

Economics Today

Cambodia's Business Magazine

- Credit Cools for MFIs
- Major Decision: Cambodian young people are confused about choosing a post-secondary path
- From Theory to Practice: Lack of experience, job seeking skills is main hurdle in young graduates' hunt for jobs
- The Crash: What Went Wrong

Big Fish Catch, But Small Gain

Cambodia's fishery is failing to support local fishermen, communities say



Interview

Touch Seang Tana
Secretary of State, Council of Ministers





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**On the Cover:**

Cambodia's fishery is failing to support local fishermen, communities say (page 8)

Credit Cools for MFIs

But a new rule allowing MFIs to accept deposits may help ease dependence on lenders

Cambodian microfinance institutions (MFIs) won't be able to dodge the credit "tsunami" that is sweeping across the globe, predicted Lars Thunell, head of the International Finance Corporation (IFC).

The IFC currently provides about US\$950 million annually to 100 MFIs in over 60 countries and plans on doubling its global microfinance lending within three years.

But Lars Thunell said Oct. 21 he expects the global financial crisis will force MFIs around the world to make do with less as credit cools from other sources. (page 16)

**In this Issue****Economy & Business**

- 8 Big Fish Catch, But Small Gain: Cambodia's fishery is failing to support local fishermen, communities say
- 11 Interview with Touch Seang Tana Secretary of State, Council of Ministers
- 14 New Dry Port at Phnom Penh SEZ to Speed up Business
- 16 Credit Cools for MFIs But a new rule allowing MFIs to accept deposits may help ease dependence on lenders
- 17 Demand Grows for S-COOL Products
- 18 Major Decision: Cambodian young people are confused about choosing a post-secondary path
- 19 EU, UN Provide US\$2.5 Million for Rural Development in Battambang
- 20 From Theory to Practice: Lack of experience, job seeking skills are main hurdles in young graduates' hunt for jobs
- 22 The Crash: What Went Wrong

Politics & Society

- 24 Media Environment, Procedures Need to be Improved prior Next Elections: EU Observation Mission
- 25 Opposition Role in Politics Debated

International News

- 26 Sharp Fall in Price of Construction Remains Low
- 26 State Bank Support Fuels VN-Index
- 27 Domino Effect Hits Vietnam's Economy
- 27 Vietnam Financial Market Stable amid Global Crisis
- 28 BoT Chief Warns of Spread of Financial Crisis to Thailand
- 28 FTI Wants Weak Baht to Boost Exports
- 33 Key sectors facing tough 2009: UTCC
- 33 TDRI says 2.2% Growth in 2009 Realistic
- 34 China Announces Long-Discussed Land Reforms
- 35 China's Growth Slows Abruptly
- 36 At Indian Call Centers, Another View of America

- 37 Wall Street Greed? Not Here

- 38 High Levels of Volatility Show the Role of Fear in Markets
- 39 South Korea Props Up Banks

Culture & Tourism

- 40 Street Beat: "Pra Het Chearn"
- 42 Postcard from Siem Reap: Nectar of the Dragon
- 44 Preah Khan Temple
- 46 Across China's Delicate Dragon

Lifestyle

- 48 Green Chicken Curry
- 49 Alexandrian Laurel
- 50 How to Practice Airplane Etiquette

Economic & Financial Indicators

- 53 Singapore to slide into recession in the 3rd Quarter of 2008
- 53 Cambodia's Selected Imports: August Update
- 54 Local Information
- 55 Rice, Inflation, Crude Oil, Exchange Rate, Gold Price, Stock Exchange
- 56 International Information

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Major Decision:

Cambodian young people are confused about choosing a post-secondary path



When Chan Dany passed her high school examination in her home province of Takeo, she knew she wanted to continue studying at university in Phnom Penh. But beyond that she had no idea how to chart her postsecondary course—or courses for that matter.

Her friends were all enrolling in economics so she figured she'd do the same. But her decision was based more on arbitrary whim than reasoned insight and she has no idea whether an economics degree will help her find work once she graduates, she admits. (page 18)

From Theory to Practice:

Lack of experience, job seeking skills are main hurdles in young graduates' hunt for jobs

Growing up, Hai Guechhong dreamed of becoming a veterinarian. He attended the Royal University of Agriculture intent on making a career of taking care of animals, including the livestock that are such a precious asset for so many of Cambodia's farmers today.

He recently graduated with a Bachelor's degree in animal science, but he doubts it will help him realize his professional goals. (page 20)



Media Environment, Procedures Need to be Improved prior Next Elections: EU Observation Mission

The European Union's Election Observation Mission (EU-EOM) released its final report almost two months after Election Day. It was consistent with preliminary findings noted by Chief Observer Martin Callanan shortly after the July 27 election but included a more detailed list of recommendations. (page 24)



Economics Today

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Big Fish Catch, But Small Gain:

Cambodia's fishery is failing to support local fishermen, communities say



**By An Chanthal
and An Sithav
*Economics Today***

Wearing a clean, crisp white shirt and dark fitted trousers over his tall, lean physique, Khiev Kem painted a bleak portrait of life as a fisherman at a workshop hosted by the Fisheries Action Coalition Team (FACT) in early October.

"Even when a fisherman family uses 200 meters of fishing net and set several traps, they can only catch

percent with the fish catch totaling 458,500 tons, of which more than 85 percent were caught in the Tonle Sap and Mekong River basins.

Government and fishermen agree that the fish catch per family is on the wane, but they have much different explanations for why it is happening.

Government officials insist fish catch per fisherman family has dropped because more families are fishing today than in the past.

"The growth in the number of

2 to 6 kilograms of fish," the 60-year old fisherman told the 200-strong audience in a clear assertive voice. "Two or three years ago, the catch could easily exceed 10 kilograms."

The size of fish seems to get smaller and smaller each year, which means he and other fisherman have to spend more and more time to net a decent quantity of fish, he added.

But official statistics from the Ministry of Agriculture, Forestry and Fisheries (MAFF) indicate that fish production actually has increased over the last five years. In 2004, fishermen netted about 305,800 tons of freshwater and seawater fish. In 2007, the catch increased about 50

fishermen has exceeded the growth in the fish population," Council of Ministers Secretary of State Touch Seang Tana told Economics Today. Since many more fishermen have a share in the fish production these days, the size of each fishing family's catch has decreased, he pointed out.

But small-scale fishermen counter that the catch is not being shared evenly and large operations are netting a larger share of the fish.

"Family fishermen have limited and simple tools to catch fish, but bigger fishing companies have more advanced equipment," complained Long Sochet, a Tonle Sap fishermen, in a telephone interview. "They can catch much more fish than smaller boats."

Incomes shrinks as the size of their fish catch dwindles, putting their very survival at stake, say small-scale fishermen.

Key for Protein Consumption...

Although rice is Cambodia's most important food staple, fish continues to be the main protein source for most of the country's people. This is especially true of communities around the Tonle Sap Great Lake, the Mekong River and coastal provinces. According to FACT, fish provides 75 percent of the protein consumed by Cambodians.

The country produces three times more fish than pigs and 20 times more fish than chickens, according to the World Fish Center.

Statistics from MAFF show that fisheries—including fishing and fish breeding—contributed almost 26 percent to Cambodia's agriculture sector in 2006 while crops represented about 51 percent.

Although the exact number of people employed in the fisheries is unknown and difficult to determine, the Government estimates that at least 2 million people are either full-time fishermen or engage in fishing as a part-time or seasonal activity.



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According to FACT, more than 1 million people are employed in the Tonle Sap basin alone, which includes the Great Lake and the surrounding provinces and covers about 85,000 square kilometers.

The Tonle Sap freshwater fishery ranks first in productivity in the world and fourth in total catch, according to statistics from the Food and Agriculture Organization and MAFF's Department of Fisheries. The lake, alone, produces an estimated 235,000 tons of fish annually.

Still, the fish catch and fish breeding in Cambodia are not necessarily meant for the consumption of the country's 13 million people, who eat more than 20 kilograms of fish on average per year. Cambodia was once a net exporter of fish, but it now exports its most valuable fish and imports cheaper varieties of fish for local consumption.

"Before 2001, all the way back to the mid-19th century, Cambodia was a major fish exporter to Thailand, Vietnam and other countries," said Touch Seang Tana during his PowerPoint presentation at the FACT workshop. "Starting from 2001, we exported some of our fish, and we imported back a lot of fish from Vietnam."

But for more than 2 million people fish are more than simply food: They are a significant and sometimes

their only source of income and employment.

... But Failing to Support Livelihoods

Although the overall fish catch has increased over the last few years, the volume of freshwater fish caught declined slightly in 2007 in compared to the previous year. According to MAFF statistics, about 395,000 tons of freshwater fish were caught in 2007 against 422,000 tons in 2006, which represents a 6-percent drop.

The Government has argued that the freshwater catch is on par with the average catch prior to 2006, which it considered to be an unusually rich year as far as freshwater fish production.

But fisherman worry that the decline is a troubling sign that the fishery resources are starting to be depleted.

"For us, working in the community and looking at the household fishing catch, we can definitely say it is going down, without doubt," FACT Executive Director Mak Sithirith told Inter Press Service earlier this year.

The fisheries coalition estimates that about 38 percent of the people around the Tonle Sap live below the poverty line—which exceeds the estimated national level of 31 percent—and about 60 to 70 percent of the Tonle Sap communities are very poor.

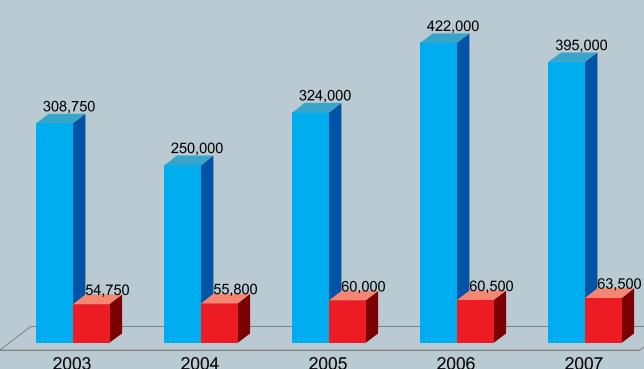
Even though prices have increased for fish, they have not kept pace with rice prices. Soaring food and fuel prices and huge recent spikes in the inflation rate have further deteriorated living conditions for fishermen.

Fishermen are feeling the impact of high food prices more than any other segment of Cambodian society, according to a recent study by the Cambodian Development Resource Institute (CDRI).

But the fishermen's recent woes

Fish Catch in Cambodia 2003-2007 In Tons

■ Freshwater ■ Seawater



Source: Ministry of Agriculture, Forestry and Fisheries

extend beyond food security. Declining household fish catches are forcing fishermen to migrate to cities or beyond the border to Thailand and Vietnam to find work. They're also withdrawing their children from school in increasing numbers as they get trapped in debt cycles, noted FACT during its workshop.

Some fishermen and fisherwomen migrate to Phnom Penh seeking work in garment factories only to end up in committing crimes or falling into prostitution, according to FACT.

Fishermen usually do not own any land, which makes them even more financially disadvantaged than other Cambodian workers, compelling them to take loans at exorbitant interest rates to buy new fishing tools and to feed their family.

"Fishermen have no collateral," noted Long Sochet. "They can not apply for loans from banks or microfinance institution because they have no land tenure. They live on cheap floating houses."

Limited access to affordable credit contributes to the dangerous debt and poverty spiral that is enveloping so many of Cambodia's fishermen today, explained Long Sochet, who is the chief of a fishery community in Pursat.

"The only choice for us is to take loans from fish traders, who charge a very high interest rate of 15 percent per month and pressure us to sell our catch at lower-than-market prices," he noted. ►





Interview with

Touch Seang Tana Secretary of State, Council of Ministers

Chairman of the Commission for Conservation and Development of Mekong River Dolphin Eco-Tourism Zones

By An Sithav
Economics Today

Can you briefly explain the differences in fishing lots?

Usually there are two types of fishing lots: concession lots and reserve lots. Reserve lots are like a sanctuary area granted for a short term when there is shortage of fish. It is then open for fishing when the fish population is more abundant.

Concession lots are granted by the Government to anybody who conducts commercial fishing activities.

Some fishermen argue that large fishing lot owners benefited the most from reforms to the fishery sector in 2000. What do you think?

This problem is the result of the implementation of the reforms in the fishery sector. This issue is linked to the conversion of concession and reserve lots into what we call "research lots."

Research lots were meant to allow lot owners to conduct research and development in their zones for sustainable fishing. They were thus allowed to grow aquatic plants and algae, as well as digging the river bed, for instance. And they were expected to conduct scientific research.

So in 1998, the Government granted four lots to be researched for six years. But from 2000 other lot owners saw there was a potential for commercial and profitable fishing and asked the Government to grant them research lots. There were then more than 100 research lots. But those research lot owners did not conduct activities according

to the Government's goals.

The lot owners then benefit more than fishermen because they spend less and have bigger output from those lots. This resulted in conflicts between them. So the Government intervened and released more than 56 percent of the fishing areas for small-scale fishermen.

Who sets the price of fish?

Lot owners are the main actors who set the fish price in the market, not fishermen.

Only the big lot owners are able to set the market price of fish because they know the exact volume of caught fish as well as the flows of demand and supply in Cambodia.

Fishermen do not demand higher prices because of two main factors: debt and the limited strength of fishery communities. Fishermen always borrow some money from individual lenders or from fishing lot owners. And, as a fishery community, they are not empowered because they are poor, they have limited educations and they live separately.

Do you think fishery production is increasing or not?

Fishery production is decreasing gradually because of high population growth in the Tonle Sap regions and illegal fishing. Demand for fishing is growing fast and there are risks of depletion. Moreover some species of fish may go extinct because of illegal fishing. Nowadays, there is a shortage of big fish. But there are a lot of small fish. That's why fishermen are catching less in

terms of volume and they cannot support their families.

Do you think this affects fishermen's living conditions?

Yes, definitely! It is true that fishermen will be affected by decreasing fish production because their main income is generated by fishing. If fishery resources start to be depleted, it will be difficult for them to fish and their income will also shrink. Now, over 2 million people are fishermen whose living depends directly on fishing.

What can be done to reduce poverty among fishery communities?

The Government should provide land concessions to fishermen for farming because the fishery sector trend is going downward from year to year. I think that if fishermen had land, they could escape poverty. Many fishermen are not getting wealthy from fisheries because they are mostly living on a subsistence basis.

We could promote fishermen or the poor to raise fish in household ponds. But support from NGOs, donors and Government is needed to provide families with training to acquire technical skills in fish breeding and to help them secure a market.

But the best choice would be for fishermen to change their careers. If they depend on fishing they will be badly affected from the gradual decline of fishery resources. It is important that the Government provide them with an appropriate amount of land to convert into fish breeding or farming. ■

► Fears Abound over Depletion of Fishery

Although fisheries analysts have resisted saying fisheries stocks are depleting in Cambodia's rivers and the Great Lake, several signs point to this disturbing trend.

Ecological, environmental and economic challenges as well as weak policy and governance are undermining efforts to create a sustainable fishery in Cambodia, speakers at the October workshop said.

From an ecological point of view, flooded forested areas in provinces around the Tonle Sap are being filled for economic activities such as agriculture, industry and tourism to the detriment of the fish reproduction cycle, Long Sochet told Economics Today.

Illegal fishing and conflicts between fishermen and fishing companies are also contributing to the decline in fishery production, said Lor Chhean, a representative of fishermen from the coastal areas.

In the past, most fishermen have felt too intimidated to try to solve their conflicts, he noted. But recently, fishing communities have begun collaborating more to address problems associated with shortages in fish production.

But there is only so much that a fishing community can do, said Lor Chhean, admitting that most communities feel powerless to confront large-scale illegal fishing that is going on in Cambodia by Thai and Vietnamese fishermen. Fishing boats from neighboring countries routinely bribe local authorities to be granted passage in Cambodian waters, alleged one coastal fisherman, who referred to himself as "Sen."

Fishermen Want Government Support

"We need more Government support to fishermen in providing social services and fostering economic growth in this sector," said Long Sochet, after pointing out that the delivery of public services to fishing communities is particularly poor.



Fishermen and fishery community representatives attentively listen to speakers at the FACT workshop on Oct. 7.

The Government and donors recently have provided emergency food aid to fishing communities, but this short-term fix is unlikely to solve long-term problems.

"Emergency food assistance is very important for fishermen in the short term. But in the long term, there are only two paths," said Chan Sophal, a senior research manager at CDRI. "Either we improve the community capacity to manage fishery resources and prevent depletion, or fishermen will have to change their jobs," he added.

Touch Seang Tana agreed that some fishermen may have no other choice but to find a new job.

"Changing their career is probably the best choice for fishermen,"

he told Economics Today. "The Government will thus have to provide social land concessions for fishermen to convert into farming, or to encourage them to become fish breeders, instead of engaging in fishing." ■



*Chan Sophal,
Senior Research Manager, CDRI*

Facts about the fishery

- About 2.6 million tons of fish are caught annually in the Mekong basin—which includes parts of China, Burma, Laos, Thailand, Cambodia and Vietnam, according to the World Fish Center. This is seven times more than the North American inland fisheries catch and 10 times more than Australia's inland fish catch.
- Small fish make up more than 90 percent of the total fish catch in Cambodia, according to a 2001 technical paper on inland fisheries from the Department of Fisheries.
- In the 1990s, there were 215 species of freshwater fish in Cambodia, including five threatened species, according to a country profile on the World Resources Institute's online information collection, "EarthTrends."



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New Dry Port at Phnom Penh SEZ to Speed up Business

By Leng Bunthea
Economics Today

A new dry port in the Phnom Penh Special Economic Zone (PPSEZ) is expected to make it quicker and easier for investors to do business by improving logistics and transportation activities in the zone.

Built by Bok Seng Logistics, a Singapore-based logistics company that is part of the Bok Seng Group, the dry port and the logistics hub includes a transfer container terminal.

"This new dry port can provide convenient freight for investing companies as well as rental storage spaces for factories that do not have a place to stock their products," said Henri Ng, managing director of Bok Seng PPSEZ Dry Port Co., during an Oct. 16 opening ceremony at the dry port.

Spreading over more than 10 hectares of land, the Bok Seng dry port is the latest step in the development of PPSEZ, which covers

about 360 hectares. A brand new asphalt road connects the zone's administration office to a few factories that have already been built. As of Oct. 9, more than 70 percent of Phase I's 58 lots had been either sold or booked.

Benefiting from PPSEZ's strategic location, the dry port will be a "multi-transportation hub" connecting roads, railways, sea ports and air freight, said Minister of Commerce Cham Prasidh in a speech he made before touring the site.

Bok Seng Dry Port connects directly to National Road number 4 and the railroad line that links Battambang to Phnom Penh and Sihanoukville, which is home to the only deep sea port in operation today in Cambodia. The dry port is also located only a few kilometers away from Phnom Penh International Airport and its cargo terminal.

One of four dry ports listed in Cambodia's Yellow Pages directory, Bok Seng Dry Port is the first



to be built in a Special Economic Zone, noted Cham Prasidh. There are currently 19 SEZs in Cambodia, according to the Cambodian Investment Board website.

Equipped with advanced technologies, integrated management systems and following high security standards, the dry port is expected to be a model for other dry ports and logistics companies, the commerce minister said.

"They use electronic networks to monitor and control loading and unloading to ensure security, even against terrorism attacks," Cham Prasidh noted in praising the company. "Other logistics companies in Cambodia could be inspired by Bok Seng Logistics as a model, to improve their competitiveness," he recommended.

As customs and Camcontrol offices are based in the PPSEZ, customs clearance as well as quality control can be quickly and conveniently conducted near the factories and companies established in the zone. Camcontrol is the Ministry of Commerce department responsible for inspection and quality control of import-export goods and services.

Non-SEZ investors are also welcome to use the dry port facilities, said Lim Chhiv Ho, managing director of PPSEZ.

Training programs are being organized in the zone to improve the efficiency and the rapidity of customs administration proceedings, noted Commerce Minister Cham Prasidh.

He also urged officers from Camcontrol to work swiftly and with efficiency to preserve Cambodia's reputation for having a positive investment climate.

"We have to work hard to maintain investors' confidence, especially at a time when there are tensions at our borders," Cham Prasidh said. ■



Commerce Minister Cham Prasidh (left) is guided through the dry port facilities by Henri Ng (middle), Bok Seng PPSEZ Dry Port's managing director

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New Office Center Set to Help City's Shortfall



Kuy Vat
Managing Director

Despite the seemingly vast number of construction projects taking place around the city, Phnom Penh has a shortage of quality serviced office suppliers. This shortage is set to continue into 2009 and beyond as demand outpaces supply. Most office buildings are completely full and those with available space tend to be overpriced and under serviced.

One company is determined to change this. VTRUST has been in the business of providing serviced offices for several years now. The

company's first office center on Mao Tse Toung Boulevard has been leading the way with complete and professional complimentary services provided for their many satisfied tenants.

VTRUST may very well be the savior for many desperate companies and organizations seeking new premises in 2009. Their new Office Center Monivong is set to open its doors for business during the first quarter of the new year. Even as the last few months of construction take place, the building is already receiving a lot of attention from potential lease holders.

"We have had international organizations, aid agencies, and multinational companies express keen interest in our new office

center" says VTRUST's Managing Director, Kuy Vat. "The building's prime location, modern design, added services, and low lease rates make our Office Center on Monivong very attractive to the international market in Phnom Penh."

Indeed the building is going to stand out. The artistic design, Park Café restaurant, indoor parking, fitness center and spa will make this building one of the best equipped in the city. Considering these factors, along with lower than average rental prices, VTRUST has no worries about filling its floors in 2009. "We expect most of the building will be booked out before our official opening next year" says a very confident MD.

Source: www.vtrustproperty.com/office

Credit Cools for MFIs

But a new rule allowing MFIs to accept deposits may help ease dependence on lenders

By Alanna Jorde
Economics Today

Cambodian microfinance institutions (MFIs) won't be able to dodge the credit "tsunami" that is sweeping across the globe, predicted Lars Thunell, head of the International Finance Corporation (IFC).

The IFC currently provides about US\$950 million annually to 100 MFIs in over 60 countries and plans on doubling its global microfinance lending within three years.

But Lars Thunell said Oct. 21 he expects the global financial crisis will force MFIs around the world to make do with less as credit cools from other sources.

The IFC's chief executive officer was in the country to pledge an undisclosed amount of financial support and advisory services to Angkor Microfinance Kampuchea (AMK)—one of Cambodia's leading MFIs.

He also met with representatives from several Cambodian MFIs who told him they would be scaling back expansion efforts—a move that he described as "prudent" in the wake of the credit crunch.

"We're directly feeling the impact, which is sad" given the recent, rapid gains MFIs have made in the country, said AMK Chief Executive Officer Paul Luchtenburg.

AMK's clientele has doubled every year for the past three years and now totals more than 180,000. Most of AMK's clients are subsistence farmers who are among the country's poorest people.

MFIs are heavily reliant on external lenders, making them especially vulnerable to the credit tsunami, Paul Luchtenburg pointed out, adding that he'd already had one lender slash a financing pledge from US\$4 million to US\$1 million.



*International Finance Corporation (IFC)
 Chief Executive Officer Lars Thunell*

His best "rough guess" is the global credit freeze will cause Cambodian MFIs to downsize their expansion targets by as much as 40 percent.

However, recent changes in regulations, which allow MFIs to accept deposits, should help ease their dependence on external lenders over the long term.

The National Bank of Cambodia (NBC) began allowing MFIs with sufficient paid up capital to take savings from the public in June, said NBC Director-General Tal Nay Im. "This will give borrowers a safe place to save money and earn interest on their savings, but it also means that MFIs will have a cheaper source of funds for lending in addition to what they borrow now from international financial institutions," she added.

In the meantime, Lars Thunell said the IFC is prepared to help emerging markets cope with the financial crisis on four fronts—liquidity; capital; asset management; and, infrastructure and regulation.

The IFC could assist with the "recapitalization of banks" in countries that lack the resources to bail out financial institutions that are on the brink of collapse as the US and some European governments recently have done, he said. It also will assist in the management of troubled assets, when necessary.

Micro credit has been growing at a rate of about 30 percent per year in Cambodia, where 17 registered MFIs serve more than 767,000 borrowers with loans amounting to US\$257 million, said Tal Nay Im. Their success, she added, is "reflected in the fact that 99 percent of borrowers repay their loans and 70 percent borrow again."

Research around the world has shown that microfinance can improve the living standards of borrowers who would be unable to boost income from farms and micro businesses without access to credit. Borrowers typically use their increased earnings to upgrade housing and pay for health care and school fees for their children. ■

The Credit Bureau

The International Finance Corporation is collaborating with the National Bank of Cambodia (NBC) on regulations to establish a private credit bureau, which will help banks and micro-finance institutions (MFIs) better assess risks in lending, NBC Director-General Tal Nay Im said Oct. 21. The private credit bureau will provide banks and MFIs with comprehensive information about potential borrowers such as whether they've repaid or defaulted on previous loans, the size of their current debts and whether they've promptly paid utilities and other bills. The bureau should help reduce risks associated with lending, thereby reducing the cost of borrowing for people with good credit histories. Banks and MFIs will be able to access the information on the Web. The credit bureau should be operational by the time Cambodia launches its stock market late in 2009, said Tal Nay Im.



EDA Holdings Managing Director Sen Sokun

By Chhun Kosal
Economics Today

S-Cool Window Film is becoming a popular alternative to curtains in the quest to keep automobile and building interiors cooler.

S-Cool film deflects up to 99 percent of ultraviolet rays and 97 percent of infrared heat, according to Sen Sokun, assistant managing director of EDA Holding Co. While protecting against the sun's heat and harmful rays, the film can reduce energy costs because it decreases the need to use air-conditioners.

He told Economics Today that EDA Holding is the first company to provide S-Cool products

Demand Grows for S-COOL Products

in Cambodia.

"S-Cool also carries top-of-the-line window security film that can protect you from the breaking and shattering of glass due to accidents or crime, thus keeping you safe and away from harm's way," he said. "By seeing more advantages of using S-Cool products, many customers not only in Phnom Penh city, but also in some provinces are now looking for this product."

EDA Holding's Singaporean director actually had the idea to introduce this new technology window film in 2005. The company's products include solar- and security-tinted film from Korea and the United States, according to its website.

Ouch Sinon, a Svay Rieng province military officer, who has purchased S-Cool products, praised the product's versatility, its ability to prevent injuries from broken glass and reducing the need to use air-conditioning to keep the interior of cars cool.

"After using S-Cool products, I have got so many benefits such as reducing sunlight into my house, saving on energy costs due to a reduction in my air-conditioning usage, and pro-

tecting windows from breaking and shattering due to accidents or crime" said Song Va, who operates a businessman near Central Market.

Sales of the products have been increasing and Sen Sokun feels optimistic that business will grow even more given the recent boom in Cambodia's construction sector and the increasing number of cars being imported into the country.

The company has focused on expanding sales in Siem Reap, Sihanoukville and Battambang, where construction activity is booming and the developers of buildings may be keen to purchase the products, he added.

"We are going to expand the sale of our products to other provinces in the near future. As customers understand how they can benefit from S-Cool products, we expect demand will grow for these products more and more," Sen Sokun said. ■

S-Cool Window Film...

- Rejects up to 99.99% of harmful UV rays
- Rejects up to 97% of infrared heat
- Decreases energy consumption by air-conditioners, thus saving energy and fuel
- Reduces heat penetrating buildings, thus saving energy costs due to decreased air-conditioning usage
- Is shatter-proof and protects against cuts
- Recommended for banks, embassies, hotels and other various buildings that require security.

Source: S-Cool Website

*For more information,
please visit S-Cool website at:
<http://www.scoolfilm.com>
or call the company at 023 211 496
or 012/016 836 896*



Commerce Minister Cham Prasidh (right) is guided through the dry port facilities by Henri Ng (middle), Bok Seng PPSEZ Dry Port's managing director

Major Decision:

Cambodian young people are confused about choosing a post-secondary path



By Chhun Kosal
Economics Today

When Chan Dany passed her high school examination in her home province of Takeo, she knew she wanted to continue studying at university in Phnom Penh. But beyond that she had no idea how to chart her postsecondary course—or courses for that matter.

Her friends were all enrolling in economics so she figured she'd do the same. But her decision was based more on arbitrary whim than reasoned insight and she has no idea whether an economics degree will help her find work once she graduates, she admits.

"My friends introduced me to economics so I decided to follow them. I'm not sure whether I can get a job or not after I graduate because I don't know clearly about Cambodia's job market," she told Economics Today.

Prey Vichay is studying management at university. He's not exactly thrilled about it because the subject doesn't interest him much. But the 20-year-old Preah Sisowat High School graduate can't blame his friends on his post-secondary path. He let his parents pick his major.

"I was not happy to study this subject," confesses Prey Vichay, adding that he had no one other than his

family to turn to for guidance about his academic future. He says he hopes his parents chose wisely and he is able to find a good job when he graduates with a degree in management.

Cambodia has made rapid gains in school enrolment and impressive advances in the provision of higher education recently.

But thousands of young Cambodians—like Chan Dany and Prey Vichay—are frustrated and confused about what is arguably one of the most important choices they will make in their lives. They say they lack the support they need to make informed decisions about their post-secondary educations.

"How am I supposed to choose the right major when I have no network to tap into to give me advice?" asks Chan Dany.

Her comments mirror a recent survey by the Cambodia Federation of Employers and Business Associations (CAMFEBA) that found that Cambodian youth find it difficult to make decisions because they do not have access to accurate and reliable information.

Almost 60 percent of the country's students make higher education decisions with their parents and only 19 percent base their choices on their understanding of the job market, according to the study.

Teachers provide very little assistance to high school students who are planning their post-secondary futures, the report concluded.

Consequently, a disproportionate number of secondary students wind up studying subjects that they simply don't like.

A separate study completed by the Economic Institute of Cambodia (EIC) found that many of Cambodia's university graduates go on to work in fields that are unrelated to their areas of study.

Tips for Choosing the Right Major

Choosing a major in college is an important decision and not one to take lightly, CAMFEBA officials said at a recent workshop.

The choices students make about their post-secondary studies will affect their career choices after graduation. It's important they do as much research as they can so they can be confident their decisions fit future goals.

In choosing a major, students should first explore the different subjects that are available for them to study at university or college. They should consider their personal interests and aptitudes as well as labor market trends. They should also consult university students, institutional marketing materials and people employed in industries in which they may want to work in the future to select universities and colleges that excel in the subject areas that most interest them.

Ultimately, however, the choice of a major should be up to the student.

"You must decide what is right for you. Your parents, siblings, friends, professors, roommates, and people with job experience may all try to tell you what major to choose. Listen to their advice, but don't select the right major for them. Select the right major for you. That must come from inside of you" a CAMFEBA spokesperson said at a recent press conference.

Besides maintaining good study habits, post-secondary students should consider completing internships, volunteering or doing part-time work while they are enrolled in university to learn practical skills and experience, which will help land them a job after graduation. ■



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Youth Perceptions about What Employers Want

When asked to list what they think employers look for when they are hiring new employees, 24 percent of respondents of a Cambodia Federation of Employers and Business Associations (CAMFEBA) survey cited experience, 18 percent said a good personality and 18 percent cited supporting skills. Technical skills and adaptability were also frequently cited in the survey of unemployed youth, which was designed to gauge perceptions Cambodian young people have about what employers seek when they are recruiting employees.

Cambodian employers, meanwhile, say they have difficulties recruiting staff who are professional, have pleasant personalities and good analytical and decision-making skills, according to CAMFEBA.

EU, UN Provide US\$2.5 Million for Rural Development in Battambang

By An Chanthal
Economics Today

The European Commission (EC) in partnership with the United Nations (UN) is providing US\$2.5 million for projects that began in 2006 and run to 2009 in the four Battambang districts of Kam Rieng, Phnom Porek, Samlot and Sampov Loun.

The projects aim to improve quality of life and stimulate economic development through micro projects in basic rural infrastructure, said Douglas Broderick, the UN Resident Coordinator in Cambodia, at an Oct. 24 press conference.

In the past, the EC has provided support for agricultural production, through a partnership with the Food and Agriculture Organization and in the context of ris-



ing food prices, the EC is looking to position its funds to support areas where the need is highest, said Rafael Dachao Moreno, chargé d'affaires of the EC delegation.

A report about the EC-UN partnership was released at the same time to celebrate this year's UN Day, under the theme "Improving Lives." The report highlights some of the impacts the EC's funding has had on UN activities worldwide in health, good governance, justice and rural development.

The EC's priority funding areas address many of Cambodia's development challenges such as human rights, governance, crisis prevention and sustainable livelihood, noted Douglas Broderick. ■

From Theory to Practice:

Lack of experience, job seeking skills are main hurdles in young graduates' hunt for jobs

By Leng Bunthea
Economics Today

Growing up, Hai Guechhong dreamed of becoming a veterinarian. He attended the Royal University of Agriculture intent on making a career of taking care of animals, including the livestock that are such a precious asset for so many of Cambodia's farmers today.

He recently graduated with a Bachelor's degree in animal science, but he doubts it will help him realize his professional goals.

"I can't find a job now because of so many reasons," the 23-year-

old man complained to Economics Today. "There is little information about the work I want to do and I do not know anybody in this field who can guide me."

He isn't alone. A growing number of Cambodia's university and high school graduates lack the technical, professional and/or job-hunting skills they need to find work in their desired fields.

About 275,000 young people are expected to enter the Cambodian labor market over the next year, according to a youth and employment report recently released by the Cambodian Federation of

Employers and Business Associations (CAMFEBA). This so-called generation of "baby-boomers" could be a tremendous boost to the economy, providing it with a much-needed injection of young, low-cost labor.

But so far the demand for jobs has exceeded the supply, even in Cambodia's rapidly growing economy.

According to the International Labor Organization (ILO), about 61 percent of all unemployed people in Cambodia in 2004 were between 15 and 24 years old.

More than half of the unemployed youth interviewed for the CAMFEBA study had a high school diploma, 17 percent had not finished high school and 16 percent had graduated with a bachelor's degree from university.

The report found that having an education is not necessarily enough for young people to land a job. The perception is young people lack the skills that employers are seeking right now.

"One of the main findings of the study is that youth do not graduate with the right skills to match the needs of employers overall," the report's research manager, Norg Rattana from BD Link, said in an e-mail to Economics Today.

Employers who were surveyed for the study are having the most difficulty filling positions in management, marketing, sales, customer



Clarification:

In "Leopard Cambodia to Pounce on Stock Exchange" (an article published on page 20 of Economics Today, Volume 02, Number 25, October 16-31, 2008), the second sentence in paragraph five should have read: "But such thinking is no longer valid..." The charts entitled "Asian Frontier Markets—size, shares" and "Asian Frontier Markets—Liquidity" should have been sourced to Standard & Poors, World Bank and others and should have indicated that the market data were current as of the first quarter of 2008. Vietnam's PE Ratio of 65.4 is a Standard and Poors figure.

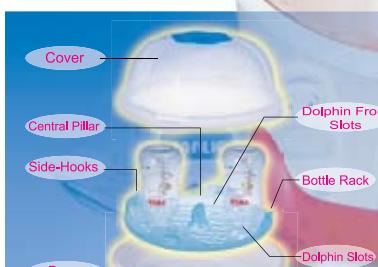


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Employers who are recruiting unskilled workers tend to look for a good work ethic, foreign language skills and at least some job experience. They want to see a demonstrated ability to make decisions, analytical skills and experience among specialized workers they hire. Analytical skills are high on the list of skills employers seek for professional positions they fill.

Experience tends to be a prerequisite for almost all recruits and applications from young people are often dismissed because they do not have any previous experience, employers surveyed said.

But interpretations of what experience means vary.

"Experience is not only about how many years you have worked," said Norng Ratana. "It is about your ability to demonstrate your knowledge and skills to practical challenges and situations you may find in the new job you are applying for."

Experience can be demonstrated

through the confidence a young job applicant demonstrates in an interview and whether they can articulate their thoughts well, she added.

Skills that are not necessarily taught in the formal education system are also the key to unlocking job opportunities.

"Job seeking skills are also key to finding a job," said Norng Ratana, adding that with good job seeking skills, youth can gather more information on jobs and careers, apply for a larger number of jobs, and increase their odds of landing a position.

Youth surveyed for the CAMFEBA report said they found writing a cover letter to be the most difficult task in applying for a job, followed by preparing for a job interview. They also believed that they would need to improve their foreign language and computer skills to be successful in their job search.

"I do not have access to the Internet and my English is quite poor," admitted Hai Guechhong, who is fully aware that as a result a

mine of information about jobs is out of his reach.

On the other hand, finance and banking graduate Khuth Molin is very optimistic about her job prospects.

"I think I can easily find a job," said the confident 21-year old graduate of the Royal University of Law and Economics. "The Internet is one of my most convenient sources of information, along with newspapers and my network of friends."

Just after her graduation, Khuth Molin obtained an internship at MAERSK Cambodia Ltd, as part of its logistics and executive staff.

Part-time jobs, internships and volunteering increase the likelihood that young people will be offered a job, which was confirmed by more than 90 percent of young people that BK Link interviewed for the study.

Almost all stakeholders involved in the CAMFEBA survey—employed youth, employers, NGOs, and experts—recommended youth build their experience as early as their high school years to help them land future work. ■

The Crash: What Went Wrong



Photo by Ray Lustig

Brooksley Born, shown here testifying on Capitol Hill in 1998, was chair of the Commodity Futures Trading Commission under President Clinton. She testified before Congress at least 17 times in her drive to regulate derivatives.

By Anthony Faiola, Ellen Nakashima and Jill Drew
The Washington Post

WASHINGTON — A decade ago, long before the financial calamity now sweeping the world, the federal government's economic brain trust heard a clarion warning and declared in unison: You're wrong.

The meeting of the President's Working Group on Financial Markets on an April day in 1998 brought together Federal Reserve chairman Alan Greenspan, Treasury secretary Robert Rubin and Securities and Exchange Commission chairman Arthur Levitt—all Wall Street legends, all opponents to varying degrees of tighter regulation of the financial system that had earned them wealth and power.

Their adversary, although also a member of the Working Group, did not belong to their club. Brooksley Born, the 57-year-old head of the Commodity Futures Trading Commission, had earned a reputation as a steely, formidable litigator at a high-powered Washington law firm.

She had grown used to being the only woman in a room full of men. She didn't like to be pushed around.

Now, in the Treasury Department's stately, wood-paneled conference room, she was being pushed hard.

Greenspan, Rubin and Levitt had reacted with alarm at Born's persistent interest in a fast-growing corner of the financial markets known as derivatives, so called because they derive their value from something else, such as bonds or currency rates. Setting the jargon aside, derivatives are both a cushion and a gamble—deals that investment companies and banks arrange to manage the risk of their holdings, while trying to turn a profit at the same time.

Unlike the commodity futures regulated by Born's agency, many newer derivatives weren't traded on an exchange, constituting what some traders call the "dark markets." There were now millions of such private contracts, involving many of Wall Street's top firms. But there was no clearinghouse holding collateral to settle a deal gone bad, no transparent records of who was trading what.

Born wanted to shine a light into the dark. She had offered no specific oversight plan, but after months of making noise about the dangers that this enormous market posed to the financial system, she now wanted to open a formal discussion about whether to regulate them—and if so, how.

Greenspan, Rubin and Levitt were determined to derail her effort. At the April meeting, the trio's message was clear: Back off, Born.

Greenspan and Rubin maintained then, as now, that Born was on the wrong track. Greenspan, who left the Fed job in 2006 after an unprecedented three terms, also insists that regulating derivatives would not have averted the present crisis. The week of Oct. 15 on Capitol Hill, that issue was topic A for a Senate committee, which opened hearings specifically

on the role of financial derivatives in exacerbating the current crisis.

In private meetings and public speeches, Greenspan also argued a free market view. Self-regulation, he asserted, would work better than the heavy hand of government: Investors had a natural desire to avoid self-destruction, and that served as the logical and best limit to excessive risk. Besides, derivatives had become a huge US business, and burdensome rules would drive the market overseas.

"We knew it was a big deal (to attempt regulation) but the feeling was that something needed to be done," said Michael Greenberger, Born's director of trading and markets and a witness to the April 1998 standoff at Treasury. "The industry had been fighting regulation for years, and in the meantime, you saw them accumulate a huge amount of stuff and it was already causing dislocations in the economy. The government was being kept blind to it."

Rubin, in an interview, said of Born's effort, "I do think it was a deterrent to moving forward. I thought it was counterproductive. If you want to move forward ... you engage with parties in a constructive way. My recollection was, though I truly do not remember the specifics of the meeting, this was done in a more strident way."

Rarely does one Washington regulator engage in such a public, pitched battle with other agencies. Born's failed effort is part of the larger story of what led to today's financial chaos, a bipartisan story of missed opportunities and philosophical shifts in which Washington stood impotent as the risk of Wall Street innovation swelled, according to more than 60 interviews as well as transcripts of meetings, congressional testimony and speeches. (Born declined to be interviewed.)

Derivatives did not trigger what has erupted into the biggest economic crisis since the Great Depression. But their proliferation, and the uncertainty about their real values, accelerated the recent collapses of the nation's venerable investment houses and magnified the panic that has since crippled the global financial system. ■

Riding the Crest

Wall Street devised exotic securities to earn fees from the debt boom.

Packaging debt for sale . . .

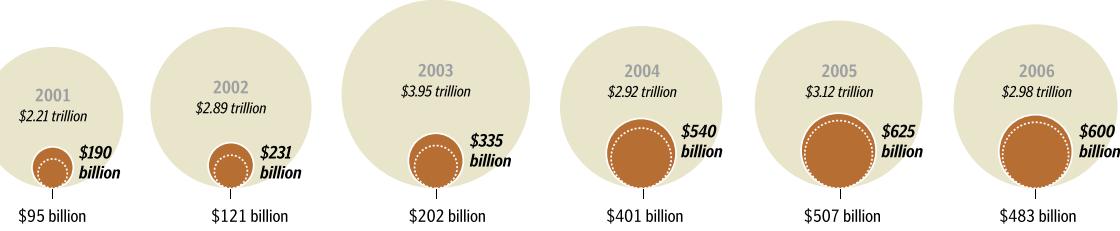
To satisfy investors seeking high yields, Wall Street created collateralized-debt obligations, bundling a large number of mortgage-backed securities and other debts.

Total issuance in billions of dollars, by quarter

2004	\$157.5 billion
2005	\$271.8 billion
2006	\$551.6 billion
2007	\$503 billion
2008	\$36.8 billion as of June 30, 2008

. . . created demand for more mortgages . . .

New collateralized-debt obligations needed new mortgage loan pools, creating a big incentive to make credit available to less credit-worthy homebuyers.



. . . and for protection against losses.

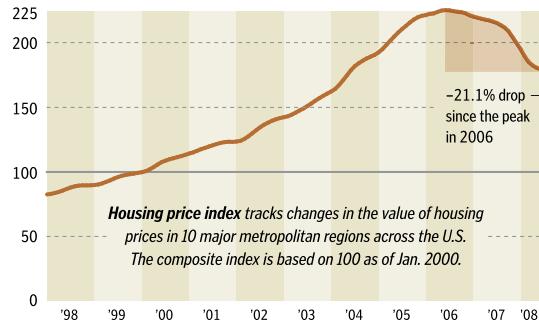
Large financial institutions sold credit-default swaps, similar to an insurance policy that promises to pay investors if their bonds default.

Total face amount of credit-default swaps, not just swaps linked to mortgage-related debt.	
2001	\$918.9 billion
2002	\$2.2 trillion
2003	\$3.8 trillion
2004	\$8.4 trillion
2005	\$17.1 trillion
2006	\$34.4 trillion
2007	\$62.2 trillion
2008	\$54.6 trillion as of June 30, 2008

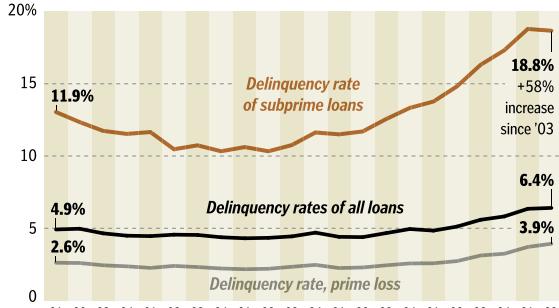
The Crash

Falling housing prices made refinancing difficult, and homeowners, overburdened by debt, began missing mortgage payments, creating a domino effect that triggered losses throughout financial markets.

Housing values fell . . .



. . . delinquencies rose . . .



. . . and financial firms holding mortgage-backed securities, as well as those that had derivatives contracts tied to mortgages, began to topple.

■ Investment bank Bear Stearns was highly leveraged and had large holdings in mortgage-related securities. As losses mounted, other financial firms lost confidence in its stability and in March caused a kind of "run on the bank." The federal government coughed up \$29 billion and brokered its sale to J.P. Morgan Chase.

■ In September, a similar run on the bank occurred at highly leveraged Lehman Brothers, another firm with large exposure to mortgage-related securities. The government declined a bailout, and Lehman filed for bankruptcy protection.

■ As Lehman collapsed, ratings agencies downgraded the credit quality of insurance giant AIG. This forced the firm to scramble to find \$13.3 billion in collateral to back the \$440 billion in credit-default swaps it had sold. In September, the government seized control of AIG and pledged \$85 billion in loans. Later, it added \$38 billion more.

SOURCES: U.S. Census Bureau; Securities Industry and Financial Markets Association; Mortgage Bankers Association; Inside Mortgage Finance, The 2008 Mortgage Market Statistical Annual; and S&P/Case-Shiller Home Price Indices; International Swaps and Derivatives Association

BY BRENNA MALONEY, JILL DREW, ELLEN NAKASHIMA AND TODD LINDEMEN — THE WASHINGTON POST

Media Environment, Procedures Need to be Improved prior Next Elections: EU Observation Mission

By Kim Natacha
Economics Today

The European Union's Election Observation Mission (EU-EOM) released its final report almost two months after Election Day. It was consistent with preliminary findings noted by Chief Observer Martin Callanan shortly after the July 27 election but included a more detailed list of recommendations.

The EU-EOM's overall assessment was positive, but noted several shortcomings that tainted this year's campaign and Election Day.

"While the campaign was generally conducted in a more peaceful and open environment compared to previous elections the 2008 National Assembly Elections fell short of a number of key international standards for democratic elections," stated Martin Callanan at an Oct. 14 press conference.

The election framework needs reforms to be fully in line with those international standards prior to future elections, he said.

Flawed election administration procedures, imbalanced media coverage in favor of the ruling party, and the use of the controversial "Form 1018"—a statement of identity that can be issued for a citizen who does not possess any other valid ID document—were among the chief shortcomings the EU-EOM found.

Botched voter registration procedures resulted in a significant number of voters being "mistakenly disenfranchised" in the 2008 elections," the report concluded.

But the deletion of the names from the official voter's list did not seriously affect the outcome of the election, insisted Martin Callanan.

Still, the EU chief observer pointed to several actions that the Government could take to prevent undue

voters' disenfranchisement in the future. He called on the Government and the National Election Committee to simplify and improve voter registration procedures following a consultation process. Reasons for the deletion of voter's names should be properly documented, he added.

Although the country's media environment is often described as among the most vibrant and free in the region, it was nevertheless deeply marred by the closure of a radio station before the election campaign, the arrest and temporary detention on defamation charges of the Moneaksekar Khmer newspaper editor and the murder of a journalist from the same paper.

The EU-EOM report noted that the Government and the Cambodian People's Party (CPP), in particular, dominated media coverage during the campaign, which contradicts international standards on free and equal access to the media for all electoral contestants.

State television TVK devoted about the same amount of time to each political party—with the exception of the Khmer Republican Party and the Anti-Poverty Party, which received about a quarter to a third the airtime other parties received. But Government activities dominated the channel's prime-time news coverage in the run-up to the elections.

TVK coverage was perceived mainly as neutral towards all political parties, while it was deemed positive towards the Government most of the time, according to results of the EU-EOM's media monitoring program.

On the other hand, the Raksmeay Kampuchea Daily devoted significantly more space in its pages to the CPP and the Government compared to other political parties. Its media



coverage was also perceived to be mostly positive towards the CPP and the Government and negative towards opposition parties.

Similarly, the Moneaksekar Khmer newspaper, which is usually perceived to be affiliated with the opposition, devoted more space to the CPP, the Sam Rainsy Party (SRP) and the Government to the detriment of other parties. But its tone was almost always negative towards the CPP and the Government, while it was positive towards the SRP.

To ensure voters make informed choices, the report urged the Government to establish an independent broadcasting regulatory authority, which would be responsible for the distribution of licenses and frequencies to the broadcast media in an open and transparent basis.

The chief observer also firmly denounced the use of the Form 1018, which should be abolished prior to any future election, the report recommended.

In order to avoid having to resort to similar such procedures in the future, Martin Callanan called on the Ministry of Interior to step up its distribution of identity cards and improve monitoring of the process. He also voiced the concern—shared by other local election watchdogs—that village chiefs have too much influence over the election process, recommending that in the future they should not be involved in the distribution of voter information notices.

The next elections are scheduled to take place in 2012, when Cambodians will choose commune councils. Legislative elections will follow in 2013. ■



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Opposition Role in Politics Debated

By Kim Natacha
Economics Today

Opposition party lawmakers accused the National Assembly of not following “the path of democratic principles,” after they were denied key positions on National Assembly commissions, Sam Rainsy Party lawmaker Mu Sochua claimed.

“The roles of chairman and deputy chairman of the National Assembly’s committees were denied to the opposition,” she told Voice of America Khmer on Oct. 22, at a two-day workshop that aimed to strengthen NA roles and responsibilities.

SRP lawmakers boycotted the UNDP-sponsored workshop. Two SRP members were scheduled to speak at the event.

“Our boycott is to send a message to the UNDP that the Cambodian National Assembly right now is not fully enough a democracy,” op-

position chief, Sam Rainsy, told VOA Khmer on Oct. 23, noting that the opposition has no leadership role in the NA.

However, in an Oct. 10 interview on the same radio program, NA President Heng Samrin refuted the claim that opposition lawmakers have been denied leadership positions in the lower house’s commissions.

“They didn’t go to the Assembly meeting, so how could we give them positions,” replied Heng Samrin, who is also honorary chairman of the Cambodian People’s Party.

Twenty-six SRP and three Human Rights Party lawmakers could still seek membership on the nine NA commissions, he insisted. The CPP lawmaker also pointed out that the opposition did not need to lead legislative commissions to perform checks and balances on the Government.

“You have rights to inquire, to

question, in the Assembly too,” Heng Samrin said on VOA, referring to opposition parliamentarians. “If you won’t, it’s up to you,” he said.

However, the SRP wishes more formal recognition of the opposition, as it is the case in the United Kingdom, for instance.

Lawmakers from the SRP participated in the inaugural session of the NA on Sept. 24 after previously vowed to boycott it. They explained that their last-minute decision to participate was due to compromises agreed to by the Prime Minister and chairman of the CPP.

“Hun Sen had accepted to create a working group to revise the NA internal rule, as our party had asked,” SRP lawmaker Son Chhay told the French online newspaper Ka-set in late September. “We had also demanded reforms allowing the opposition to have a guaranteed official role at the NA,” he further explained.

However, up until now, this compromise was not followed up by concrete actions, observers noted. ■

Vietnam

■ In early July, the price of steel increased sharply, by VND 21 million (about US\$ 1,247) per ton in the south and VND 19.5 million (about US\$ 1,158) per ton in the north. At present, the price has fallen to VND13 million (about US\$ 772) per ton.

A drop in the price of steel has not increased demand in the market, according to the Vietnam Steel Association.

Consumption averaged more than 300,000 tons per month before it fell to 110,000 tons per month in September. The amount of steel in stock has reached nearly 500,000 tons.

In May, the price of cement in the south plummeted to VND1.8 million (about US\$ 107) per ton and many shop owners ran out of stock and had to turn away customers.

The price of cement subsequently decreased by VND 850,000-900,000 (US\$ 50-53) per ton in the north and by VND1.2 million-1.25 million (around US\$ 70) per ton in the south.

Vietnam

State Bank Support Fuels VN-Index

■ HANOI – A series of supportive measures introduced by the State Bank prompted investors to buy shares en masse on Oct. 21, contributing to the VN-Index's rally.

The State Bank of Vietnam cut the prime interest rate and paid off T-bills worth VND 20.3 trillion (US\$ 1.22 billion) issued to local banks Oct. 20.

These actions, aimed to increase liquidity for local commercial banks,

Sharp Fall in Price of Construction Materials While Demand Remains Low

Vietnam's construction material market is shrinking after a sharp rise in previous months. Drops in prices for construction materials such as steel, cement, and bricks have not stimulated consumer demand.

Demand has not increased remarkably as stores and agents anticipated it would once prices dropped.

Responding to questions from VOV News reporter, Nguyen Hung Lam said that there has been a sharp decline in the consumption of cement and construction steel from enterprises. He is the director of Tuan Lam Co, Ltd., a construction material company.

A survey conducted by reporters confirmed that purchases of construction materials have not increased in Hanoi. Most shop owners said they have a large volume of goods remaining in their stores and they expect to suffer even greater losses if prices slump further.

Vietnam Steel Association President Pham Chi Cuong said commercial and production enterprises have had to reduce their selling prices to generate capital—even if it means suffer losses—in order to pay interest on bank loans.

The retail price decreased accordingly after the wholesale price of steel ingots rocketed to US\$ 1,200 per ton and then fell sharply

by US\$500 per ton.

In addition, many enterprises, which had been waiting for prices to rise, have had to sell out all their goods to cover their interest rates to banks. This has led to a remarkable rise in demand for steel.

Representatives from the Vietnam Cement Industrial Corporation also explained that the consumption of cement tends to decrease in the rainy season in southern provinces.

The implementation of the government's eight groups of solutions to curb inflation has slowed or delayed the progress of many construction projects.

An economic expert said that when the real estate market decreases, the consumption of construction materials.

In this situation, enterprises should reduce prices and carry out promotional programs to stimulate consumers' demand. It is forecast that the construction material market will become hectic again after the rainy season ends. ■

Source: Radio the Voice of Vietnam

remained at 15.16 million shares, worth VND 462.22 billion (US\$ 27.51 million).

These figures represented an increase of 43.02 percent in volume and 48.48 percent in value.

In the north, the HASTC-Index regained 3.01 percent, rising to 126.81 after losing 1.77 percent the day before.

The center saw 8.13 million shares change hands with a total turnover of VND 232.75 billion (US\$ 13.85 million). ■

also helped the VN-Index gain 2.46 percent to hit 379.94 Oct. 21 after sliding to 370.80 points the previous day.

Almost all blue chip stocks bounced back significantly, including FPT of Financing and Promoting Technology, PVD of PetroVietnam Drilling and DHG of Hau Giang Pharmaceuticals, which shored up the VN-Index's rally.

Thanks to these positive changes, the market's trading volume

Source: Vietnam News Agency

Vietnam

Domino Effect Hits Vietnam's Economy

 HANOI — The country dodged a direct hit from the global financial crisis, but it is beginning to feel the domino effects of a world economic slowdown.

Producer and exporters are reporting that prices for many export products including rubber, coffee, pepper, rice, and seafood are falling.

The price of rubber sap has dropped from VND 58 million (US\$ 3,400) per ton to between VND 30-27 million (US\$ 1,780-1,600).

The Vietnam Rubber Association says production costs now exceed sale prices. Producers are spending roughly VND 28-30 million to churn out a ton of rubber sap; the current sale price is only VND 27 million.

Producers are finding it difficult to find customers willing to purchase rubber at VND 27 million, which reverses previous trends. Historically, demand and prices for rubber rise in October, say industry insiders.

With the cost of production being higher than sale prices, rubber producers have been stockpiling their product. Rubber producers in Dong Nai, Phu Rieng and Dau Tieng, for example, say they have 1,000 to 2,000 tons of rubber sap in stockpile.

Vietnam Rubber Association Secretary-General Tran Thi Thuy Hoa attributes the sharp decrease in rubber prices to the global financial crisis.

However, Le Quang Thung, general-director of the Vietnam Rubber Industries Group, is optimistic about the industry's outlook.

Higher prices earlier this year should help rubber farmers and producers compensate for the current low prices, says Thung.

The domestic coffee industry is experiencing similar volatility.

Coffee export prices fell from US\$ 2,000 per ton in September to only US\$ 1,669 in the London Exchange due to the global crisis, says Doan

Trieu Nhan of the Vietnam Coffee and Cocoa Association.

In the domestic market, the price for coffee currently hovers around VND 26 million (US\$ 1,570) per ton, while it was over VND 35 million (US\$ 2,110) in September.

Industry insiders are concerned that coffee prices will continue sliding with the beginning of the harvest season at the end of October, which is expected to yield about 1.3 million tons.

Prices of pepper, meanwhile, have also decreased sharply by roughly 25 percent, according to the Vietnam Pepper Association.

A kilogram of black pepper in Ba Ria-Vung Tau province, one of the country's leading pepper cultivation areas, has dropped from VND 60,000 (US\$ 3.5) to roughly VND 38,000-39,000.

Domestic rice farmers and exporters also have been stockpiling due to difficulties in finding export markets. The price of 5 percent broken rice in the domestic market was reduced from VND 10,000 (US\$ 0.6) per kilo to VND 7,000 (US\$ 0.4).

Seafood industry insiders are concerned that it may be difficult to meet the annual export target of US\$ 4.2 billion due to low demand for their products in the global market, especially the US.

World demand has reduced significantly. Several importers have cancelled contracts that were signed with Vietnamese seafood exporters, says Le Van Quang, vice chairman of the Vietnam Association of Seafood Exporters and Producers.

Vietnam's Ministry of Industry and Trade expects the country to earn US\$ 15.7 billion from exports in the fourth quarter of this year. To reach that target, the country would have to earn about US\$ 5 billion each remaining month of the year—much lower than the monthly average of US\$ 6 billion earned per month in the third quarter. ■

Source: Radio the Voice of Vietnam

Vietnam

Vietnam Financial Market Stable amid Global Crisis

 The financial market remained stable in mid-October, the State Bank of Viet Nam reported.

Interest rates for dong deposits were adjusted downward during the week, with rates for terms of less than one month dropping sharply.

Interest rates on US dollar deposits remained unchanged.

Commercial banks currently offer interest at rates of 16.64-16.8 percent on deposits, and demand 19.12-20 percent per year on short-term loans, and 19.7-20.3 percent per year on medium- and long-term loans.

The central bank said foreign

exchange rates were stable during the week of Oct. 13. Banks continued to fix forex rates at VND 230 below the ceiling rate of 16,570-16,610 per dollar. On the free market, the rate was 16,570-16,590.

The central bank said it is closely monitoring the global situation and the impact the financial crisis may have on the country's economy in an effort to take timely measures.

It will monitor domestic credit organizations and the currency market to ensure they remain on course to achieve this year's macroeconomic targets. ■

Source: Sai Gon Giai Phong

Thailand

BoT Chief Warns of Spread of Financial Crisis to Thailand

BANGKOK—Bank of Thailand (BoT) Governor Tarisa Watanagas on Oct. 17 indicated the overall Thai economy and loan extension would grow at a slower pace next year because the global financial crisis is expected to spread to Thailand.

The world financial meltdown would affect the Thai economy sooner or later, she said.

A close watch on the situation must be kept because no one can predict what effect the crisis will have, Tarisa Watanagas indicated.

That said, she added that the economy has expanded rather satisfactorily.

"The financial crisis is expected to gradually affect the economy. Next year, the impacts will be more severe than this year," she suggested.

"With economic sluggishness,

everyone must adjust. Exporters in particular must brace for the volatility of the global financial crisis and economic slowdown of trading partners."

Thailand must increase local demand and restore confidence for the sake of economic growth, she explained.

Tarisa Watanagas said that employment in Thailand had not yet been affected by the global financial crisis.

Overall, incomes earned by workers had not fallen to a worrisome level. The number of jobless is less than that of other countries affected by the bubble burst.

Asset values have not dropped in Thailand like they have in other countries.

The key to solving the problem, she suggested, is restoring confi-



dence so that the public continues to spend.

The BoT chief said liquidity in the Thai financial system is sufficient to maintain lending to the country's economic sector.

But some banks are reluctant to lend given the current economic slowdown because and are being more careful about extending loans. ■

Source: Thai News Agency

Thailand

FTI Wants Weak Baht to Boost Exports



FTI The Thai baht should be maintained at between 33 and 35 per US dollar in order to boost the country's competitiveness in export markets, says the Federation of Thai Industries (FTI).

The weak baht should help local manufacturers at a time when competition in the export markets intensify, said FTI chairman Santi Vilassakdanont.

New export markets such as Africa, the Middle East and South Asia are expected to be a good choice. With consumption projected to be stronger than in other areas, the markets could help cushion the impacts from the

global slowdown for Thai exporters.

"The exchange rate will be a key to our competitiveness. I think other countries are also trying to keep their exchange rates at favorable levels," Santi Vilassakdanont said.

The industrial sector, he added, had started to slow down, with fewer purchase orders from the conventional markets of Europe, the United States and Japan, where consumers are feeling the pinch of the global financial crisis.

"If we keep the exchange rate at the optimum level, the business sector will penetrate new markets easier," he said.

Sutin Pornchaisuree, head of the FTI's wood processing group, shared his view. "Over 70 percent of our production is for export, mainly to China. Currency controls will be necessary if the baht strengthens beyond 34 baht," Sutin Pornchaisuree said.

He is skeptical about the current baht movements. While other regional currencies are getting stronger, he said

the baht remained at 34 to a US dollar, suggesting that some mechanism is in place to keep the baht constant.

"If this is the case, I hope the move is sustainable and not used by manipulators. For exporters, currency rates are as important as marketing," Sutin Pornchaisuree said.

The FTI hopes the weak baht will also improve export income for the farm sector.

Santi Vilassakdanont dismissed worries that the weakening baht would increase the country's import bills, citing a decline of over 50 percent in crude prices.

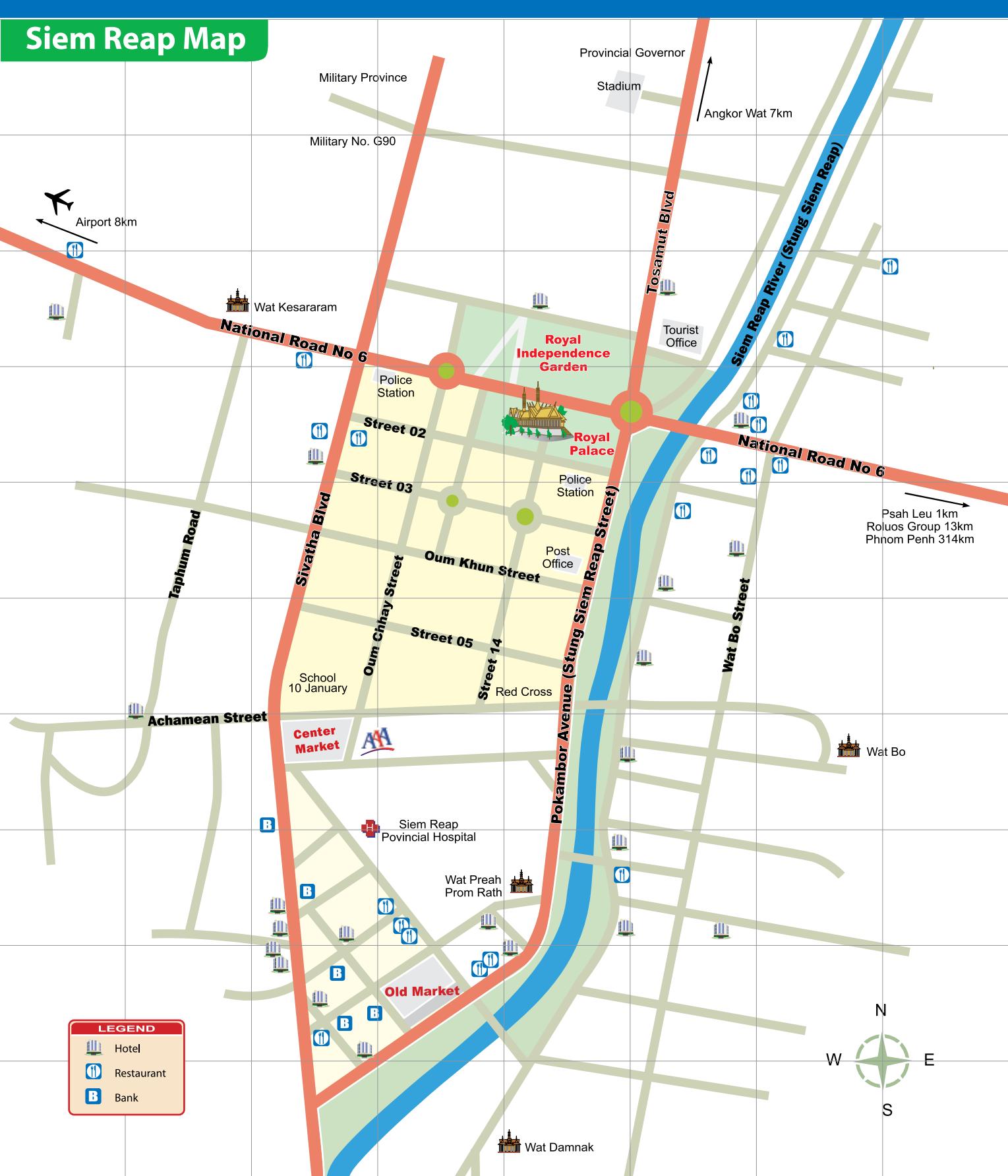
In addition, the government should keep interest rates low and ensure the business sector has access to loans.

The FTI suggestions came after the industrial sector's confidence index dropped in September to 81.1 from 83 a month earlier after three consecutive months of improvement, driven by political violence.

It forecasts that in the next three months the index would improve to 90.8, supported by the festive seasons toward the end of the year. ■

Source: Bangkok Post

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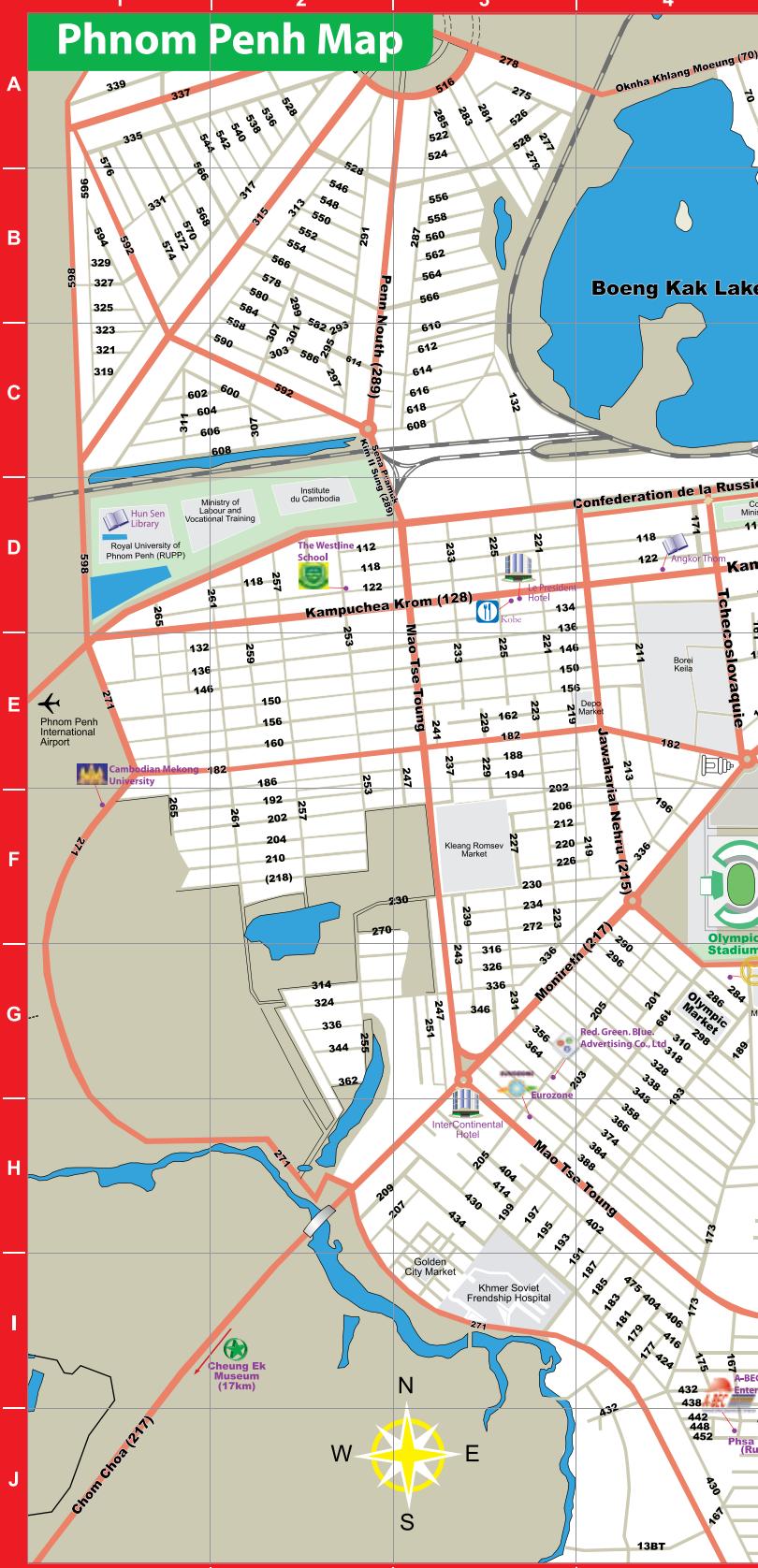
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Cherng Ek Historical Site.....	I2	Goldiana Hotel (023 219 558)	G6
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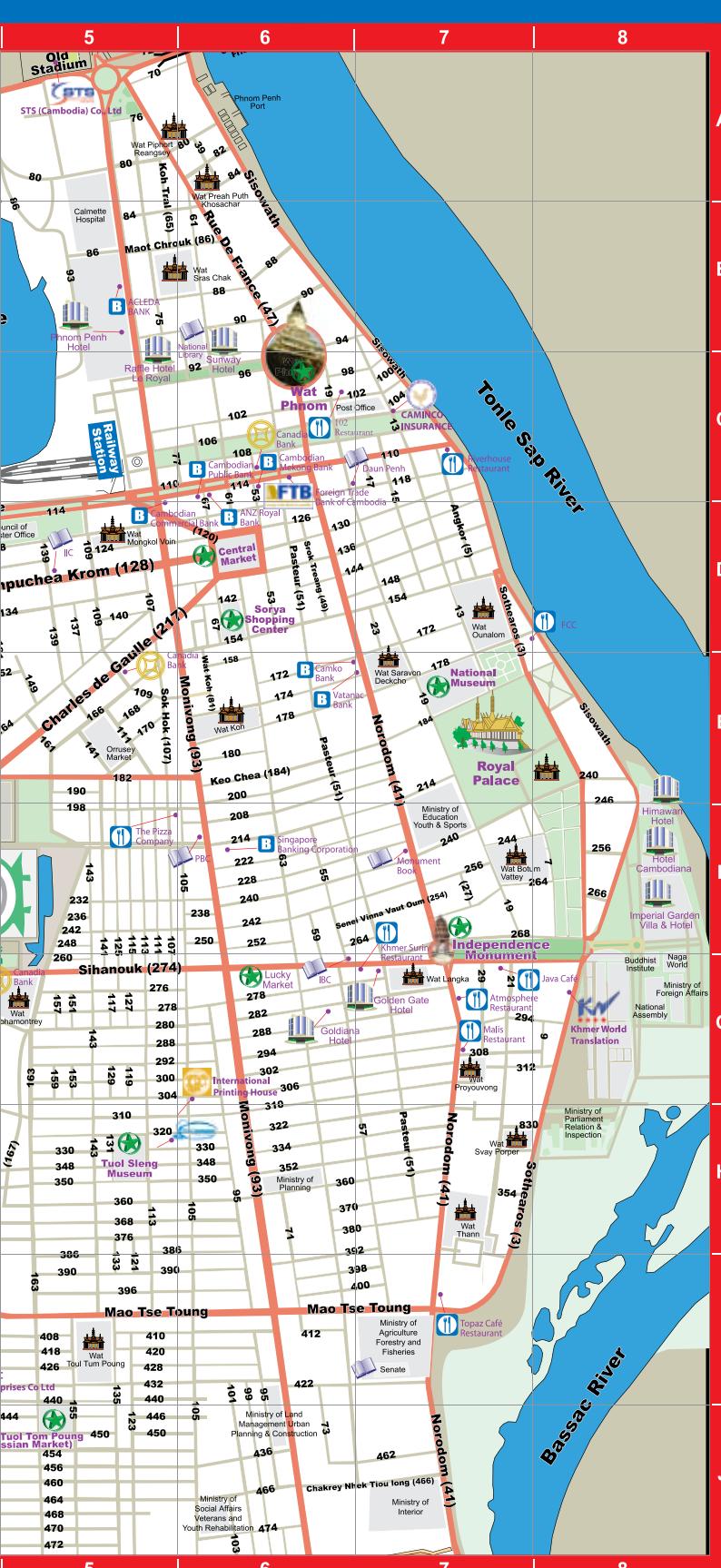
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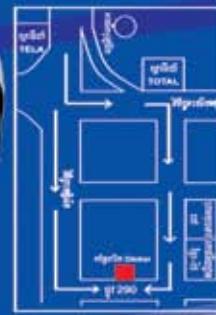
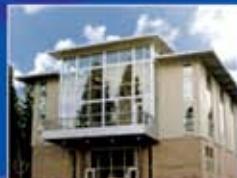


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Thailand

Key sectors facing tough 2009: UTCC



The garment and textile sector as well as the construction materials sector are expected to be hit hard in 2009.

■ The electronics, electrical appliances, garments and textiles, property and construction-material sectors will face difficulties next year as the global recession will affect exports, a University of the Thai Chamber of Commerce (UTCC) survey has found.

However, agricultural goods, food and non-alcohol beverages, health, transportation and pawnshop businesses see a bright future, as consumers will focus on essential products rather than luxury goods.

"The private sector, particularly exporters, is pessimistic about the economy this year through next year," Thanawat Polvichai, director of UTCC's Economic and Business Forecasting Centre, said Oct. 16.

The slowing growth of trading partners as well as rising internal political conflict will hamper economic conditions in the current quarter and throughout next year.

More than half of 800 respondents expect the economy this year will grow slower, at 3.5-4.5 percent, against the previous estimate of 4 to 5 percent.

Most respondents also foresee a continuous drop in profits and rev-

enue this year and next year.

Almost 60 percent of respondents said their profits would be lower in the current quarter, 40.6 percent said their sales would fall, and 28.1 percent said they would have to reduce staff levels.

Thanawat said enterprises had low confidence in the government's policy to drive economic growth.

"The political turmoil may affect the administration of the government, which would delay implementation of economic measures," he said.

Due to a slowdown in business next year, Thanawat also said the unemployment rate was expected to increase from 1.7 percent to 2.2 percent.

The university expects economic growth next year at 4 to 4.5 percent due to sluggish business expansion.

In addition, the survey found that most respondents agreed with the government's six stimulus measures by injecting Bt 1.2 trillion (about US\$ 34.7 billion) to boost economic growth. However, they doubt whether the measures can help solve economic problems in the long run. ■

Source: The Nation

Thailand

TDRI says 2.2% Growth in 2009 Realistic

■ The Thailand Development Research Institute (TDRI) has recommended the Bank of Thailand trim its economic growth forecast for next year, saying the economy will expand by a mere 2.2 percent due to the global credit crunch.

The economic think tank told the central bank that its growth projection of between 3.8 percent and 5 percent for 2009 might be too optimistic on the likely sharp decline of exports, slow state budget disbursement, and poor domestic consumption.

The central bank cut its 2009 gross domestic product (GDP) growth projection last week from 5.8 percent to 4.3 percent.

"The current global phenom-

"If the economy (next year) grows by less than 3 percent, employment will be affected."

—TDRI research director
Somchai Jitsuchon

enon is similar to what we saw when the dot.com bubble burst but it is worse," said TDRI research director Somchai Jitsuchon at a recent closed-door forum attended by TDRI academics and representatives from central bank and private financial institutions.

"The global economic situation is worrisome. Europe has the same problem but the crisis is worse, tougher and requires more capital to solve," he said.

He said exports were likely to fall below the central bank's 2009 4 percent growth forecast on a fall in US consumption. US wealth has dropped by 14 percent this quarter due to falling housing prices and stocks. This

may cause a 10 percent decrease in US domestic consumption, he noted.

"Undoubtedly, exports will begin to see a drastic fall in the last quarter of this year continuing to next year," he said. "If the economy (next year) grows by less than 3 percent, employment will be affected."

He said academics discussed the need to raise the budget deficit and introduce a short-term economic stimulus package similar to the Japanese assistance program in the 1997 Asian financial crisis.

"I personally think a larger budget deficit should be allocated to raise public welfare and improve the education system to be more efficient," he said.

Central bank representatives said liquidity was not a major concern with over 1 trillion baht available in the system. But both fiscal and monetary policies are needed to cope with the current global risks, added Somchai Jitsuchon. ■

Source: Bangkok Post

China Announces Long-Discussed Land Reforms

By Mark Magnier
Los Angeles Times

■ BEIJING — After a string of mixed signals, China announced a broad land reform plan Oct. 19 that in theory will allow farmers to transfer or lease their land, removing one of the last major planks of Chairman Mao Tse-tung's collective revolution.

Chinese farmers have been constrained for decades by a Communist system that has allowed them to own their crops but given them little control over the farms.

Economists and rural experts say the reforms could provide legal authority to secure loans, invest in irrigation, expand plot sizes and otherwise boost agricultural productivity. Those changes would give farmers the potential to earn more, benefiting a population that has lagged behind its urban counterparts.

The announced reforms, which face huge challenges to put into practice, also could help reduce the social tension and riots resulting from a system that has tolerated land grabs by corrupt local officials in league with greedy developers.

"This is potentially the 'real deal,'" said Scott Rozelle, a senior fellow at Stanford University. If enacted, "it gives a household a very valuable asset that it can collateralize or sell."

Currently, farmers have 30-year limited rights to use their land with real power held by the village collectives, a Mao-era entity headed by the local Party secretary.

China's propaganda ministry prepared the nation for a policy shift in early October by stepping up coverage of rural reform issues in the state media. It also arranged a publicized trip to impoverished Anhui province by President Hu Jintao, who was quoted telling farmers that they soon would enjoy more control over their destiny.



Then coverage of the issue died away.

Some analysts suspect that Hu faces strong resistance from Communist Party hardliners, fearful that this step would cede too much power to the marketplace, and from local officials and industrial groups that benefited under the old rules.

The plan was hammered out at this month's Party meeting, part of a push to double rural disposable income by 2020, boost rural infrastructure and spur output. Hu has made rural reform a cornerstone policy in this nation of 1.3 billion people.

While analysts expressed cautious optimism, they warned that reforming a system affecting 740 million rural residents presents immense challenges.

"I don't know anything about land reform, but having more flexibility would be a good thing," said Hu Tongcai, a farmer from Shandong province. "I would consider selling my land if it was allowed."

Allowing farmers to transfer or even sell their land rights would create larger farms and free many to move into China's booming cities, but any mass migration would require vast numbers of new houses, schools and roads. Also a concern

is that many of China's poorly educated farmers would sell their land for a pittance, leaving them rootless and impoverished.

The policy document outlined Oct. 19 signals the Communist Party's intent, but implementation is far from assured and probably would take significant time, money and political will.

"I'm very confident it will be implemented," said Dang Guoying, a rural studies expert at the Chinese Academy of Social Sciences. "There definitely will be resistance by local officials, but they can't resist it completely."

An estimated 1 billion plots of land held by 200 million farm families in China would need to be surveyed and recorded. Contracts would have to be generated and disputes over borders negotiated.

China also would have to rewrite its rules to clarify how long farmers would hold title and whether they could transfer rights to heirs or even sell them outright.

At present, Chinese law gives far more weight to government land rights-holders than the village collective, analysts said, a loophole that has fueled land grabs.

"The process is plagued by a lack of clarity," Rozelle said. ■

China's Growth Slows Abruptly

By Ariana Eunjung Cha
The Washington Post

■ SHANGHAI — China's growth decelerated sharply and unexpectedly in the third quarter of this year to 9 percent, raising fears that the global financial crisis could pull one of the world's fastest-growing economies into a recession.

Economists had expected China's exports to be affected by the slowdown in the United States and in Europe. But the extent to which other parts of its economy had deteriorated—such as industrial production, government revenue and imports—was a shock. This is the first time in more than five years that the National Statistics Bureau has recorded a single-digit GDP growth rate.

China's leaders moved quickly to reassure a nervous public, pledging a series of new measures, from boosting the supply of affordable housing and spurring lending to buying newly harvested grains. The intent behind the moves is to rev up the economy and protect it from the slowdown elsewhere.

Some economists, however, said they were still bracing for the worst—not only for China, but for other Asian countries to which it is tightly linked.

"China's growth miracle has finally ended," said Sherman Chan, an analyst at Moody's Economy.com.

On Oct. 20, a number of economists revised their GDP forecasts for 2009 downwards to a dangerously low level for China. J.P. Morgan dropped its estimate from 9.5 percent to 8.7 percent, and Merrill Lynch from 9.3 percent to 8.6 percent. Morgan Stanley kept its growth estimate at 8.2 percent.

Chan said she is concerned that if China's growth falls below the 8 percent mark, it "would be equivalent to a recession in advanced economies" because that pace is needed to support the labor market. "China's worst nightmare is yet



Photo: China Daily

Analysts fear a potential meltdown in China's property markets.

to come, as the dragon economy's growth momentum looks set to further moderate in the next six months," Chan said in a note to clients sent Oct. 20.

As the subprime mortgage crisis that began in the United States 14 months ago spread around the globe, China seemed poised to be the only major economy that was not seriously affected. Recently, however, there have been signs that it, too, is being hit by the crisis. Tens of thousands of factories have closed, and the Chinese stock market has lost billions of dollars.

Economists struggled with how to explain those surprising numbers.

Wang Qing, chief China economist for Morgan Stanley, suggested the slowdown in GDP was partly psychological and that the global crisis hurt sentiment among Chinese producers in a way that was disproportional to the real decrease in demand.

"Our interpretation is that Chinese producers have been running down their inventory in anticipation of decreased demand because of the global recession. So they basi-

cally pulled down their production and inventory," Wang said.

Wang said he was most worried about the real estate sector. Skyrocketing prices had led the government to curb lending last year, but now the situation has reversed so severely that there are whole city blocks full of unsold apartments.

"The downside risks stem from a potential meltdown in China's property markets across the country, which would lead to a massive collapse in real estate investment," Wang said. "The attendant consequences for the macro economy would become so serious that even a strong policy response would be unable to prevent a hard landing of the economy."

Another analyst, Ting Lu, with Merrill Lynch, said he believes the third quarter figures also took a hit from some temporary issues such as the 2008 Beijing Olympics and the national holiday, which took place in October. He said in a research note that he expects the "real challenge is in 2009 as some major economies fall into recession." ■

At Indian Call Centers, Another View of America

By Emily Wax
The Washington Post

 GURGAON, India — With her flowing, hot-pink Indian suit, jangly silver bangles and perky voice, Bhumi Chaturvedi, 24, doesn't fit the stereotype of a thuggish, heard-it-all-before debt collector. But lately, she has had no problem making American debtors cry.

For the past three years, Chaturvedi has been a top collection agent at her call center, phoning hundreds of Americans a day and politely asking them to pay up. As the US financial crisis plunges Americans into debt, her business is one of the fastest-growing sectors in Indian outsourcing. It is also one of the few sectors of outsourcing in India that is still aggressively hiring.

Sitting in a narrow cubicle, her head-set switched on, Chaturvedi listens every night to increasingly disturbing tales of woe from the other side of the globe.

"My mortgage payments are just too high, honey. I just can't make the payment this month," a weeping woman with a Southern accent recently told her in response to a call for a US\$ 200 credit card payment. "I'm sure y'all heard about the credit crunch and gas prices. I'm flat broke."

"Ma'am, I am here to help you," Chaturvedi calmly said. "Ma'am, maybe you could make a small payment, US\$ 100 or US\$ 50, anything that you can."

Few places in India absorb and imitate American culture as much as call centers, where ambitious young Indians with fake American accents and American noms de phone spend hours calling people in Indiana or Maine to help navigate software glitches, plan vacations or sell products. The subculture of call centers tends to foster a cult of America, an over-the-top fantasy where hopes and dreams are easily accomplished by people who live in a brand-name wonder-

land of high-paying jobs, big houses and luxury getaways.

But collection agents at this call center outside New Delhi are starting to see the flip side of that vision: a country hobbled by debt and filled with people scared of losing their jobs, their houses and their cars.

"Lately, 25-year-old Americans are telling me that they are declaring themselves bankrupt," said Chaturvedi, raising her eyebrows in shock. "These days the situation is so emotional, so fragile. We have to have so much empathy and patience."

"It's like people are totally drowning," said Omkar Gadgil, 24, who goes by the alias Richard Rudy and was a math major in college. He is brainy and considered the office expert on the intricacies of debt collection. "There has just been years of overspending and now: the crash."

In the past, debt-saddled customers were often annoyed by Chaturvedi's calls from the open-air office at Aegis BPO Services. But now they seem depressed, defeated. Even the men sob into the phone, several agents said.

Under the pseudonym Carol Miller, Chaturvedi's ability to deftly work around the standard line, "The check is in the mail," is now being challenged by clients throwing out new responses: "How do you expect me to pay? This is the worst crisis since the Great Depression."

Chaturvedi said she has never seen it so bad. Many of the young employees say they are flabbergasted at just how widespread the financial ruin appears to be.

Talking to so many anguished Americans has taught these agents an important lesson: Live within your means. Agents with credit cards are vowing to pay them off every month, even during the upcoming holiday shopping season, when malls feature neon signs advertising flat-screen TVs and air conditioners. ■

Photo by Emily Wax



SIDDHARTHA	80000	3
AMITA	100000	1
SAHIL	100000	5
PooJA	65000	5
SUNITA	50000	5
UMA	50000	5
PARVEEN	80000	2
NEHA	45000	2
KARAN	50	3
MANISH	80000	15
DINESH	50000	14
ABHAY	50000	5
SACHIN	50000	5
MEENA	80,000	21
AKASH	45,000	5
V...	5	5

Collection agents at a call center outside New Delhi are seeing the flip side of the American dream: a country hobbled by debt and filled with people scared of losing their jobs, their houses and their cars.

photo by Ria Sen



Kamlesh Saha, center, and Bindu Gupta, right, are new neighbors in the Bhalaswa neighborhood on the outskirts of New Delhi. Both express pride in their simple new homes built with the help of donations from Lehman Brothers. Foreign aid experts worry that the financial crisis will mean a reduction in Wall Street support for overseas anti-poverty efforts.

By Emily Wax
The Washington Post

■ NEW DELHI, India — With freshly cut keys to their new brick-and-cement homes, families in an impoverished settlement on the outskirts of India's capital honored a surprising hero this week: Richard S. Fuld Jr., head of the now-defunct Wall Street giant Lehman Brothers.

Before the 158-year-old investment firm went bust, it sponsored construction of low-cost housing with Habitat for Humanity in the destitute Bhalaswa neighborhood. Although the US\$ 50,000 contribution was a pittance for a multibillion-dollar Wall Street firm, it was enough to help build 100 single-room houses for about 500 people, mostly children, who were living in shanties of tarpaulins and old clothes.

The largess of Wall Street has fed hungry children in Haiti, funded trauma centers in Sudan's war-torn Darfur region and paid for rescue boats for flood-prone Bangladesh. But with the economic crisis deepening, aid groups and economic experts fear that those donations will

Wall Street Greed? Not Here

dry up as quickly as easy credit.

"This is a very real issue, which people are just beginning to think through," said Simon Johnson, a former chief economist at the International Monetary Fund and a professor at the MIT Sloan School of Management. The school has an internship course called Global Entrepreneurship Lab, one section of which works with health care projects in Africa. "A top priority now is to find new sources of funding in a hurry, because aid will fall," Johnson said.

US corporations, foundations, charity organizations and individuals together gave more aid to the developing world than the US government did in 2006, according to the Hudson Institute's Index of Global Philanthropy: Private donations totaled US\$ 34.8 billion, compared with the government's US\$ 23.5 billion. But with the US economic meltdown—and its worldwide ripple effects—aid experts doubt those numbers can be sustained on either the private or the government side.

Many leaders in the humanitarian field have started lobbying to keep funds. The United Nations has announced efforts to ensure aid is spent more efficiently during lean economic times.

In Bhalaswa, the houses were unveiled on the day Fuld, the former Lehman Brothers chief executive, was questioned by a House committee about his failure to rein in risky investments while raking in millions of dollars in bonuses for himself.

"It's one tiny housing story Lehman got right—in Delhi's backyard," read a front-page headline in the Indian Express newspaper.

Many Bhalaswa residents are migrant workers from poor

states. They came to New Delhi in search of economic opportunity and were evicted from one of the oldest slums in the city, a vast encampment alongside the polluted Yamuna River. In Bhalaswa, they initially found a congested maze of shantytowns surrounded by a landfill, picked over by cattle, pigs and crows. There was no access to clean latrines or electricity. Some slept under mosquito nets on the ground.

"The struggle to get a roof over my head has been a long and hard one," said a smiling Bindu Gupta, 38, who has six children. She cracked a coconut on her new doorstep in an Indian tradition to mark an auspicious beginning. "Now my life has greatly improved," Gupta said. "I have cleaner food and water in my home. I'm so proud I will call over my friends for tea and meals. I can't believe that I have my own toilet."

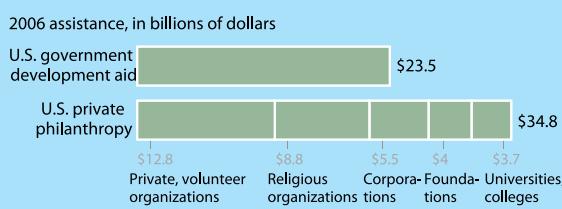
The families were asked to contribute \$170 for the construction of their homes, and many saved all year and pooled funds.

Kamlesh Saha, a 35-year-old mother of three, said that during the monsoon season her old makeshift shelter was submerged in floodwaters.

"Now, when I see my new house, I feel great joy and pride," said Saha, adding that she didn't know who Fuld or the Lehman Brothers were—but thanked them anyway. ■

Broader Impact

In 2006, private donations to developing countries outpaced government aid. With the economic crisis deepening, aid groups fear those donations may dry up.



SOURCE: Center for Global Prosperity

THE WASHINGTON POST

High Levels of Volatility Show the Role of Fear in Markets

By Renae Merle
The Washington Post

■ WASHINGTON — The market's wild hour-by-hour swings have come to exemplify the turbulence of the financial crisis, but they're still puzzling for many market professionals.

The Dow Jones industrial average now routinely travels hundreds of points in a matter of hours, only to reverse direction in many cases. During a single day earlier in October, the Dow spanned 1,000 points for the first time in history. On another, a 400-point rally during the last hour of trading sent the Dow to a historic 936-point gain.

During the final hour of trading Oct. 20, the Dow surged more than 100 points.

The largest swings have often occurred during the last hour of trading, prompting a closer look by the Financial Industry Regulatory Authority, a nongovernmental regulator of securities firms. The end of the trading day is when institutional investors, including hedge funds and mutual funds, rush to meet client demands to pull cash out of the market, analysts said.

The gyrations have turned even seasoned market professionals into skittish investors, waiting for a news tidbit that will turn the market's mood and start a stampede in either direction. "Psychology and emotion are a big part of what moves the

market," said Andrew Brooks, head of stock trading at T. Rowe Price. "We are clearly in a highly emotional and schizophrenic point."

The Chicago Board Options Exchange's Volatility Index, known as VIX, has become a daily ticker of investor anxiety. VIX measures the degree to which investors expect stocks to swing and is often called the "fear gauge." It closed at 70.33 on Oct. 17, its highest close ever, and hit an intraday high of 81.17 during that week. In normal times, it trades at about 15 to 20, analysts said.

"We have no idea where things are going. That is what high volatility means," said Robert Engle, a finance professor and director of the Center for Financial Econometrics at New York University.

The volatility measure declined to 53 on Oct. 20 as Wall Street celebrated early signs that government efforts to thaw the credit markets could be working.

But analysts said they expect the volatility to continue for some time, perhaps through the end of the year. The market volatility provides an opportunity for some traders to make money off abrupt changes, analysts said. "It's bad for us, but somebody is thriving on this volatility," said Ashwani Kaul, director of research at Thomson Reuters. "Whenever there is volatility, somebody is making money."

The last sustained period of vol-

atility was from 2000 to 2003, after the collapse of the Internet bubble and the Sept. 11, 2001, terrorist attacks, Engle said. "We have dramatically exceeded what happened in that period," he said.

But the current volatility does not compare with the Great Depression, Engle said. "The news during the Great Depression was even more dramatic. We had thousands of bank failures. We had 30 percent unemployment during some of the Depression," he said. "The stock market dropped 70 percent instead of the 35 percent to 40 percent we have now. It was a much bigger economic catastrophe."

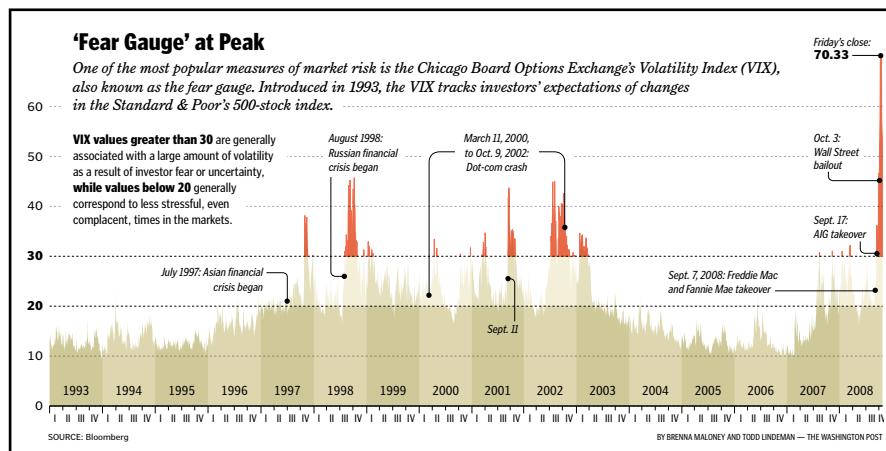
Analysts said that some of the recent volatility could have been avoided if investors began re-evaluating the market sooner, perhaps after the near failure of Wall Street investment bank Bear Stearns in March. Some volatility occurs as investors hastily reappraise the value of entire sectors instead of doing this gradually over time, they said.

"If the smart investor had been pulling out and pulling out, we would not have had this precipitous drop," Kaul said.

The most volatile part of the day has become the last hour of trading as hedge funds and mutual funds face pressure from clients to cash in their investments.

According to TrimTabs Investment Research, investors pulled US\$ 43 billion out of hedge funds in September, the largest one-month withdrawal in history. About US\$ 22 billion was taken out of US equity mutual funds last month, another record. October is expected to be worse.

"We're clearly seeing forced selling," said Tobias Levkovich, chief US equity strategist for Citigroup Investment Research. "If you owned a stock that fell 60 percent over three or four months, the only reason you would sell it now is because you have to." ■





South Korea Props Up Banks

By Blaine Harden
The Washington Post

TOKYO — To shore up a tumbling stock market and a troubled currency, South Korea announced Oct. 19 that it would guarantee US\$ 100 billion in foreign debt and supply US\$ 30 billion to banks and exporters in urgent need of dollars.

Amid a global financial crisis, South Korea has emerged as among the most vulnerable major economies in Asia, despite plenty of foreign reserves in its central bank and booming exports to China, India and the Middle East.

The credit ratings agency Standard & Poor's placed five major South Korean banks on a watch list the week before, citing their problems in finding dollars to repay foreign currency loans. President Lee Myung-bak has pleaded with citizens to stop hoarding dollars and "refrain from greedily pursuing private interests."

Finance and central bank officials in Seoul had resisted the kind of sweeping guarantees to banks and financial institutions that have been offered in the United States, Europe and elsewhere in Asia. They had in-

sisted that the fundamentals of their country's economy were strong and said the foreign media were exaggerating financial problems.

On Oct. 19, though, the government conceded that fear has trumped fundamentals. South Korea's currency, the won, is down 30 percent against the dollar this year, making it the biggest loser among major world currencies. The stock market has fallen 38 percent. Panicky foreign investors have pulled more than half their holdings out of South Korean stocks.

"As other major economies start providing guarantees to interbank loans, the Korean government will take similar measures to avoid placing domestic banks at a comparative disadvantage in terms of overseas funding and to allay fears in the financial markets," a government statement said.

The central bank will guarantee, up to US\$ 100 billion, foreign-currency loans made by domestic banks from Oct. 20 through June, the government said. It estimated that the banks owe about US\$ 80 billion in loans that come due before the end of June.

The Bank of Korea has about US\$ 240 billion in foreign exchange

reserves and will make US\$ 30 billion available to local banks that have grown increasingly desperate to find dollars to repay foreign currency-denominated loans, the government announced.

The loan guarantees require approval from the parliament. Until then, the government said, the Korea Development Bank or Korea Eximbank will cover the new commitments.

To prop up the stock market and investment firms, the government said it "will provide tax incentives for long-term holdings of funds." And to help small and medium-size businesses, many of which have failed to find credit in recent months, the government said it would make an investment that should release about US\$ 10 billion in loans.

Unlike many other countries, however, South Korea has decided not to increase the ceiling on bank deposits guaranteed by the government.

South Korea's problems with raising dollars grew steadily more alarming this year, even as its exports boomed. Exports are up 28 percent this year, according to the finance ministry.

The problem has been finding enough dollars to pay for the soaring cost of imported oil, coal and food, as well as to service foreign currency loans.

Making matters worse, some of South Korea's major exporters began hoarding their dollar earnings, keeping the money to buy supplies for their factories and speculating that the value of the currency would rise.

Thousands of citizens followed suit, hoarding dollars at home and watching the currency's value soar against the won.

As the global credit crunch tightened in late summer, South Korean banks could not obtain dollars from major international banks that have operations in Seoul. These banks were struggling as well amid the credit crisis in the United States and Europe.

The South Korean economy has been growing at a relatively brisk rate of about 4.5 percent the past five years. But forecasters say a global recession and a slowdown in exports will be a major brake on growth in the next year. ■

THIS IS THE FIFTH OF A SERIES ON STREET SNACKS.

“PRA HET CHEARN”

Fried Meatballs and Sausages

Koy Mony, 22
Hotel supervisor

“After a long day of hard work, I always sit in this garden. The clean, fresh air and the smell of fried meatballs always tease my appetite.

I usually buy a 4,000 riel-plate for my evening snack. The price is affordable, and it is a fast, hot and delicious snack. I take a walk at this park near Wat Botum park three or four times a week.”

By Kong Socheat
Economics Today

Kun Srey Mao, 28
Pra Het Chean seller



“I moved to Phnom Penh because my husband worked in the city. We rent a small house for US\$ 60 a month, where we live with my mother-in-law and our two sons.

I started my own business in 2004 in a small hut at Chaktomuk garden, but the city stopped renting it to us at the end of 2007, so I moved and invested in a motorized cart.

I need to buy both meat and cucumber ... and prepare them every morning to sell near Wat Botum park from 4pm 'till 10pm.

The price per plate varies from 3,000 to 5,000 riel. I sell 40 to 50 plates on average in a day.” ■

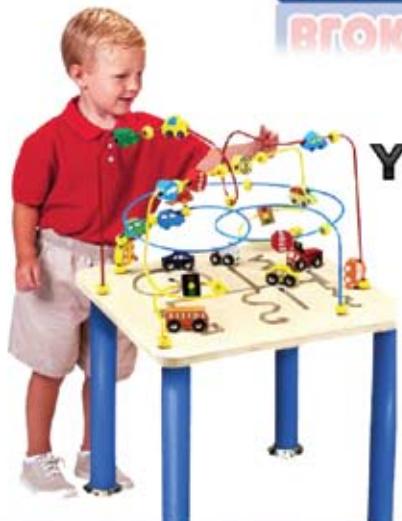


Maly Chote Rith, 22
Pannasastra School
Part-time student

“Today is my first time visiting this garden. My school is not far from here, and I feel very relaxed just sitting here and watching people doing exercise. There is a very good view here and a lot of quick snacks.

Fried meatballs are my favorite snack because it is very delicious, fast and warm. It's quick to prepare so I can satisfy my craving anytime.”

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Postcard from Siem Reap:

Nectar of the Dragon

By Teng Chankaruk Ratha
Economics Today

The Angkor Heritage Site is without doubt Siem Reap's star attraction. But venture past the majestic temples and monuments dedicated to gods to Rohal Khwau village in Banteay Srey district and you will discover a peculiar-looking fruit whose name was inspired by a mythical reptilian monster that, in some Asian cultures, represents the primal forces of nature, religion and the universe: the dragon fruit.



A banner on the right hand side of the road leading from Siem Reap to Koulen Mountain marks the way to Chila Farm and its rows and rows of dragon fruit cacti tied to 1.5-meter high stone pillars and crowned with old motorcycle wheels. The eight-hectare farm is situated about 400 meters from

the road at house number 88.

Visitors can pick the dragon fruit themselves at a wholesale price of only 6,000 riels (about US\$ 1.5) per kilogram, which is cheaper than the US\$ 2.5/kg that vendors typically charge at the market. The Chila Farm also sells soft drinks and beer and, for a fee, lounge in a rest area for picnickers.

The farm first imported the cacti upon which the fuchsia-colored fruit grows from Taiwan in 2004. Today, two types of dragon fruit are grown in Cambodia: Both have leathery red skin, but the flesh of one is white and the other red.

Dragon fruit, also known as "pitaya" in English, is commonly referred to as Srakaa-Niek in Khmer, which means "Dragon's scales" in English.

The fruit's popularity has grown quickly among Cambodians, who appreciate its sour yet sweet and juicy taste and enjoy eating it as is or part of a fruit cocktail.

Red dragon fruit flesh can be processed into powder and mixed with pork, onions and arrowroot to make Dragon dumplings, which are an especially popular dish during feasts to mark Chinese New Year and other popular traditional Chinese ceremonies.

Cambodians also seek out the distinctive fruit, which is native to Latin America, for its curative properties.

"Cambodians are very health conscious," said Tan Sieng, the 26-





as farmers have found the cash crop simple to care for and grow. Practically any sort of soil that is not permanently wet or muddy is suitable, but the plants require quite a bit of sunlight and warm temperatures to thrive. Some farmers in Thailand and Vietnam grow dragon fruit under electric heat lamps, but Tan Sieng said they aren't necessary in hot, sunny Cambodia.

The cacti are usually planted in April, during the dry season. Fertilizer is used once a month for the first five months for optimum growth and the plants are watered every five to seven days during the dry season.

When they reach 10 months of age, flowers bloom, and one month later, the cacti produce fruit. Once they reach a year old, the plants will produce fruit for up to eight months, which can be picked every 25 days.

Chila Farm produces as much as 30 to 60 kilograms of fruit per cactus bush, Tan Sieng said, adding that one hectare of farmland contains about 1,000 bushes.

Cambodian growers produce only a small portion of the dragon fruit in local markets, but that may change if a Taiwanese company proceeds with rumored plans to build a factory to process dragon fruit wine, Tan Sieng said.

"If the plan becomes true, it would be a good chance for dragon fruit growers to increase their income," she said, hopefully. ■

year old manager at Chila Farm. "And eating dragon fruit can help reduce fever, purge the body of impurities, help digestion and reduce high blood pressure."

Growers in Malaysia and Taiwan have also begun brewing a sweet and sour Whisky wine, with a 45-degree alcohol rate, from the fruit. The dried fruit also can be mixed with hot water and sipped as tea.

Cultivation of the vine-like cactus upon which dragon fruit grows has expanded quickly in Cambodia



—Photo by Teng Chankaruk Ratha



Visit

The temple occupies an area of 56 hectares and lies in four enclosures, the outermost of which measures 700 x 800 m and is surrounded by a moat 40 m wide. The avenue that leads to its west entrance is flanked by a row of pillars crowned by an overturned lotus acroterion: on the sides of the base four telamons with the body of a garuda and the face of the lion support four niches that once housed seated Buddhas which were defaced during the revival of Brahmanism in the 13th century. The avenue becomes a sort of bridge lined by rows of devas and asuras, gods and demons that support a multi-headed naga (see Angkor Thom).

Once at the enclosure, you cannot help noticing, on the laterite wall, the spectacular 5 m high garudas holding serpents with their claws, located on the corners and 45-50 m from one another. Above there is a long crenellation that once had images of Buddha. The entrance pavilion consists of three towers, with the central entrance for elephants and chariots surmounted by five stories and the side entrances by three. The area inside this enclosure was occupied by dwell-

Preah Khan Temple

ings and is now overrun with jungle vegetation. A path 185 m long leads to the cruciform platform with nagas that affords access to the gopura of the third enclosure, a rectangle 175 x 200 m. Two colossal headless dvarapalas guard the main entrance. The pediments are quite interesting: the middle area is dominated by Rama and Ravana, recognizable by his thousand heads and thousand arms; on the east pediment there is a relief of a boat, and in the west the battle of Lanka is represented.

Beyond the gopura, a slight turn to the left leads to a pair of pediments on the ground. They are exceptionally interesting: one, with many figures, some of them praying, is dominated by a standing divinity holding two kneeling beings by the hair, while the other features the scene of Shiva cremating Kama, the god of love, who is depicted dead in his wife's arms. On the walls of this enclosure is a row of merlons with bearded soothsayers in the niches. Returning to the axial route, you will come to a cloister made up of a gallery with entrance pavilions at the four cardinal points and on the corners. This complex was dedicated to Vishnu, as can be seen in the isolated pediment just after the small entrance gopura that depicts Krishna, the incarnation of the god Vishnu, raising Mt. Govardhana to protect his followers from a flood unleashed by Indra. The pedestal with three holes that lies a short distance away once had the statues of Rama, another incarnation of Vishnu, of his wife Sita, and of his brother Lakshmana, heroes of the epic poem Ramayana. In the northwest corner of the cloister is a small

'library' while in the middle is a prasat preceded by a long hall and followed by another chamber that connects it to the second enclosure.

This enclosure is made up of a laterite wall 83 x 98 m without a gopura and corner towers, with a double colonnaded that is no longer traversable. Continuing on the west-east axis, you will immediately come to the first enclosure, which is almost square (55 m per side) and contains various galleries. Lying against the west gallery, which is accessible only by way of the gopura, are six small edifices with a cella and porch; the north and south galleries both have a gopura and two doors added, as well as windows and colonnades, while the east gallery comprises a blind wall bordered by columns, with a triple entrance pavilion and two corner projecting sections between which stand six prasats with their porches facing east.

Past the west gopura of the first enclosure is a hall with 12 pillars that leads to the central prasat. Before entering, it is worthwhile visiting the two courtyards to the northwest and southwest of the columned hall. Both have a pillar in the middle topped by a peg and house three edifices with corbelled vaults that rest against the west gallery and look almost like 'oratories' (they may have been funerary chapels), as well as four other edifices, two 'libraries' and two 'oratories' against the east side. The decoration is particularly interesting, a beautiful pattern of leaves and volutes among which are devatas and ascetics with their legs crossed. Other noteworthy sights are the southwest corner tower, one of the best preserved, and, again in this courtyard, on the pediment of



the second chapel resting against the wall, a standing Buddha; it is one of the very few that are intact. Traces of rebuilding, and above all the frequent mutilation of the images of Buddha, which were either scraped away or were replaced by lingams, are signs of the revival of Brahmanism after the death of Jayavarman and the attempt to convert the Preah Khan, as well as other Buddhist monasteries, into Hindu temples.

In the prasat with its four porticoes, which has a stupa in the middle that was added in the 16th century (once there was the statue of Lokeshvara Dharanindravarman), the numerous holes in the walls suggest they were dressed with bronze plates and that the outside of the sanctuary was also probably cased with bronze. Indeed, the stele of Preah Khan states that 1,500 tons of bronze were used in the construction of the temple. From the central temple turn left, behind a headless statue that may be of Jayavarman VII, to get to the north cloister, which is the complex dedicated to Shiva.

After going through the north gopuras in the first and second galleries and having come to a pedestal with two feet—an unusual reference to Shiva—turn right to admire the sculpture of Vishnu reclining on the serpent Ananta, which is depicted here in the guise of a dragon, while Vishnu's wife Lakshmi is massaging his feet. Now turn left and note a dancing god with several arms that has been identified as Shiva Nataraja, the "Lord of Dance." Proceeding along the south-north axis, you will exit at the north gopura of the third enclosure, guarded by a headless dvarapala. At this point it is advisable

to go back to the central prasat and then head toward the south gopura of the third enclosure, passing through the south cloister, which is dedicated to the dead Khmer sovereigns. This complex is in ruins, but there are two beautiful threshold guardians on the jambs; the one at right is depicted in an aggressive attitude, while his counterpart seems to be gentle. And to your right there is also a fine view of a tower with a lotus-shaped roof that is perfectly intact. The gopura you will exit from,

nected to the east to the protruding entrance if a sandstone edifice with two small chambers at the sides. Turning away from the gigantic tree that dominates the south small chamber, you will see on the side portal of the gopura a lovely panel of dancing girls. Other noteworthy friezes of dancing apsaras decorate the so-called Hall of Dancers, a hypostyle structure with false doors at the corners that faces the terrace to the east: derived from the cruciform cloister, it measures 26 x 36 m, has 102 pillars and is roofed by a corbelled vault and a half-vault.

Exiting from the pavilion through the north doorway, you will see a walkway lined with naga balustrades along which is an unusual pavilion resting on 32 thick, cylindrical columns 3.5 m high, which now appear for the first time in Khmer architecture. This structure, with two porches at the ends, has two stories, the first consisting of a hall with five windows per façade, and had a wooden and tile roof. There is no access to the upper floor, though there may have been a wooden stairway. Many theories have been advanced concerning the purpose of this building: from a granary to a storehouse for the Sacred Sword. On the western extension of this mysterious edifice there is a massive laterite terrace with stairways guarded over by lions that was almost certainly a venue for ceremonies, perhaps even cremations. Behind the terrace, on the corner porch of the second enclosure, the guardians are in an excellent state of preservation. ■



which is protected by two dvarapalas whose heads have been cut off, appears wild and mysterious.

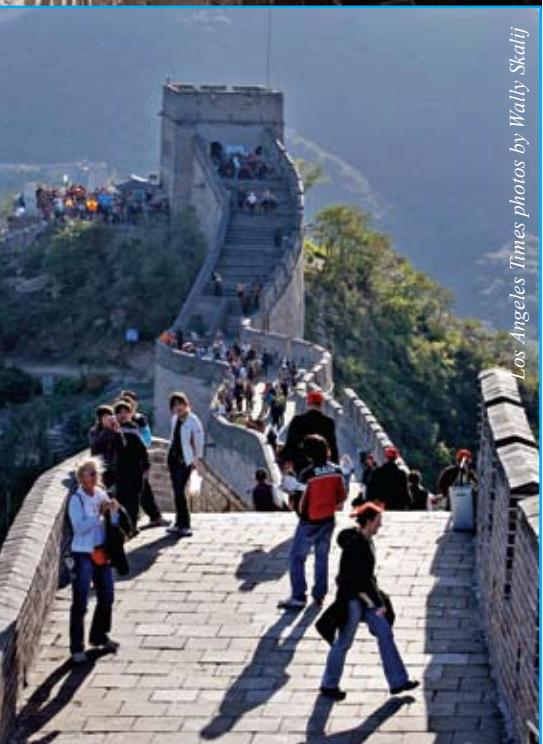
Back once again at the central prasat, you now proceed eastward, crossing through a columned hall and an area cluttered with ruins. Here, in the gopura of the first enclosure is a beautiful frieze under the ceiling with corner garudas and kinnari, winged females that are human for half their length, the rest of their bodies consisting of garlands of flowers, who are paying tribute to the Buddhas in the niches (which are missing).

The gopura in the second enclosure faces a square terrace paved in sandstone that is closed off the north and south by a laterite wall and con-

ACROSS CHINA'S DELICATE DRAGON

By Susan Spano
Los Angeles Times

Visitors explore a section of the Great Wall at Mutianyu, near Beijing.



Because the Great Wall at Badaling is easily accessible from Beijing, it's quite popular. About 4.5 million people visit each year.

BADALING, China — At Badaling, the Great Wall rides the ridgelines like a dragon, its gray brick scales glinting and its crenellated spine writhing. Built at a strategic pass in the mountains north of Beijing, it crosses stout gates, plunges into narrow defiles, climbs back up to the heights and seems to go on forever.

Long after Olympic Games end in Beijing, people will flock to Badaling, where seeing is believing in the Ten Thousand Li Long Wall of ancient annals and legend.

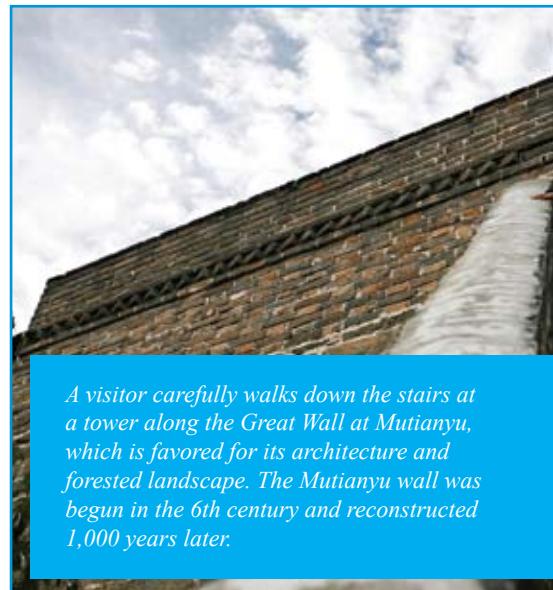
But contrary to the impression it makes at Badaling, the Great Wall may never have crossed China in one mighty, continuous span, nor is its length precisely known. (Some say it's 4,500 miles, others a mere 3,100.) Experts now think of it as a series of disjointed segments built at different times in the last two millenniums and scattered in a maze all over northern China.

Badaling is a starting place, the centerpiece of an estimated 380 miles of Ming Dynasty (1368-1644) fortifications in the capital region, the highest concentration of Great Wall in China.

The site is easily accessible from Beijing. It opened as a tourist attraction in 1957, with plentiful visitor facilities and well-maintained, relatively gradual steps to the top where visitors see long stretches of reconstructed brick and stone wall, together with a knot of spurs and cunningly engineered Ming watchtowers.

The Badaling section would be the picture-perfect Great Wall. But about 4.5 million people visit each year, resulting in crowds and commercial exploitation that make it difficult for the casual visitor to enjoy the wall.

The gridlocked road up to the ticket booths leads past a dilapidated zoo. Inside the complex are mold-



A visitor carefully walks down the stairs at a tower along the Great Wall at Mutianyu, which is favored for its architecture and forested landscape. The Mutianyu wall was begun in the 6th century and reconstructed 1,000 years later.

ering museums, cable cars, espresso stands, ersatz antiques shops and a Great Wall Circle-Vision theater.

So, on my first visit to China 10 years ago, I went to Mutianyu, east of Badaling, favored for its architecture and forested landscape. The Mutianyu wall was begun in the 6th century and reconstructed 1,000 years later. After that, the wall was neglected; Communist Party leaders even once encouraged vandalism, viewing the wall as a vestige of the nation's long, dark feudal past.

Concerted reconstruction began after Deng Xiaoping came to power in 1978 and began to reverse Mao Zedong-era policies. "Let us love our China and restore our Great Wall," Deng wrote in 1984, launching restoration projects along the length of it, including work at Mutianyu.

As I discovered on my return trip to China last year, visitors now encounter Badaling-force crowds and relentless souvenir peddlers at Mutianyu. It's a stiff, 45-minute climb to the wall, so many visitors avoid aching leg muscles by taking the cable car up and the toboggan ride down.

A decade of development, encouraged by the economic opening of China, has brought great changes to the Great Wall region north of Beijing. After decades of being pent up in the city, newly flush Beijingers now drive their own cars, loaded with bikes, skis and camping gear, into the mountains or go on family outings to see peach blossoms in the spring and pick apples in the fall.

Some have bought fancy new



condos near the wall or country places in old stone garrison towns deserted by farmers drawn to the city for work. Hotels and resorts have sprung up, such as the deluxe Commune by the Great Wall Kempinski near Badaling, where contemporary architecture competes for attention with the ancient monument.

Developments such as these have helped make the wall more accessible than

ever, but they've also prompted objections from conservationists and devoted Great Wall pilgrims. The renewed interest has also encouraged people like me to seek out untrammeled places to visit the wall and new ways of seeing it.

At the Red Capital Ranch by the Wall, east of Mutianyu in the Shen Tang Yu valley, I spent two glorious, moon-lit nights underneath the wall in the border territory where Qing Dynasty Emperor Kangxi loved to hunt and ride.

Since his time (1654-1722), fishing resorts and vacation homes have come to the narrow little valley. But get past the point where the two-lane highway passes through a gap in the Great Wall and it's easy to imagine oneself being carried on a palanquin to a hunting lodge at the edge of the Manchurian plain.

The ranch is romantic but rustic, strung out along an idling river where

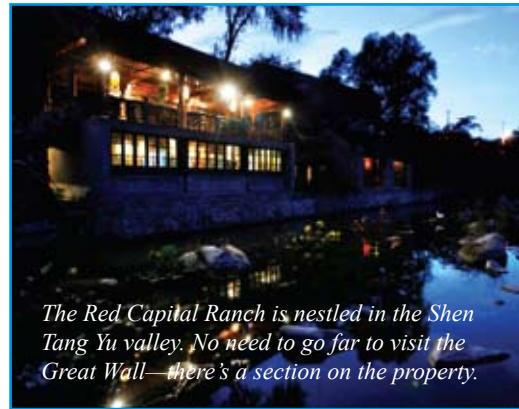
ducks cruise, fish jump and plastic bags float. Its high-ceilinged stone villas and pavilions, decorated with an eclectic mix of Asian antiques, evoke the world of Kangxi, and the waterfront restaurant serves dishes that might have pleased him, including venison satay and fried pumpkin.

Though the Great Wall was selected as a UNESCO World Heritage Site two decades ago, its condition was deemed so critical that it was added to the New York-based World Monuments Fund's 2002 watch list for most endangered sites. It is now estimated that 20 percent of the wall has been restored, 40 percent is in ruins and 40 percent has disappeared altogether.

For many visitors, it is the 40 percent of wild, unreconstructed wall that most beckons. To experience that Great Wall, I went on an overnight trip with Beijing Hikers, a club that organizes weekend expeditions into the countryside around the capital.

We left the city by bus on a Saturday morning with backpacks and walking sticks, accompanied by several guides who passed around hand-drawn maps of the paths we planned to follow in the vicinity of Sun Cha village near Mutianyu.

The wall came into full view when we reached the sleepy little village, set in a valley dappled with purple patches of wild azaleas. Our quarters for the night were in a traditional courtyard house with hostel-style rooms that had padded platform beds. The women of the house shelled walnuts and chopped vegetables for the evening meal, while the children played kickball and the men smoked ciga-



The Red Capital Ranch is nestled in the Shen Tang Yu valley. No need to go far to visit the Great Wall—there's a section on the property.

lettes by the woodpile.

After spreading out our sleeping bags, we made an easy five-mile circuit around Sun Cha, stopping along the way to gaze up at the wall and 1,300-foot Pinnacle Tower, our Sunday goal. Then dinner was served in the courtyard, plate after plate of steaming mushrooms, omelets and fatty pork.

The next morning, it was a challenge just to reach the wall along a steep winding path up from the village. Almost by definition you cannot get to it without climbing a mountain, so when we arrived at the top we were rewarded with the wild, rambling wall of our dreams.

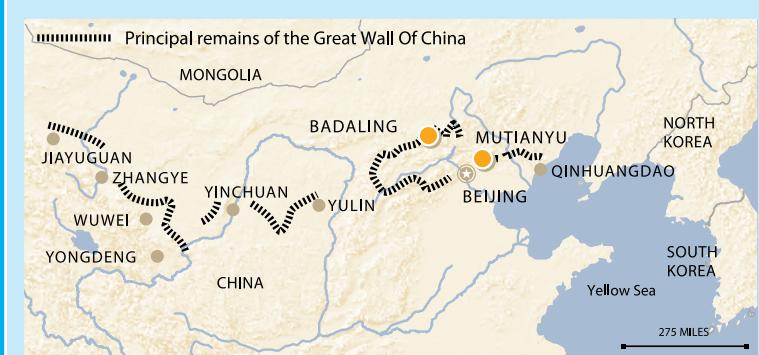
We snacked on oranges and energy bars at Pinnacle Tower, where an engraved stone tablet commemorated the bastion's construction.

The government recently dispatched a team of surveyors to measure and report on the state of the wall, a project expected to be completed by the end of 2009.

But even after we know its precise length, I won't change my mind about the wall. I'm sure it goes on forever. ■



Members of the Red Guard share a few laughs before a march in Tiananmen Square in Beijing.



Sources: ESRI, World Book Encyclopedia

Raoul Rañoa Los Angeles Times

Green chicken Curry

Method:

- 1 Heat oil in a wok over a medium heat, add onion, lemon grass and lime leaves and stir-fry for 3 minutes or until onion is golden.
- 2 Add curry paste and shrimp paste (if using) and stir-fry for 3 minutes longer or until fragrant. Stir in coconut milk, fish sauce and sugar, bring to the boil, then reduce heat and simmer, stirring frequently, for 10 minutes.
- 3 Add chicken, bamboo shoots, sweet corn and basil and cook, stirring frequently, for 15 minutes or until chicken is tender.

M e d i u m : Fresh lemon grass is available from local traditional markets and some supermarkets and greengrocers. It is also available dried; if using dried lemon grass soak in hot water for 20 minutes or until soft before using. Lemon grass is also available in bottles from, supermarkets; use this in the same way as you would fresh lemon grass. ■

S e r v e s 6

Source: Chicken for all seasons

Ingredients

- | | |
|---|---|
| 1 tablespoon peanut (groundnut) oil | 1 onion, chopped |
| 1 stalk fresh lemon grass, finely chopped | or 1 teaspoon dried lemon grass, soaked in hot water until soft |
| 3 kaffir lime leaves, finely shredded | 2 tablespoons Thai green curry paste |
| 2 teaspoons shrimp paste (optional) | 1 cup/500ml/16fl oz coconut milk |
| 1 tablespoon Thai fish sauce (nam pla) | 1 tablespoon sugar |
| 1 kg/2 lb boneless chicken thigh | or breast fillets, cut into 2cm/3/4 in cubes |
| 220g/7oz canned bamboo shoots, drained | 31g/10oz canned baby sweet corn, drained |
| 2 tablespoons chopped fresh basil. | |



Alexandrian Laurel



Khmer name :

Khotoeng

Latine name :

Calophyllum inophyllum Linn

Family name :

GUTTIFERAE

English name :

Alexandrian Laurel, Tamanu, Pannay Tree, Sweet scented calophyllum



Plant Characteristics : Tree, 15-25 meters high, old branches are round. Young branches are yellow, four-angled.

Leaf : Elliptic, thin fiber opposite the young branch in axillary; yellow when young and green when old.

Flower : Inflorescence in terminal branch, petal in axillary. White.

Fruit : Round or ovate and light green when young and light yellow when ripe. Utricle, oil inside the seed. The fruit taste is bitter and sour.

Growing Place: Mostly in coastal and plateau area. Can be cultivated.

Usage Part : Seed, resin, root and leaf. Oil from seeds.

Taste : Salty and cold (nauseating)

Treatment : Resin: Anti swelling, tonsillitis, furunculosis, burns, otitis, gingivitis and reduce the appearance of scars. Oil: Scabies, dandruff, osteocope and skin diseases. Trunk bark: stomachache. Root: gingivitis.

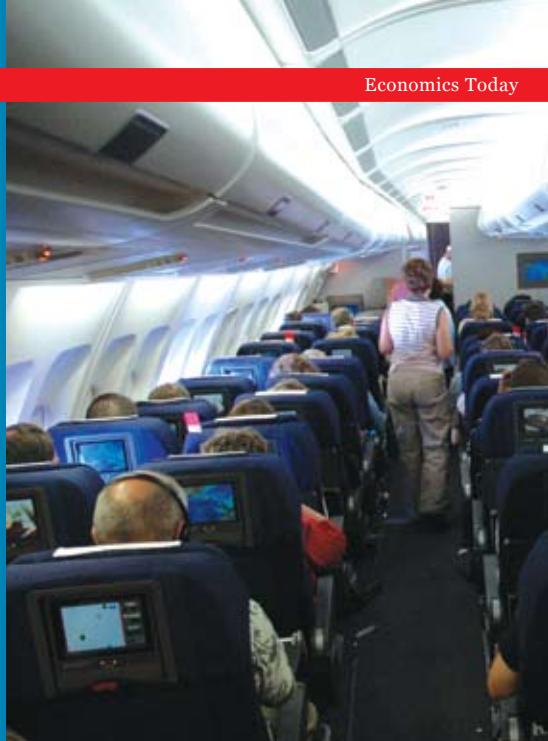
Notes : Use oil to apply topically, the resin used as powder.

Dosage : Root and bark: Boil and drink 15-30g; Resin and oil: Apply externally. ■

Source: Cambodia Medicinal Plants

How to Practice Airplane Etiquette

When traveling by air, you're sometimes forced to rub elbows (literally) with people you don't know. In close quarters and for extended periods of time, a little consideration can go a long way. To make a flight as smooth as possible for both yourself and others (and to avoid dirty looks) practice airplane etiquette as follows.



1. Carry your bag in front of you and low to the ground as you walk down the aisle in search of your seat. Holding it up and at your sides will inevitably knock seated passengers on their arms, shoulders, and heads.
2. Utilize the overhead space above your own seat row. Do not place your bags in the overhead at the front of the plane unless you are sitting in that row. Taking the storage space of other passengers is rude and can potentially delay departure as they search for storage.
3. Keep your chair upright at least until you're told it can be reclined. Don't lean your chair back as soon as you get on. When you do recline your chair, do it slowly. Otherwise, you risk bumping the head of the unsuspecting passenger behind you who's getting something from the bag at her feet, or you could knock over the drink on his tray. If possible, wait until beverages are finished being served and cleaned up.
4. Avoid grabbing the back of the seat in front of you. Grabbing the seat back as you walk in the aisle or in your row, can be unpleasantly jarring to the person sitting in it. Copy the flight attendants who balance them-

selves in the aisle by grabbing the luggage compartments above their heads, rather than the seat backs.

5. Respect personal space.

- No matter how much you love to make new friends on the plane, the person next to you might rather get some work done, or simply may not feel like being chatty. If a friendly comment gets a minimal answer, take the hint and leave them be. If you're traveling with children, try to avoid letting them think of passengers as playmates.

- Watch your elbows. If you're reading a newspaper or using a laptop, try not to let your elbows "spill over" onto someone else's personal space. Do your best not to hog the arm rests, especially if the person next to you is in the middle and has limited space to begin with.

- Keep your stuff close. If you put a bag or a jacket at your feet, don't let it spill over onto the legs or feet of the person sitting next to you.

- If you're stuck in an aisle seat but still want to enjoy the view, don't lean over the person next to you to look out the window.

- Get your own reading material—don't read theirs. They'll notice,

and it's nosy and rude.

- Pack a headset for any portable electronics, especially games and DVD players. The repetitive beeping and cartoon sounds can be very irritating through the flight.

- Avoid hogging the aisle. Remember that space is limited on board. Always be swift and alert while putting things in the overhead lockers, as other people need the aisle space to get around you and to their seat. Place the items that you will frequently use in your seat back pocket or under the seat in front of you. Get up to use the lavatory or to walk around only when necessary. Go through your carry-on luggage at intervals. If you need something, think ahead and retrieve items you might need later on during the flight.

- When you get up, don't yank on the seat in front of you for support; use the seat armrests.

- If you want to get up but there is one or more passengers between you and the aisle, politely request that they get up to let you pass. Don't try to clamber over them; apart from the discomfort this will inevitably cause, you might injure yourself/them if you lose your bal-





Tip:

- Wear deodorant, but do not wear a strong perfume or cologne.
- Always bring a tissue or handkerchief with you in case you sneeze or cough. In closed quarters, it's especially important that you don't spread germs.
- Keep your conversations to a low whisper if you're traveling with someone. If you speak too loudly, you'll interrupt someone's sleep or annoy your fellow passengers.
- Listen to the instructions

of the flight attendants. The rules regarding no head phones during take off and landing, no cell phones, luggage stored in bins or under the seats, tables stored seat upright are not only for the other passengers, they are for you as well. Abiding by all rules allows things to go faster and makes for much happier flight attendants.

- Make sure you are aware of the new security rules (amount of allowable liquids in a small plastic ziplock bag, etc). Security checks are delayed every time somebody tries to get through with items that are not allowed.

and blocking other people from leaving the plane (they may have another flight to get to), or ask somebody to help you get your luggage down while everybody is waiting to leave the plane. This will help with traffic flow and allows all passengers to leave the plane as fast as possible. ■

Source: www.wikihow.com

ance and fall. If someone is sleeping and you absolutely have to get up, don't wake them yourself, ask a flight attendant to assist.

7. Be considerate of other passengers when you deplane. Resist the urge to push your way out first; let those nearest the exit deplane first. When your turn comes, move quick-

ly so people with connecting flights can make it in time.

- Take care when retrieving luggage from the overhead compartment! It may be positioned to fall on you or someone else.
- If you have a lot of bulky, heavy luggage in the overhead bin, wait until others have left before standing

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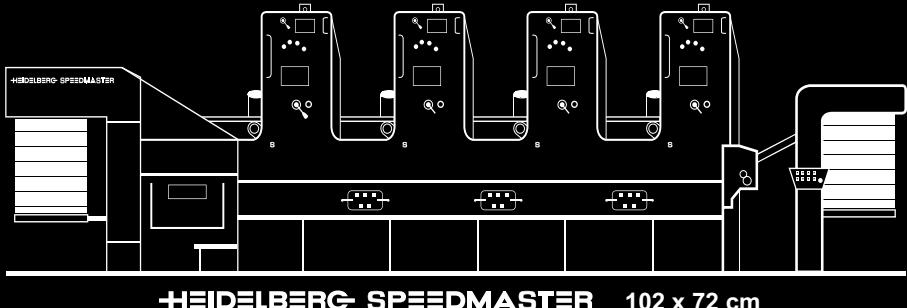
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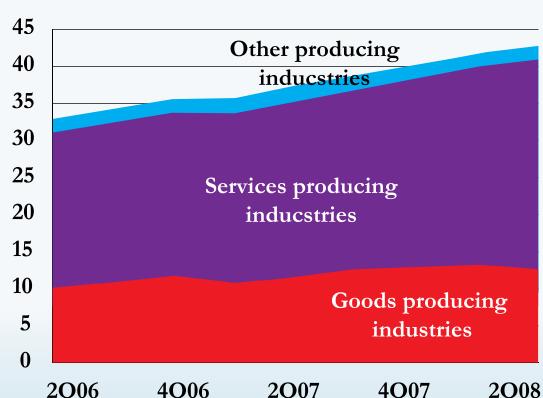
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Singapore to slide into recession in the 3rd Quarter of 2008

The side-effect of the current world financial crisis, which originated in the US economic turmoil, has pushed one of the four Asian tigers into an economic slowdown in the second quarter of the year (2Q08) and further into a recession. Gross Domestic Product estimates of the Ministry of Trade and Industry (MTI) shows that Singapore's economy in the third quarter of the year (3Q08) will contract by 0.5 percent on a quarter-over-quarter basis. This contraction has come out after the slowest growth of the economy in 2Q08, which was only 2.3 percent. A deeper analysis into the statistics reveals that negative growths of several sectors share responsibility for this economic recession.

GDP by Main Industries (US\$ billions)



Source: compiled from the Statistics Singapore and MTI

The manufacturing industry, which accounts on average for 26 percent of total GDP, decreased by almost 5 percent in 2Q08 on a year-on-year basis, while the sector actually grew by 13 percent in 1Q08 compared to the first quarter last year. This industrial growth is expected to be further cut by 11.5 percent in 3Q08, according to the MTI's advance estimates, due to the negative sentiment of the US consumers that leads to a decrease in exports of most Asian countries.

Following the same trend as the goods sector, the growth of services industries, representing around 64 percent of total GDP, has gradually decreased to 7 percent in 2Q08 and is expected to drop to only 6.1 percent in 3Q08. As a result, the annual economic growth of Singapore is estimated to be only 3 percent in 2008.

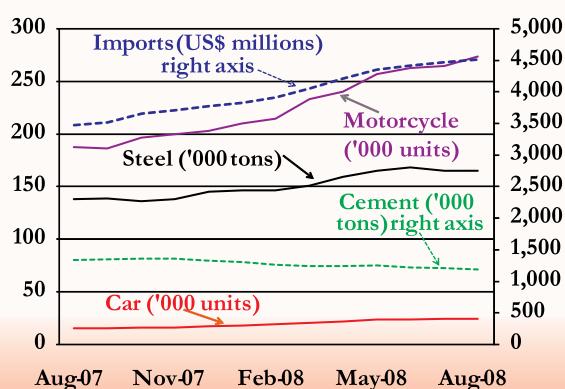
Cambodia's Selected Imports: August Update

Up to August this year, total imports in the last twelve months reached about US\$ 4.5 billion, an increase of 18 percent in comparison to the beginning of the year. It represented a 30-percent increase from the same period last year when imports totaled around US\$ 3.5 billion. When breaking down imports by products, four items are worthy to consider: cement, steel, motorcycles, and cars.

In the last twelve month, the quantity of cement that was imported in August 2008 decreased by 11 percent to 1.18 million tons, from 1.33 million tons in the same period last year.

In comparison with the beginning of the year, imports of cement in August went down by 9 percent, from January's 1.30 million tons.

Selected Imports (12-month moving)



Source: compiled from E-data, CED

Such a decrease in cement imports is seemingly due to lower local demand that results from the saturation in the construction sector. Yet, the import of steel still maintains its upward trend, as shown in the graph. The quantity of steel that was imported during the last twelve months in August increased by 20 percent to 165,200 tons in comparison to the same period last year and by 13 percent in comparison with January's data.

On the other hand, both imports of motorcycles and cars remained relatively strong. Total imports of motorcycles during the last twelve months in August 2008 increased to 274,000 units, an increase of 30 percent since January 2008 and a jump of 46 percent in comparison to August 2007. Following a similar trend, imports of cars in August increased by 35 percent from January, reaching 24,300 units, a 60-percent increase in comparison to the same period last year. ■

Cambodia Investment & Trade			
FDI Approvals (last 12 months)	Aug 08	Year Ago	% chg
Total Fixed Assets (US\$ million)	9,665	3,279	+194.8
Garment industry	172	152	+13.0
Hotel	4,307	902	+377.5
Others	5,186	2,225	+133.1
Total Projects (number)	108	113	-4.4
Garment industry	41	37	+10.8
Hotel	8	9	-11.1
Others	59	67	-11.9

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

External Trade (last 12 months)	Aug 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
Imports (US\$ million)	4,519.7	3,472.7	+30.1
Gasoline	81.3	66.6	+22.1
Diesel	121.9	132.3	-7.9
Cement	55.6	67.6	-17.8
Steel	81.9	58.4	+40.2
Car	155.0	72.7	+113.2
Motorbike	119.7	91.7	+30.5
Imports (Quantity)			
Gasoline ('000 mt)	267.8	215.6	+24.2
Diesel ('000 mt)	459.4	493.0	-6.8
Cement ('000 mt)	1,186.8	1,337.1	-11.2
Steel ('000 mt)	165.2	138.0	+19.7
Car ('000 unit)	24.3	15.2	+60.2
Motorbike ('000 unit)	274.1	187.3	+46.4

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
Total Values (mn US\$)	2,931.5	2,768.6	+5.9
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	27 Oct	Year Ago	% chg
Gasoline (riel/liter)	4,500	4,000	+12.5
Rice (riel/kg)	2,900	1,700	+70.6
Fish (riel/kg)	13,700	11,400	+20.2
Beef (riel/kg)	24,000	17,500	+37.1
Pork (riel/kg)	17,300	13,000	+33.1
Chicken (riel/kg)	14,300	11,900	+20.2

Source: EIC survey in Phnom Penh markets

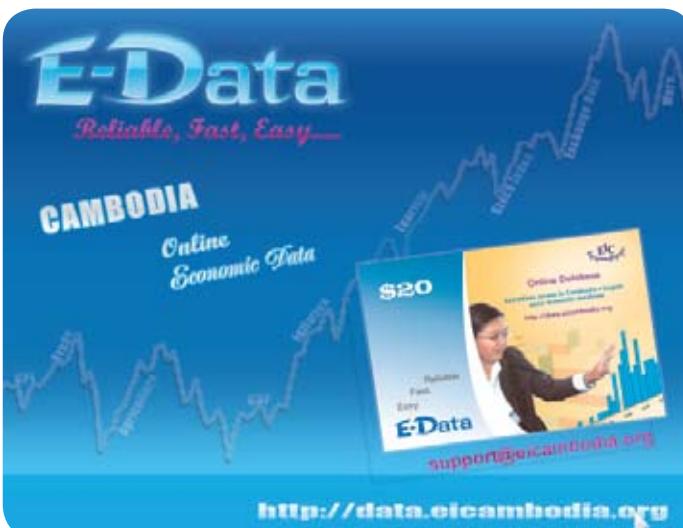
Local Commodities (whole sale, riel/kg)	Aug 08	Year Ago	% chg
Black pepper (Kampong Cham)	13,938	14,533	-4.1
Cashew nut (Kampong Cham)	4,000	2,200	+81.8
Cassava (Kampong Cham) *	691	450	+53.5
Maize (Phnom Penh)	1,245	1,010	+23.3
Paddy (Kngork Pong, Kampong Cham)	1,600	889	+80.0
Sesame (Banteay Meachey)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

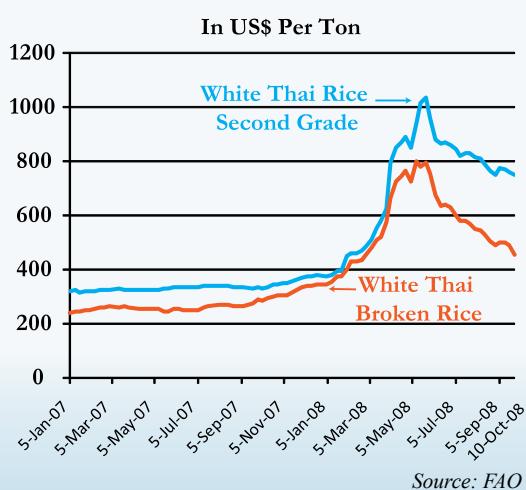
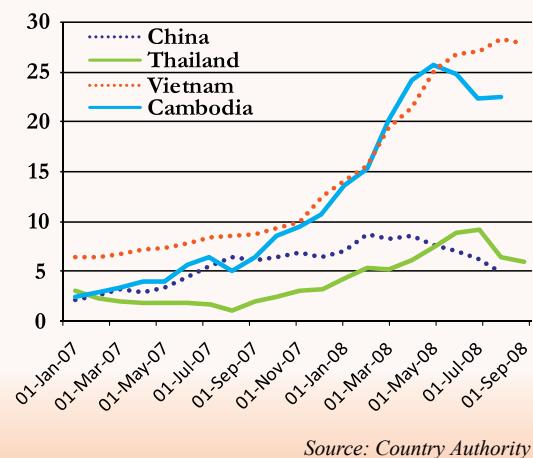
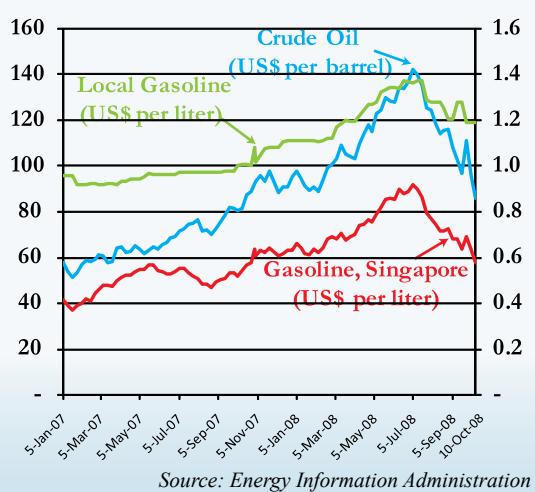
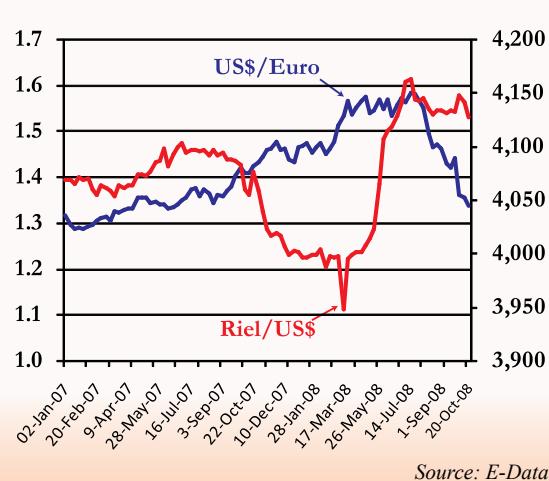
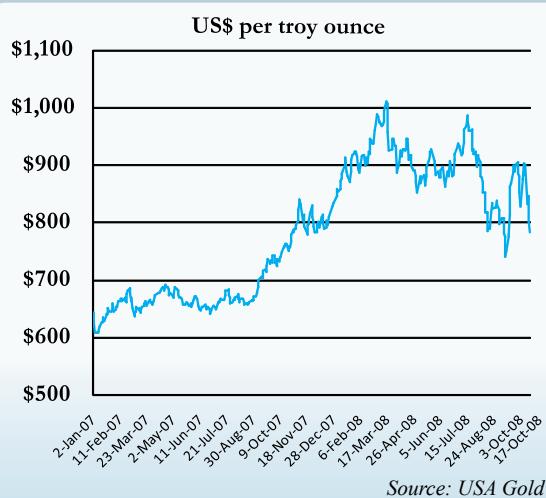
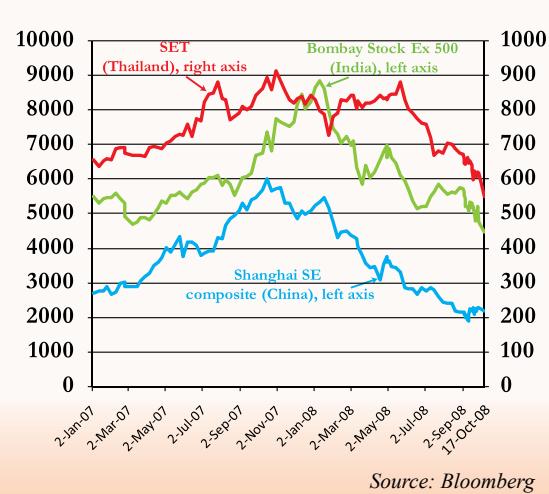
Source: E-data, MAFF

Note: *Jul 08

Cambodia Inflation (% YOY)	Sep 08	Year Ago	chg
All items	20.3	6.4	+ 13.8
Food Beverages & Tobacco	32.1	12.8	+19.3
Clothing & Footwear	-0.1	2.7	-2.7
Housing & Utilities	7.7	0.7	+7.1
House Furniture & Household Operation	27.5	4.0	+23.6
Medical Care	11.6	4.9	+6.7
Transportation & Communication	23.3	2.0	+21.3
Recreation & Education	-0.6	0.9	-1.5
Personal Care & Effects	2.8	2.0	+0.8

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	20.3	6.4	+13.8
China *	4.9	6.5	-1.6
Japan *	2.1	-0.2	+2.3
Korea	5.1	2.3	+2.8
Singapore	6.7	2.8	+3.9
Thailand	6.0	2.1	+3.9
Vietnam	27.9	8.8	+19.1
USA	4.9	2.8	+2.1

Source: E-data, Country Authority **Note:** * Aug 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 = ...)	20 Oct	Year Ago	% chg
Cambodia	4,128	4,067	+1.5
China	6.83	7.51	-9.0
Japan	102.2	116	-11.7
Korea	1,337	916	+46.0
Singapore	1.48	1.47	+0.8
Thailand	34.1	34.11	+0.1
Vietnam	16,700	16,116	+3.6
EU	0.74	0.70	+6.0
UK	0.57	0.49	+17.3

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, %)	20 Oct	Year Ago	chg
Cambodia Market *	15.88	16.22	-0.3
LIBOR	3.71	4.71	-1.0
SIBOR	3.71	4.75	-1.0
US Federal Fund	1.50	4.75	-3.3

Source: E-data, NBC, BOT, Reuters **Note:** * Aug 08

Closing Stock Index	20 Oct	Year Ago	% chg
China (Shanghai SE Composite)	1,974	5,843	-66.2
France (CAC 40)	3,449	5,675	-39.2
Hong Kong (Hang Seng)	15,323	29,334	-47.8
India (Bombay Stock Ex 500)	3,826	7,235	-47.1
Japan (NIKKEI 225)	9,006	16,358	-44.9
Korea (KRX 100)	2,549	3,880	-34.3
Singapore (Straits Times)	1,939	3,606	-46.2
Thailand (SET 50)	477	866	-44.9
UK (FTSE 100)	4,283	6,482	-33.9
USA (Dow Jones Industry)	9,265	13,675	-32.2
Vietnam (Ho Chi Minh Stock)	371	1,096	-66.2

Source: Bloomberg

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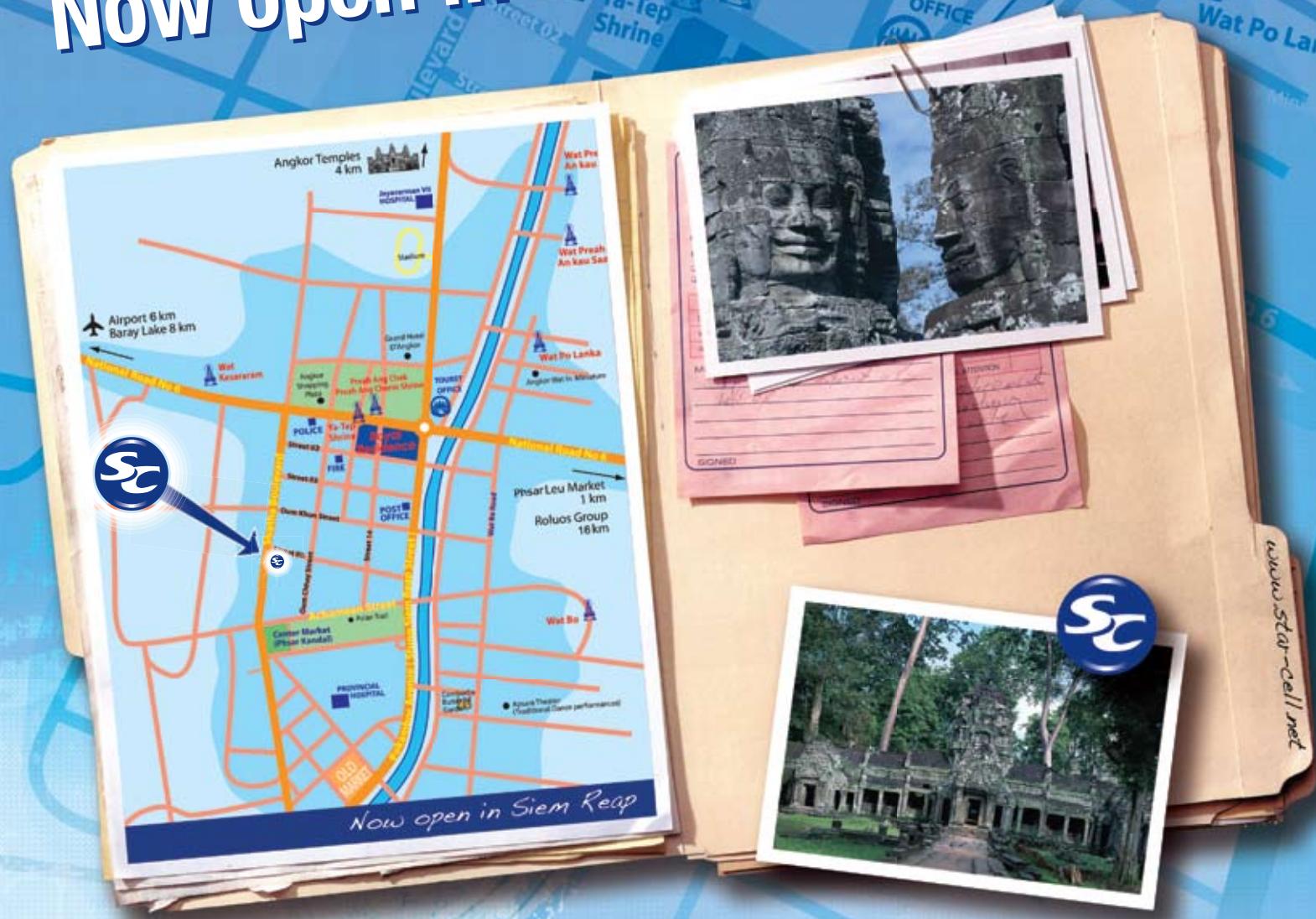
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