimate destination was Monte Carlo during the Grand Prix.

We found a place to stay near Montpellier using the European method: We stopped by a tourist office in the beach town of Frontignan la Peyrade, where the attendant made reservations for us at a nearby





# Fish Cutlets

With Italian Sauce

## Ingredients

Four 150g/5oz white fish cutlets  
2 tablespoons lemon juice  
6 shallots, finely chopped  
1 clove garlic, crushed  
400g/13oz canned tomatoes (no added salt)  
200g/6½ oz button mushrooms, sliced  
½ cup/125ml red wine  
2 teaspoons finely chopped fresh basil  
½ teaspoon dried oregano  
Freshly ground black pepper  
2 tablespoons grated Parmesan cheese

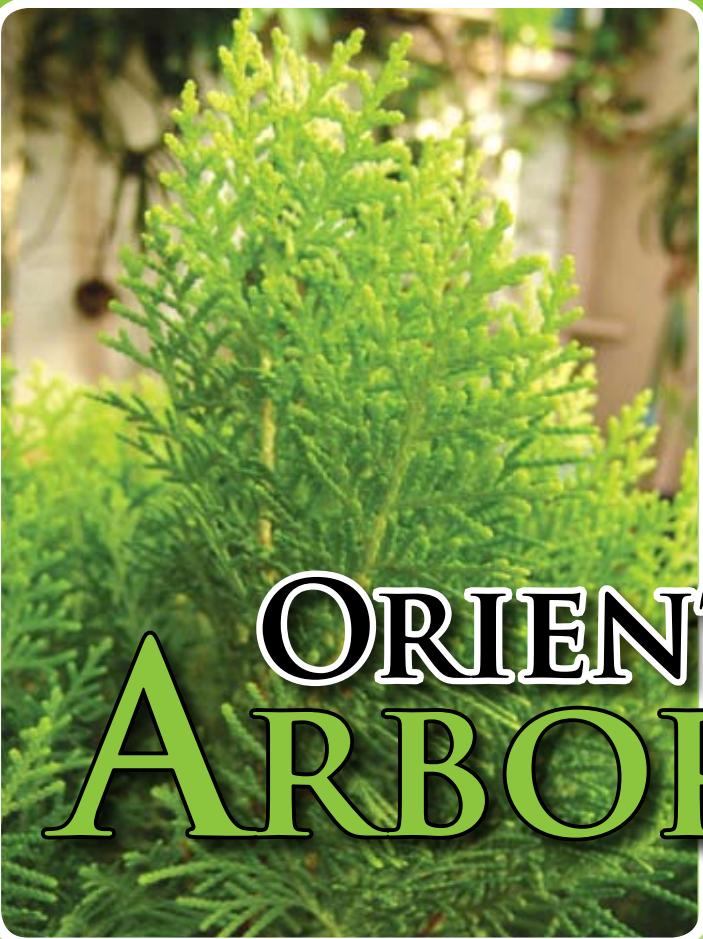
## Method:

- 1 Brush fish cutlets with lemon juice. Place under a preheated griller and cook for 4-5 minutes each side. Remove from griller and keep warm.
- 2 Place shallots, garlic, tomatoes, mushrooms, wine, basil, oregano and pepper to taste in a saucepan. Bring to the boil. Reduce heat and simmer gently for 8-10 minutes.
- 3 Arrange fish cutlets on serving plates. Spoon sauce over and top with Parmesan cheese. ■

Serves 4

876 kilojoules / 206 calories per serve  
Fat low Sodium medium

Source: *Tasty Low Fat Cooking*



# ORIENTAL ARBOR

**Khmer name** : Kantuy Damrey

**Latin name** : *Platycladus orientalis* (L)

**Family name** : CUPRESSACEAE

**French name** : Cypres

**English name** : Oriental Arbor-vitae

**Plant Characteristics** : Simple tree, 20m high.

**Leaf** : Like fish scale, alternative or opposite, 4 rows.

**Flower** : Fragrance, yellow and violet, round and terminal

**Fruit** : Obovate, gray when ripe

**Growing Place** : Garden, mountainous areas.

**Usage Part** : Seed and leaf.

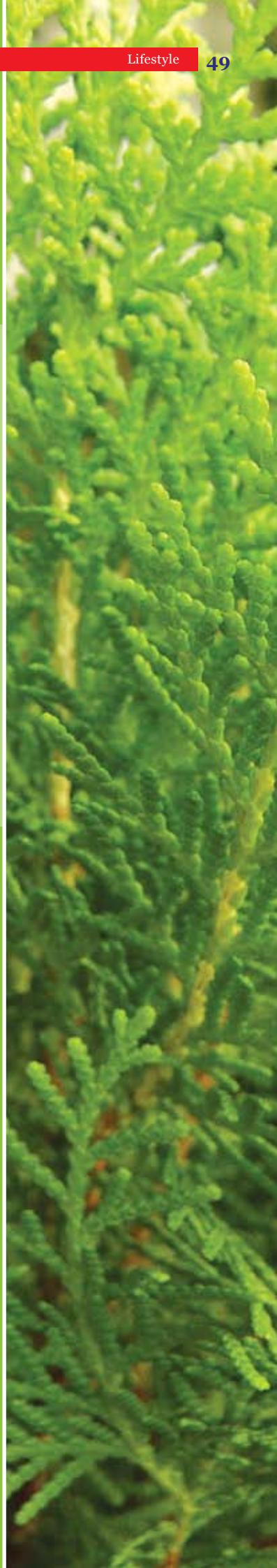
**Taste** : Leaf: bitter and cold astringent, cold, seed: sweet and acrid.

**Treatment** : Leaf: Stops bleeding (menstruation, cough with blood, vomiting of blood, bloody feces)

**Seed** : insomnia, menorrhagia, cold, sweat, neurasthenia and constipation.

**Dosage** : Leaf: 6-12g, Seed: 4-12g, Cough: lemon's root, *Morus Alba*'s root, *Platycladus orientalis* (L). ■

Source: Cambodia Medicinal Plants





# How to Encourage Your Child to Love Learning

*We all want our kids to love to learn. But a passion for learning is not the same as studying just to earn a grade or to please parents or teachers. Those who develop a love of learning at an early age continue the process throughout their lives and are generally more successful, interesting, and happier than those who don't.*

## STEP:

- 1 Talk with your child about the things you read and hear, especially the things you find interesting.
- 2 Ask your kids how they feel about various issues (current events, relationships, values). Allow them to have opinions without passing judgment. Ask your children to help you understand why they feel the way they do.
- 3 Pursue your own hobbies and interests. Share these with your child, but do not insist that he or she follow your pursuits.
- 4 Encourage your kids to have interests of their own. If they show curiosity about a hobby, area of study, sport, or instrument, encourage and support them in any way your finances allow.
- 5 Read books. Read on your own, which sets a good example. Read to your kids, to get them hooked on books.
- 6 Expose your child to a wide variety of experiences including music, plays, sports, museums, travel, reading, dance, games, food, puzzles, ethnic activities, etc. One never knows how such exposure may influence future life choices.
- 7 Play "thinking games" with your kids. These are games where there is not just one answer. Scrabble and chess are examples. Emphasize the value of thoughtful moves rather than the importance of winning.
- 8 Remember that you are your child's best teacher. School, educational games and television, and a shelf full of books

can't accomplish what you can in the education of your child. It doesn't take much effort to inspire a child's brain in the everyday world—where he or she needs to use it the most. Here are a few simple things you can do to engage your child: count the number of houses, black cars, bicycles, etc. that you pass as you drive; search for letters, numbers, or colors on the restaurant menu.

- 9 Make sure your child has free time. Children need plenty of free time to discover and explore. Don't jam-pack your schedule with errands and activities. Give your child time for free play, day dreaming or roaming around in the back yard.
- 10 Start sooner, rather than later. Fostering independence in your child is very important in brain development and how they feel about learning. Sometimes, activities may seem too difficult for your child only because you haven't encouraged them to do it yet. For example, things like peeling their own banana, picking out which shirt to wear, and feeding the family cat are all things that a young toddler can do. Letting your child do things like this makes them feel more in control of their world, which in turn inspires them toward bigger and better exploits. When the world is in your hands, you want to do something with it, don't you?
- 11 Let them know that school is important by being supportive

of school. Attend school functions, volunteer in the classroom, if possible, and communicate with the teacher. Ask the teacher what you can do to help your child.

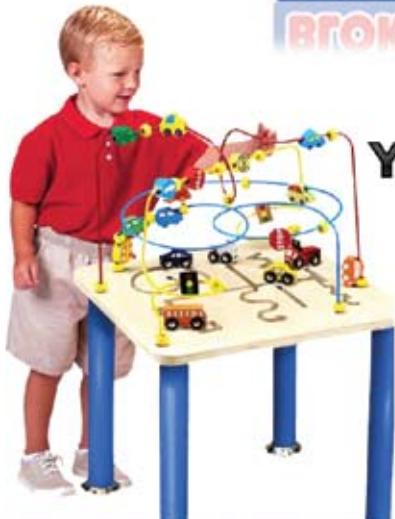
## TIP:

- If you demonstrate excitement about learning and are open to your children pursuing their own interest areas, it will be hard for them to resist the opportunities.
- Explain to your child why he or she is learning, and how it will be worthwhile (e.g. learning multiplication tables)
- Leave interesting books and materials lying around for your child to explore.
- Keep it fun....not stressful.

## Warning:

Try not to go overboard about grades. If your child makes a low grade, don't scream and yell, but instead show them what they did wrong and help them understand. For good grades, don't buy big, expensive things to celebrate (at least not all the time). Your child will feel pressured/persuaded to do well and will dread low grades. Giving too many rewards also encourages bad habits and manners, such as bragging and can lead to complexes (such as fear of failure). Understand that not all children will get As and Bs and that Cs are OKAY because Cs are considered average. ■

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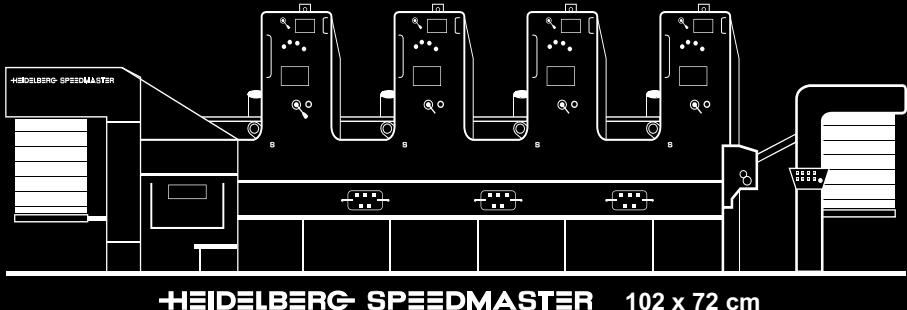
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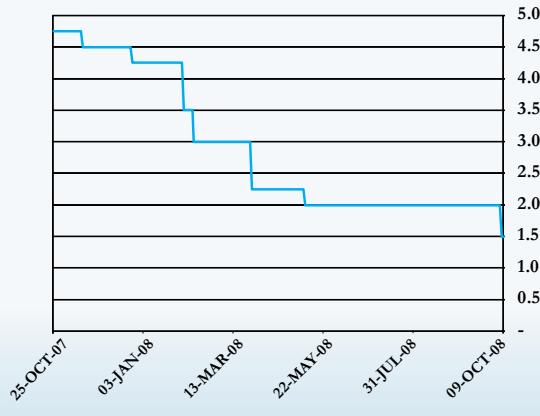


## US federal funds rate cuts

Following the current US economic turmoil, which has led to the worldwide financial squeeze, the US Federal Reserve (the Fed) has deducted its federal funds continually. Just in the first nine months of the year, the Fed has already deducted them six times, while during the entire last year it cut only four times. As a result, the US dollar is very fluctuating and may depreciate in the future.

At the end of the third week of 2008, the US central bank cut its federal fund rate by 75 basis points to 3.5 percent on January 22, 2008. Just in one week, on January 30, it again decided to cut the fed fund to 3 percent, which was then further reduced by another 75 basis points to only 2.25 percent one and a half month later. Since then, at the end of April 2008, the federal fund rate remained at just 2 percent after its fifth deduction within the year.

### US Federal Funds Rate (percentage)



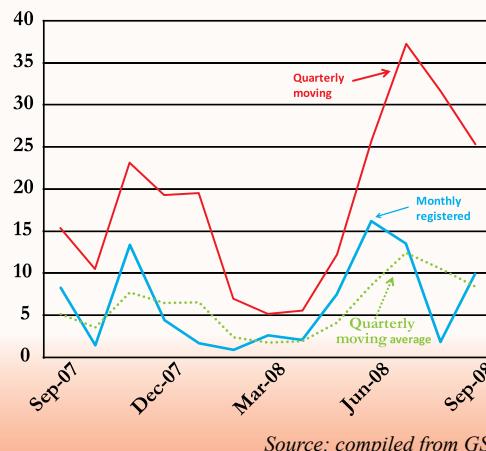
However, on account of a temporary response to the current financial crisis, the Federal Reserve in collaboration with several other main central banks in the world agreed to deduct their interest rates, intending to inject more money supply to the currently squeezed financial markets. As a result, on Oct. 8, 2008, the federal fund rate further went down by 50 basis points to 1.5 percent.

Such on-going cuts of the Fed have made the dollar currency fluctuating, and to possibly depreciate. On Oct. 9, 2008, a one-dollar note cost in average about 100.5 Japanese yen, 0.73 euro, and 6.83 Chinese yuan.

## Vietnam's FDI in First Nine Months

Just in the first nine months of the year, Vietnam received huge foreign direct investments (FDI) amounting to about US\$ 56 billion in registered capital, a seven-time increase in comparison to FDI in the same period last year, which was only around US\$ 8 billion. Of this registered amount, legal capital represented more than 25 and 40 percent in the same period of 2008 and 2007 respectively.

### Vietnam's Foreign Direct Investment (US\$ billions)



A deeper look at statistics shows that investments in three main sectors, which take more than 90 percent of total FDI, explained such a massive FDI inflow to Vietnam: investments in industry, tourism, and construction sectors.

Heavy industry accounted for about 35 percent of total FDI, while the oil and gas industry represented almost 20 percent. Increasing nine times in comparison to 2007, FDI in heavy industry in the first nine months of this year was US\$ 19.4 billion, up from only about US\$ 2 billion the previous year. Following it, FDI in the oil and gas sector jumped to US\$ 10.6 billion, from only US\$ 0.2 billion in the same period last year.

In the tourism sector, inflows of FDI reached nearly US\$ 9 billion, up from only US\$ 1.6 billion in the same period of the previous year. It is worth noting that FDI in the hotel and tourism sector grabbed, in terms of registered capital, roughly 16 percent of total FDI inflow.

Last but not least, FDI in office and apartment buildings and in the construction of new urban areas respectively amounted to US\$ 8.5 billion and about US\$ 5 billion in the first nine months of this year, up from merely US\$ 1 billion and US\$ 0.2 billion in 2007. The huge increases in these subsectors seemingly reflect the currently booming construction sector in Vietnam. ■

| Cambodia Investment & Trade       |            |            |            |
|-----------------------------------|------------|------------|------------|
| FDI Approvals (last 12 months)    | Jun 08     | Year Ago   | % chg      |
| Total Fixed Assets (US\$ million) | 6,246      | 2,644      | +136.2     |
| Garment industry                  | 200        | 176        | +13.8      |
| Hotel                             | 4,961      | 252        | +1,871     |
| Others                            | 1,086      | 2,217      | -51        |
| <b>Total Projects (number)</b>    | <b>125</b> | <b>100</b> | <b>+25</b> |
| Garment industry                  | 49         | 36         | +36.1      |
| Hotel                             | 14         | 4          | +250       |
| Others                            | 62         | 60         | +3.3       |

**Source:** E-data, Council for the Development of Cambodia

| External Trade (last 12 months) | Jul 08         | Year Ago       | % chg        |
|---------------------------------|----------------|----------------|--------------|
| Exports (US\$ million)*         | 3,142.6        | 2,957.0        | +6.3         |
| Garments (US\$ million)*        | 2,931.5        | 2,768.6        | +5.9         |
| Rubber ('000 mt)*               | 22.7           | 25.0           | -9.3         |
| <b>Imports (US\$ million)</b>   | <b>4,478.7</b> | <b>3,384.0</b> | <b>+32.4</b> |
| Gasoline                        | 79.7           | 65.0           | +22.6        |
| Diesel                          | 123.9          | 128.7          | -3.7         |
| Cement                          | 56.0           | 69.0           | -18.9        |
| Steel                           | 78.8           | 62.9           | +25.3        |
| Car                             | 148.6          | 69.1           | +115.2       |
| Motorbike                       | 115.3          | 93.3           | +23.5        |
| <b>Imports (Quantity)</b>       |                |                |              |
| Gasoline ('000 mt)              | 264.0          | 210.2          | +25.6        |
| Diesel ('000 mt)                | 469.8          | 479.1          | -1.9         |
| Cement ('000 mt)                | 1,210.8        | 1,366.0        | -11.4        |
| Steel ('000 mt)                 | 165.1          | 139.3          | +18.5        |
| Car ('000 unit)                 | 24.1           | 14.8           | +62.8        |
| Motorbike ('000 unit)           | 265.1          | 188.8          | +40.4        |

**Source:** E-data, CED      **Note:** \*Jun 08

| Garment Exports (last 12 months) | Jun 08         | Year Ago       | % chg       |
|----------------------------------|----------------|----------------|-------------|
| Total Quantity (mn dozs)         | 83.0           | 74.3           | +11.8       |
| USA                              | 60.2           | 54.6           | +10.2       |
| E.U                              | 14.4           | 13.1           | +9.7        |
| Others                           | 8.5            | 6.6            | +28.9       |
| <b>Total Values (mn US\$)</b>    | <b>2,931.5</b> | <b>2,768.6</b> | <b>+5.9</b> |
| USA                              | 1,972.8        | 1,942.7        | +1.5        |
| E.U                              | 632.5          | 566.3          | +11.7       |
| Others                           | 326.3          | 259.6          | +25.7       |

**Source:** E-data, Cambodian Customs and Excise Department

| Cambodia Market News  |        |          |       |
|-----------------------|--------|----------|-------|
| General Items         | 6 Oct  | Year Ago | % chg |
| Gasoline (riel/liter) | 4,950  | 4,000    | +23.8 |
| Rice (riel/kg)        | 3,000  | 1,700    | +76.5 |
| Fish (riel/kg)        | 14,300 | 11,400   | +25.4 |
| Beef (riel/kg)        | 24,300 | 17,500   | +38.9 |
| Pork (riel/kg)        | 17,300 | 13,000   | +33.1 |
| Chicken (riel/kg)     | 17,000 | 11,900   | +42.9 |

**Source:** EIC survey in Phnom Penh markets

| Local Commodities (whole sale, riel/kg) | Aug 08 | Year Ago | % chg |
|---|--------|----------|-------|
| Black pepper (Kampong Cham)             | 13,938 | 14,533   | -4.1  |
| Cashew nut (Kampong Cham)               | 4,000  | 2,200    | +81.8 |
| Cassava (Kampong Cham) *                | 691    | 450      | +53.5 |
| Maize (Phnom Penh)                      | 1,245  | 1,010    | +23.3 |
| Paddy (Kngork Pong, Kampong Cham)       | 1,600  | 889      | +80.0 |
| Sesame (Banteay Meachey)                | 4,306  | 3,571    | +20.6 |
| Soybeans (Kampong Cham)                 | 3,357  | 2,233    | +50.3 |

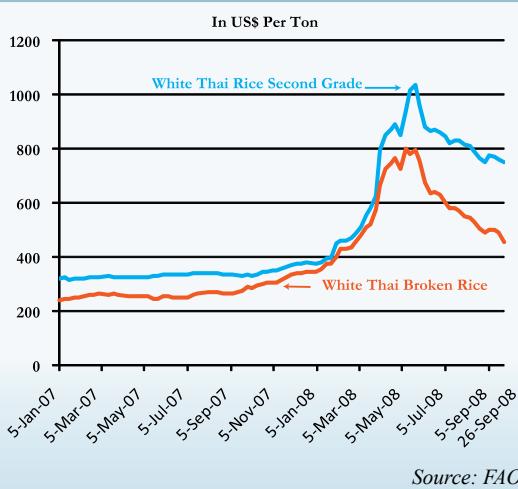
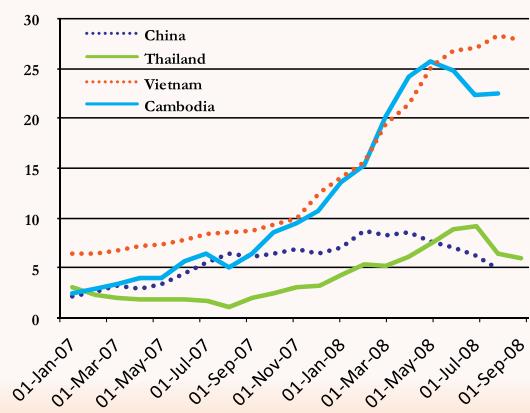
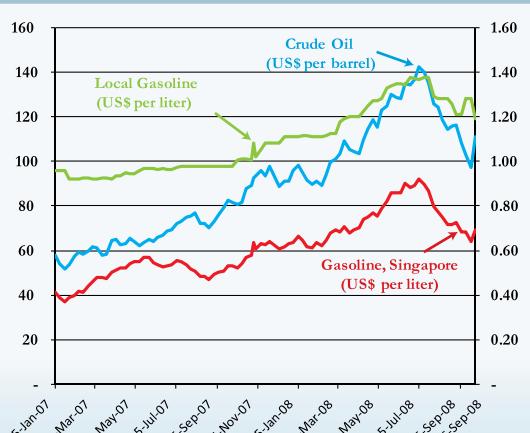
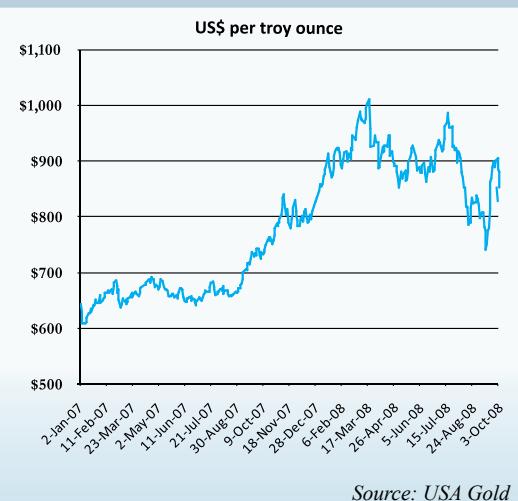
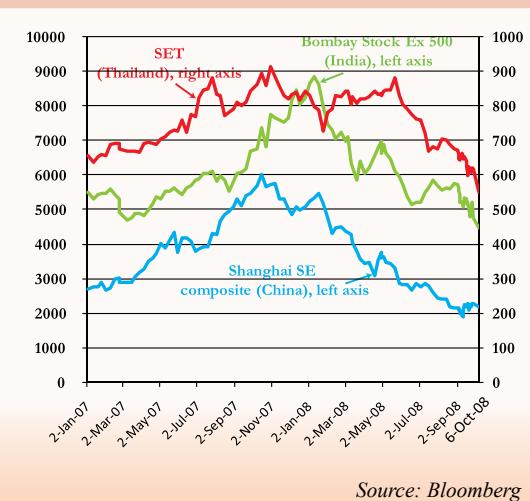
**Source:** E-data, MAFF      **Note:** \*Jul 08

| Cambodia Inflation (% YOY)            | Aug 08 | Year Ago | chg   |
|---------------------------------------|--------|----------|-------|
| All items                             | 22.6   | 5.2      | +17.4 |
| Food Beverages & Tobacco              | 36.9   | 9.9      | +27.0 |
| Clothing & Footwear                   | 0.8    | 3.2      | -2.4  |
| Housing & Utilities                   | 7.9    | 0.5      | +7.4  |
| House Furniture & Household Operation | 27.4   | 3.9      | +23.5 |
| Medical Care                          | 11.1   | 5.3      | +5.8  |
| Transportation & Communication        | 25.8   | 2.9      | +22.9 |
| Recreation & Education                | -0.5   | 1.4      | -1.9  |
| Personal Care & Effects               | 2.2    | 1.7      | +0.5  |

**Source:** E-data, National Institute of Statistics



**Rice****Inflation****Crude Oil****Exchange Rate****Gold Price****Stock Exchange**

| International Main Economic Indicators |        |          |       |
|--|--------|----------|-------|
| Inflation (% YoY)                      | Sep 08 | Year Ago | chg   |
| Cambodia *                             | 22.6   | 5.2      | +17.4 |
| China *                                | 4.9    | 6.5      | -1.6  |
| Japan **                               | 2.3    | 0.0      | +2.3  |
| Korea                                  | 5.1    | 2.3      | +2.8  |
| Singapore *                            | 6.4    | 3.0      | +3.4  |
| Thailand                               | 6.0    | 2.1      | +3.9  |
| Vietnam                                | 27.9   | 8.8      | +19.1 |
| USA *                                  | 5.4    | 2.0      | +3.4  |

**Source:** E-data, Country Authority      **Note:** \* Aug \*\*Jul 08

| GDP (US\$ billion) | 2008   | 2007   | % chg |
|--------------------|--------|--------|-------|
| Cambodia           | 10.1   | 8.6    | +17.4 |
| China              | 3,602  | 3,079  | +17.0 |
| Japan              | 4,918  | 4,405  | +11.6 |
| Korea              | 1,033  | 978    | +5.6  |
| Singapore          | 178    | 158    | +12.7 |
| Thailand           | 265    | 239    | +10.9 |
| Vietnam            | 92     | 71     | +28.6 |
| USA                | 14,110 | 13,755 | +2.6  |

| GDP per capita (US\$) | 2008   | 2007   | % chg |
|-----------------------|--------|--------|-------|
| Cambodia              | 690    | 597    | +15.6 |
| China                 | 2,710  | 2,317  | +17.0 |
| Japan                 | 38,454 | 34,443 | +11.6 |
| Korea                 | 21,383 | 20,244 | +5.6  |
| Singapore             | 40,516 | 36,011 | +12.5 |
| Thailand              | 4,134  | 3,740  | +10.6 |
| Vietnam               | 1,055  | 820    | +28.6 |
| USA                   | 46,201 | 45,040 | +2.6  |

| GDP Growth (%) | 2008 | 2007 | chg  |
|----------------|------|------|------|
| Cambodia       | 7.0  | 10.1 | -3.1 |
| China          | 9.4  | 11.9 | -2.5 |
| Japan          | 1.4  | 2.0  | -0.6 |
| Korea          | 4.5  | 5.0  | -0.5 |
| Singapore      | 5.2  | 7.7  | -2.5 |
| Thailand       | 5.0  | 4.8  | +0.2 |
| Vietnam        | 8.2  | 8.5  | -0.3 |
| USA            | 1.1  | 2.2  | -1.1 |

**Source:** EIC, WB

More Info <http://data.eicambodia.org>

| International Market News    |        |          |       |
|------------------------------|--------|----------|-------|
| Exchange Rate (US\$ 1 = ...) | 6 Oct  | Year Ago | % chg |
| Cambodia                     | 4,148  | 4,067    | +2.0  |
| China                        | 6.83   | 7.51     | -9.0  |
| Japan                        | 103.7  | 116      | -10.4 |
| Korea                        | 1,210  | 916      | +32.2 |
| Singapore                    | 1.46   | 1.47     | -0.6  |
| Thailand                     | 34.1   | 34.1     | -0.0  |
| Vietnam                      | 16,610 | 16,116   | +3.1  |
| EU                           | 0.73   | 0.70     | +4.3  |
| UK                           | 0.57   | 0.49     | +16.3 |

| Selected Commodities          | Sep 08  | Year Ago | % chg  |
|-------------------------------|---------|----------|--------|
| Gasoline SGP (US\$/liter)     | 0.67    | 0.52     | +29.0  |
| Crude oil Dubai (US\$/barrel) | 95.97   | 73.25    | +31.0  |
| Soybeans (US\$/mt)            | 508.25  | 430      | +18.1  |
| Maize (US\$/mt)               | 233.85  | 160.33   | +45.9  |
| Rice (US\$/mt)                | 686.25  | 325.00   | +111.2 |
| Rubber (US\$/mt)              | 2881.23 | 2180.29  | +32.1  |
| Gold (US\$/oz)                | 910.55  | 781.88   | +16.5  |
| Steel (cr coilsheet, US\$/mt) | 1100    | 650      | +69.2  |

| Source: E-data, WB, IMF            |        |          |      |
|------------------------------------|--------|----------|------|
| Interest Rate (US\$, 1 yr-term, %) | Sep 08 | Year Ago | chg  |
| Cambodia Market *                  | 15.87  | 16.62    | -0.7 |
| LIBOR                              | 3.39   | 5.07     | -1.7 |
| SIBOR                              | 3.39   | 5.09     | -1.7 |
| US Federal Fund                    | 2.00   | 5.04     | -3.0 |

| Source: E-data, NBC, BOT, Reuters |        |          |       |
|-----------------------------------|--------|----------|-------|
| Note: *Jul 08                     |        |          |       |
| Closing Stock Index               | 6 Oct  | Year Ago | % chg |
| China (Shanghai SE Composite)     | 2,174  | 5,693    | -61.8 |
| France (CAC 40)                   | 3,712  | 5,829    | -36.3 |
| Hong Kong (Hang Seng)             | 16,804 | 27,770   | -39.5 |
| India (Bombay Stock Ex 500)       | 4,478  | 6,765    | -33.8 |
| Japan (NIKKEI 225)                | 10,473 | 17,160   | -39.0 |
| Korea (KRX 100)                   | 2,831  | 4,099    | -30.9 |
| Singapore (Straits Times)         | 2,168  | 3,771    | -42.5 |
| Thailand (SET)                    | 552    | 863      | -36.1 |
| UK (FTSE 100)                     | 4,589  | 6,541    | -29.8 |
| USA (Dow Jones Industry)          | 9,956  | 14,044   | -29.1 |
| Vietnam (Ho Chi Minh Stock)       | 434    | 1,085    | -60.0 |

| Source: Bloomberg |  |  |  |
|-------------------|--|--|--|
|-------------------|--|--|--|

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