

Economics Today

Cambodia's Business Magazine

- Cambodia Crashes: Reality Bites as Experts Warn of Serious Economic Fallout
- Export Stimulus: High Hopes for New Export Grant Fund
- Garment Slowdown: Consequences for Indirect Beneficiaries Multiply Woes
- Great Expectations: Graduates may be Disappointed by Employment Opportunities

Financial Fortress

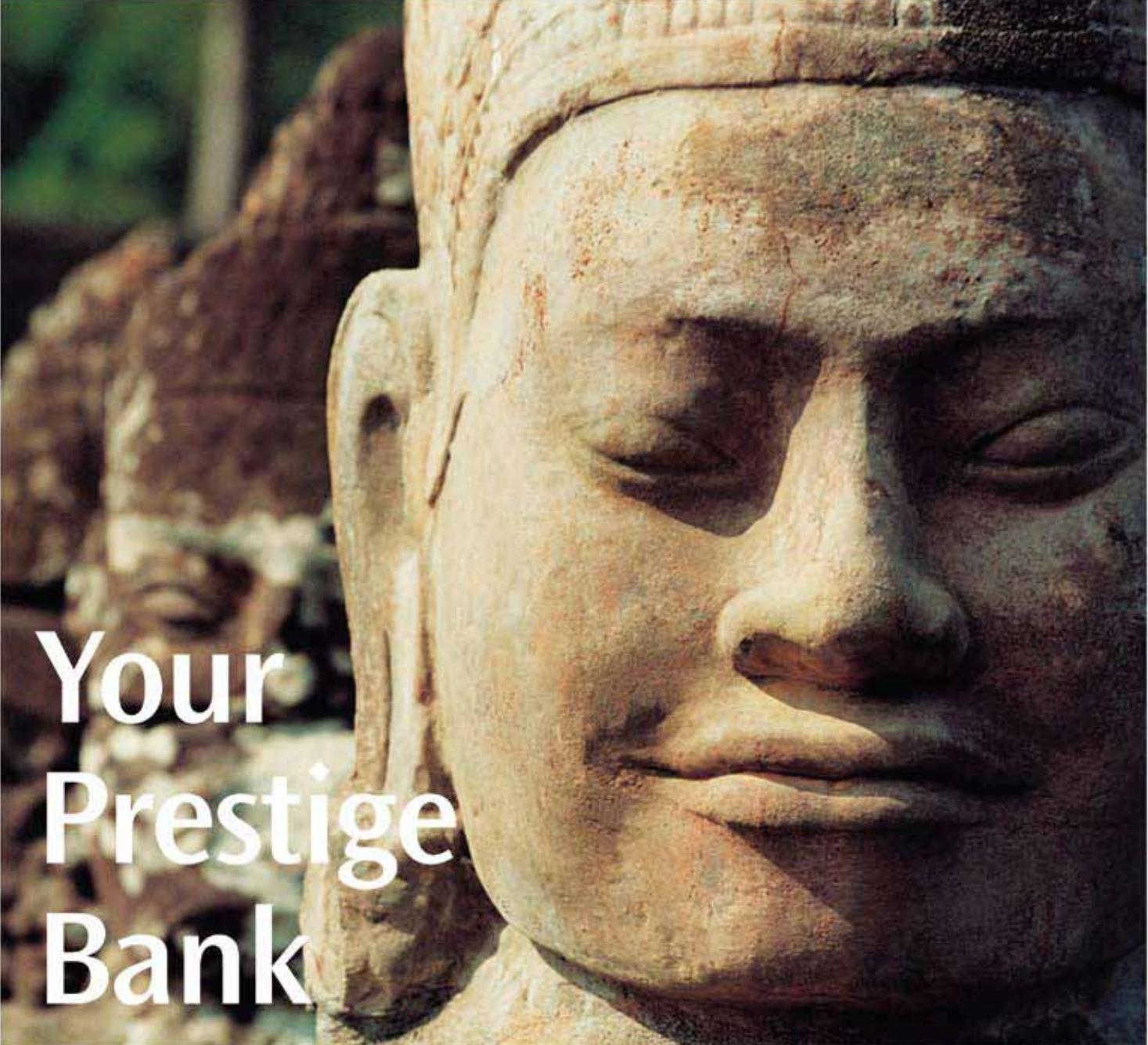
Banking Buoyant
as other Sectors Sink



Interview

Sum Sannith

Assistant Governor of National Bank of Cambodia



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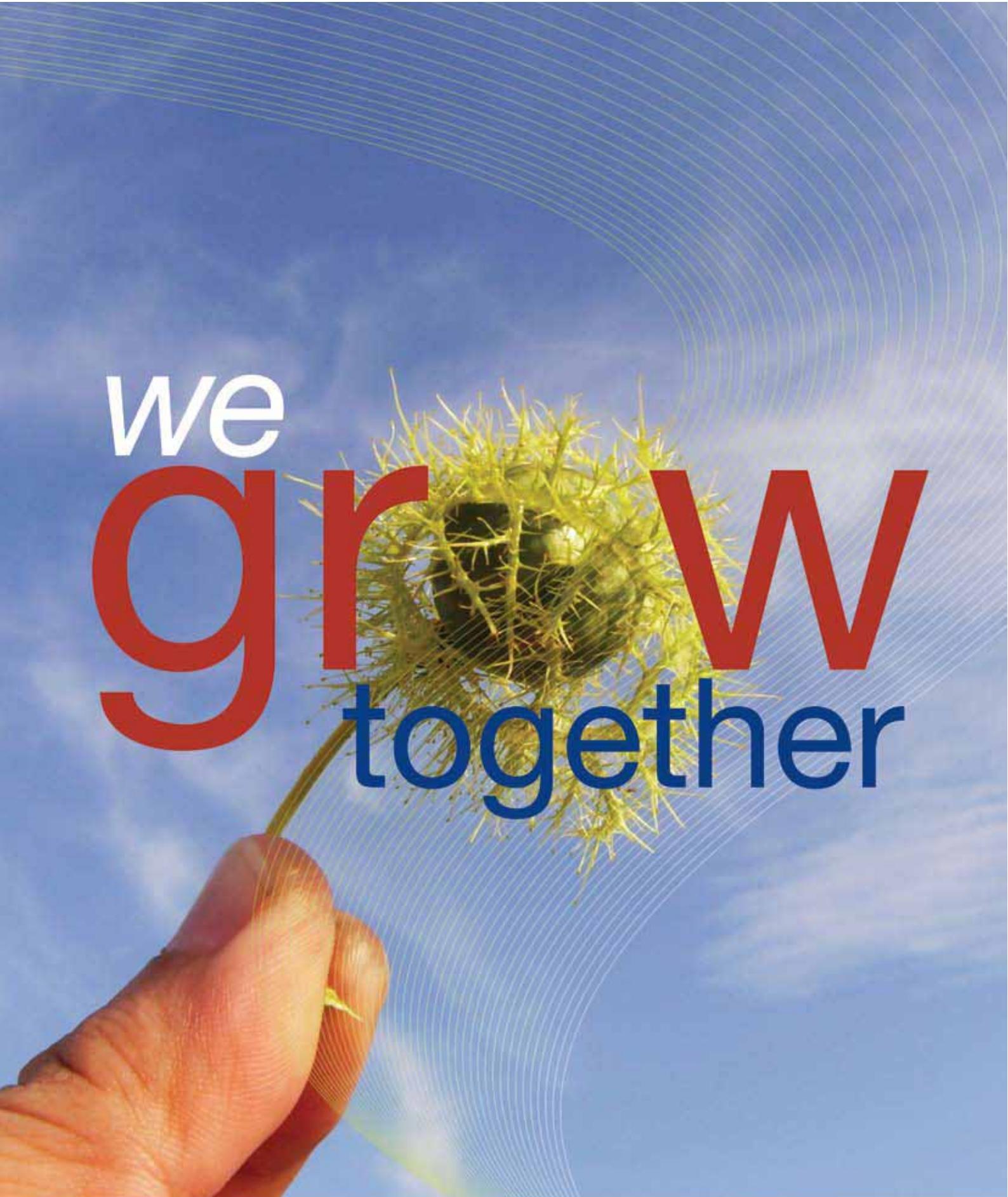
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**On the Cover:**

Even as the West's beleaguered bankers tear out their hair and mothballed megaprojects gather dust in Cambodia, the kingdom's banks and financial institutions have yet to suffer major repercussions from the global economic crisis. (page 8)

Garment Slowdown

Consequences for Indirect Beneficiaries Multiply Woes

Tumbling orders have shuttered tens of garment factories, leaving thousands of workers with no income. But the consequences may actually reach much further, pulling the rug from under poor families who rely on garment remittances.

A 43-year-old housewife from Koh Krobey village, Kandal province, Eur Sophay has never worked in a garment factory. But the sector's uncertainty weighs heavy on her shoulders. "My son earned around US\$80 per month as a garment worker, and he could send me at least US\$50," she said. Because her husband earns a mere 10,000 riel (US\$2.50) per day in construction, her son's salary was vital in meeting her family's needs. (page 14)

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**Economics
Today**

Cambodia's Business Magazine

Export Stimulus

High Hopes for New Export Grant Fund



As an almost unprecedented economic crisis sends governments creeping towards protectionism, now may not seem the best time for a new initiative to boost exports. But the Export Market Access Fund (EMAF) is a long-term project, argue those involved. (page 20)

Great Expectations

Graduates may be disappointed by employment opportunities



As the concerns over growing youth unemployment mount, the government is urging young Cambodians to be realistic in their job expectations, advising them to aim for quality training that caters to market demands.

In 2011, 200,000 Cambodian students will pass out from grade 12 into the labor market, said Pich Sophaan, secretary of state for the Ministry of Labor and Vocational Training, meaning the issue is pressing to say the least. According to Tun Sophorn, national coordinator for the International Labor Organization (ILO) in Cambodia, the figures could be even higher. Recent research shows 32 percent of the labor force is between 15 and 24, he said, with an estimated 300,000 people entering the labor market every year. (page 22)

Preah Vihear Border Talks Stalled, Border Gate to Reopen



Two sets of talks between Cambodian and Thai officials in the first week of February again failed to broker a deal to withdraw troops, stationed around the disputed Preah Vihear Temple in Cambodia.

The Thai-Cambodian Joint Boundary Commission (JBC) met Feb 3 and 4 in Bangkok after previous negotiations stalled due to months of political turmoil in Thailand. However, the two delegations failed to reach an agreement on the border demarcation. (page 25)

Economics Today

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Designers: Ouk Vibol, Sreng Veseth

Business Development:

Socheat Kanharith (016) 979 757

Marketing:

Ourng Chansy (012) 431 194

Kim Nida (012/016 274 739)

Office: Room 233, Second Floor, Building A, Phnom Penh Center, Phnom Penh, Cambodia
Phone/Fax: (855-23) 987 943
etm@etmcambodia.com

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Modernization of Banking & Microfinance Industry in Cambodia



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Deputy Governor
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KEYNOTE 2
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Legal Adviser to the Royal Government of Cambodia



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Former Executive Director, Monetary Authority of Singapore



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Regional Head – Presales Consulting, Japan & Asia Pacific
Oracle Financial Services Software Pte Ltd



CRM – Increasing Customer Usage of New Products and services
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Business Development – Asia-Pacific and Japan
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General Manager
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Driving extraordinary customer Service in a down turned economy
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Pre-Sales Consultant
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Evolutionary Step-Change in Core Banking: Opportunities to Thrive in the New Reality
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Commercial Director
Neptune Software Plc



Cheque Truncation Systems Benefiting Business Users
Mr. Sunil Mundhra
Senior Vice President
3i Infotech Asia Pacific



Retails Banking Solutions by Wincor Nixdorf
Mr. Ricardo Khoury
Vice President, Asia Pacific Banking Division
Wincor Nixdorf



Trend in card payment
Mr. Robert Choo
General Manager
Hypercom Asia South



The Banking solution for the changing world
Mr. Peter Liew
Senior Consultant
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DAY 2



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Country Manager
World Bank, Cambodia



KEYNOTE 2
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KEYNOTE 3
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Mr. Chalermporn Punnotok
Chief Executive Officer
Computer Telephony Asia

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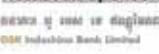
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T: (855) 16 574 222 F: (855) 23 880 637

Cambodia

Mr. Huon Chhaom (855) 12 212 396
chhaom_huon@idgcambodia.com

Singapore

Mr. Derrick Tan (65) 90 087 808
derrick@c-cec.com

Financial Fortress

Banks Sitting Pretty as Other Sectors Suffer



The National Bank of Cambodia (NBC) has introduced strict banking legislation

By Leng Bunthea
Economics Today

Even as the West's beleaguered bankers tear out their hair and mothballed megaprojects gather dust in Cambodia, the kingdom's banks and financial institutions have yet to suffer major repercussions from the global economic crisis.

In fact, experts say the developed world's economic hubris may present a valuable lesson for Cambodian banking.

Cambodia has enjoyed four years of double-digit growth until breakneck economic development was derailed in 2008 by the global economic downturn, causing GDP growth to shrink to 6.8 percent.

Cambodia's banks obviously benefited from the rapid growth, at least until surging inflation forced the National Bank of Cambodia (NBC) to hastily regulate money flows, and strength fiscal and monetary policy.

According to the World Bank, the East Asia and Pacific region—including Cambodia—will not be spared the fury of the economic storm. Fortunately, Cambodia and

the region are better prepared after the localized 1997 crisis.

Insulated Industry

According to NBC data, total assets of commercial banks have increased substantially over the past three years, growing 21 percent in 2003, and 24 percent in 2005. The pace of growth recently increased to a sprint, with 39 percent growth in 2006, and 74 percent in 2007.



Banks have low levels of exposure to the slumping real estate sector in Cambodia

Cambodia reserves have doubled in the last 18 months alone, jumping from US\$1 billion in 2006 to US\$2 billion in June 2008.

Such large assets act as a cushion in hard times, experts say.

In addition, Cambodia's banking system is still not well integrated into world's financial markets, said Sum Sannith, assistant governor of National Bank of Cambodia (NBC). Deposits and loans are for the most part balanced, he explained, a traditional policy eschewed by the now devastated Western banks.

In Channy, CEO of ACLEDA Bank, told *Economics Today* that Cambodia will not see the massive bank failures that have shocked Europe and the US. "We don't have any cash flow problem at all, since we have the assets and liability management in place, and we strictly comply with regulatory framework, as well as the law on banking and finance," he said of ACLEDA.

Sok Sina, an independent economist, said that, "the banking sector in Cambodia is currently moving at a good speed ... [but] not too fast because the interest rate is still high compared to neighboring countries."

According to data provided by the NBC, property loans accounted for just 10.5 percent of total commercial bank loans in 2008, lower than the NBC's mandatory 15 percent cap. With such low exposure, even a possible 2009 property crash seems unlikely to upset the banking sector.

Bad debts are to be expected in banking, claimed Stephen Higgins, chief executive officer of ANZ Royal Bank. "The key is to make sure you don't have too many of them," he said. "Fortunately we have always had strict credit standards here at ANZ royal bank, so we are in good shape."

Equally, ACLEDA "will face no problem in cash flow, especially because the real estate is not ACLEDA's priority venture," In Channy said.

Restrained Growth

Cautious conservatism certainly seems to have saved Cambodia from the worst of the crisis: in the second half of 2008, the NBC increased the minimum capital re-

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OSK believes Cambodia will see fallout from the global crisis

serve requirement from 8 percent to 16 percent, simultaneously introducing other measures to cut excess purchasing power. The re-

quirement forced commercial banks to increase their capital reserve at the NBC from 50 billion riel (US\$13 million) to 150 billion riel (US\$36 million), and stipulated specialized banks increase their reserves from 10 billion riel (US\$2.5 million) to 30 billion riel (US\$7.5 million).

According to Dr. Sum Sanisith, these measures have strengthened the financial sector and will help prevent galloping inflation.

"Firstly, we can curb inflation rate not to rise up by cutting down

excess lending to the market. Secondly, we are following international measure on capitalization during the crisis," he said.

ANZ Royal Bank, one of the four largest banks in Cambodia, also applauded the regulations. "The move to triple minimum capital requirements is very sensible one by the NBC," Higgins said. "Cambodia needs a smaller number of stronger banks, rather than a large number of weaker banks, and this will help achieve that."

For banks, the current challenge is to balance the reluctance

Loans for Property

As of Dec 31, 2008 (KHR millions)

	2004	share	2005	share	2006	share	2007	share	2008	share
construction	97,972	5.1%	144,957	5.9%	269,067	7.7%	640,685	10.2%		0.0%
Real estate and Public utilities	50,329	2.6%	148,004	6.1%	298,886	8.6%	495,447	7.9%		0.0%
sub total	148,301	7.8%	292,961	12.0%	567,953	16.4%	1,136,132	18.1%	1,036,989	10.5%
Total	1,912,169		2,438,304		3,472,130		6,259,697		9,832,685	



ACLEDA's diverse portfolio will protect it from the financial crisis, the bank's CEO claims

to lend during an economic crisis with the urge to help ailing businesses through loans, said Senior Consultant for IDG Indochina Derrick Tan.

Sok Sina said that banks' reluctance to lend may reflect underlying weakness.

"There is no more reason for commercial banks to refuse the measure because, if it has calls itself a bank, it must be have enough capital to run a strong business," he added.

Relaxed Lending Policy

Central banks across the world are in high alert mode, said banking expert Derrick Tan, especially when they are tasked with managing fiscal policies and implementing regulations to stabilize their national banking systems. Business communities are now looking to governments to help stimulate economies, he added. This may take the form of freeing up credit flows so that lending by banks to businesses can resume to reasonable levels to sustain business growth.

Perhaps spooked by falling growth, the NBC said Dec 24 it would drop the statutory reserve requirement from 16 percent to 12 percent in early 2009 in a bid to maintain the 7 percent GDP growth in 2009 predicted by the government.

"The measure is expected to [prompt] more lending to businesses to boost economics activities, while banks control their own risk," Sum Sannisith said.

In Channy lauded the new re-

serve requirement "because it will help a lot for the three parties: the central bank, commercial banks and lenders. It provides more funds to help lend to those in need of money to improve their business."

Sok Sina called the decreased requirements for banks "a good sign."

In the same declaration, the NBC also repealed the 15 percent cap on loans for property. It seems the government now views with concern a spluttering construction sector that has been battered by falling prices and low consumer confidence.

Still, banks seem reticent: loans to the property sector declined from 18.1 percent of the total in 2007, to 10.5 percent in 2008.

Modernized Banking

Greater use of technology unfamiliar to most Cambodians will help

the kingdom's banking sector maintain stability, experts said. ATMs and Mobile Bill Payment systems are spreading through Phnom Penh and into provincial towns, helping boost both deposits and loans.

"ACLEDA has already moved forward to this world of technology. We were upgrading ATMs, not only during the crisis, but even before," In Channy said.

Sum Sannisith noted that rates of bank usage are still lower than elsewhere in the region because of Cambodia's past instability, a situation he hoped would change with publicity drive to familiarize Cambodians with bank services.

The importance of greater awareness of banking is also stressed by Derrick Tan, who noted that businesses can use business loans to grow, farmers associations and rural firms can use micro-financing to buy seeds and fertilizers, and to finance exports.

He also underlined the importance of information communication technology (ICT). ICT is the key to integrating bank operations and giving decision makers the accurate information they need to manage their businesses, he said, adding that ICT can help commercial banks cut costs and critically examine their strategies.

The NBC revealed that Cambodia will develop an inter-bank system in the near future. This will apparently improve banks' cash flow and operations through borrowing and lending domestically. ■



Interview

Sum Sannith, Assistant Governor of National Bank of Cambodia



■ How is the banking sector holding up in Cambodia?

The situation of banking sector in Cambodia is still unwavering, although the other economies

are facing [consequences from the] financial crisis, which started from America's sub-prime crisis in 2007 and grew in momentum in 2008, infecting the rest of the world, especially Europe. But in fact, we can-

not say that Cambodia's economy is totally spared from the negative effects resulting from the turmoil. There are indirect impacts on the garment and tourism sectors.

What were the most important events of 2008?

The global issue of...inflation resulted from surging oil prices in early 2008 and the increase in food prices in international markets. This issue lingered until the third quarter. But at the end of 2008, the food and oil prices went back to normal, and the inflation rate in Cambodia rocketed in the first six months, but decreased to 15 percent at the end of December 2008.

What are the reasons for the limited impact of the global financial crisis on Cambodia's banking sector?

Cambodia's banking system is still not widely open or integrated into the world's financial markets so our banking system is still separated from the world financial market. Banks in Cambodia do not really trade in global capital and stock exchange markets. Cambodia's banking system operates traditionally, collecting deposits from the public and giving loans to others. This is the classic role of banks. In the near future, Cambodia is planning to open its own stock exchange market; however it will list only local businesses inside the country.




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Why increase the minimum capital requirements of financial institutions? What does the National Bank of Cambodia (NBC) expect to achieve through this measure?

This is a very important measure. In a situation where there are high inflation rates, the Cambodian government and the NBC wants to discourage commercial banks from lending out excess credit to the economy because it will worsen inflation. The NBC wants commercial banks in Cambodia to have strong financial sources of capitalization. Banks, not only in Cambodia but around the world, pay close attention to financial status using capitalization. Many banks in Cambodia already have higher capital rates than the requirement. However, every bank operates to profit and earn interest from lending their capital, unlike the NBC which authorizes the whole system. After all, banks agreed to the measure after discussion.

As regards small banks, there are a lot of solutions for them. If they cannot meet the requirement, they can use the widely accepted merging method.

What are the benefits of decreasing the statutory reserve requirements from 16 to 12 percent?

When the world economies are slowing down and banks can control their own risk, the NBC eases lending through decreasing the statutory reserve requirement from 16 percent to 12 percent to boost economics activities. The measure is expected to [urge] the lending of more money to businesses to enable them to grow.

Why did the NBC cap real estate loans at 15 percent?

The policy is strictly that every bank must not loan more than 15 percent to property investments. This is a shared risk policy in the economy, referring to a banking theory that says, "do not put all your eggs in one basket," because all the eggs will be broken when

that basket falls. If we share the eggs out into many small baskets, only a small amount of eggs can be broken. That is why we regulate banks not to loan more than 15 percent. This measure also helps share out funds between sectors and between banks.

Since we have observed real estate sector stagnation because of global problems, the NBC decided to mitigate the requirement in order to ease funds for businesses. Banks have already paid attention to property loans, and have managed risks well on their own.

Could a slump in real estate values cause a crisis in the banking and the financial sectors?

In developed countries, the real estate and financial sector are closely connected so one can be easily affected by the other one. In Cambodia, it's different: the real estate sector and banking sector are not so close. Cambodian people habitually buy and build houses using their own savings.

What is the priority strategy of the NBC to stabilize the financial sector and the economy in 2009?

The NBC has a lot of measures to stabilize the financial sector and the economy. According to the current and other crises experienced by the world, Cambodia itself pays great attention to strengthening mechanisms to control banks' operation, and to increasing monitoring of developments in the banking market. Cambodia, along with most of the world, is following the Basel Committee on Effective Banking Supervision principle, which assigns measures to control risk and other factors.

On the other hand, the economic slowdown in 2008 caused Cambodia's two-digit growth to decline, so we must boost economy activities. We are still optimistic about government's economic growth predictions because we can depend on a huge amount of aid being given to the government to develop the country. Even if we

lack foreign direct investment, we still have aid to develop infrastructure and other state projects.

Some foreign banking experts suggest that periods of economic slowdown are opportunities to modernize the banking sector. What could be improved in Cambodia's banking system during this crisis?

It's true that every bank needs to strengthen its business in a period of economic slowdown. For example, when people are on the same ship and the ship is shaken by strong wind or waves, all must find their own way to protect themselves by hanging on any way they can. In Cambodia we do not see anything like that, but it is very noticeable that, even before and during the crisis, as well as in the present, banks are improving their payment operations, making them faster and more convenient through ATMs and other technology.

The NBC will host the coming forum on Banking in Cambodia Feb 19-20. What benefits will this conference bring?

The rate at which Cambodians use bank services is still lower than elsewhere in the region because of other crises and the past civil war. Most Cambodians do not yet have a bank account. The forum is a kind of promotion to raise awareness about banking system and services in Cambodia.

What is currently lacking in the banking and financial sector?

Firstly, Cambodia has no interbank market, where one bank can borrow short term loans from the other domestically. Secondly, we do not have integrated payment methods like using combined ATMs for cash withdrawal...I am proud to see the dynamism of the banking and financial sector in Cambodia. Even though we do not have big houses, luxury apartments and new buildings, I hope we can have them soon because we are striving to develop. ■

Conference to Explore Modernization of Banking Industry

By Kim Natacha
& Leng Bunthea
Economics Today

The first annual Banking Cambodia 2009 conference, organized by International Data Group (IDG) and the National ICT Development Authority (NiDA), will aim to gather in one summit and at one location both local and international industry leaders and experts, IDG Cambodia said.

During a press conference last December, representatives from IDG Indochina and NiDA emphasized the importance of ICT in the banking sector and said they are looking to promote networking between the industry's stakeholders.

For this event, all the key agents—the government, government agencies, NGOs, donor organizations, banks, microfinance institutions and business associations—will gather to exchange ideas, make business deals, and form partnerships and alliances, said Derrick Tan, a senior consultant for IDG Indochina.

However, the event is hoped to do more: provoke a serious discussion about the industry's challenges and possible solutions.

"Banking Cambodia is not just a forum to talk about banking ICT solutions, but it is a summit for the banking and financial community to gather to discuss broader issues facing the entire community and finding solutions to them," Tan told *Economics Today* in an e-mail.

The conference boasts 15 experts who will talk about various issues, ranging from potential sectors for investment, to the role of micro-finance institutions and

how best to weather the global financial crisis.

The International Monetary Fund (IMF) recently noted that the global economic downturn and financial crisis could result in significant adverse effects on economic activity, capital inflows and the banking system.

During this economic crisis, many commercial banks will face tremendous pressures to freeze and cut costs and take a critical look at their strategies and operations, said Derrick Tan.

Considering that the banking sector in Cambodia only began to flourish in the early 2000's, the level of technology sophistication in the banking industry is satisfactory, according to experts.

The current state of ICT in banks in Cambodia is very much in line with the emerging economies



Banks are looking to technology to boost business

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across the world, said Tan.

Among the many priorities for banks, such as putting in place core banking systems, expanding ATM networks, having a check clearance system that promotes non-cash payments, some forward looking banks in Cambodia already offer mobile banking services. Some are looking to advanced ATMs and other self-service kiosks to provide better services to their customers, said the Singapore-based consultant.

IDG Cambodia not only invited government officials and banks senior officers to the event, but also microfinance institutions and business leaders to learn about the opportunities for networking and business relationships. The conference will be open to the public in exchange for an admission fee.

"It will be an excellent opportunity for the community to see and hear about the latest that the banking community has to offer," Tan concluded. ■

Garment Slowdown

Consequences for Indirect Beneficiaries Multiply Woes



Garment workers travel to their factories

By An Sithav
Economics Today

 Tumbling orders have shuttered tens of garment factories, leaving thousands of workers with no income. But the consequences may actually reach much further, pulling the rug from under poor families who rely on garment remittances.



A 43-year-old housewife from Koh Krobey village, Kandal province, Eur Sophay has never worked in a garment factory. But the sector's uncertainty weighs heavy on her shoulders. "My son earned around US\$80 per month as a garment worker, and he could send me at least US\$50," she said. Because her husband earns a mere 10,000 riel (US\$2.50) per day in construction, her son's salary was vital in meeting her family's needs.

"My son just got laid off from the garment factory where he was working," the mother of six sighed, shaking her head.

Luckily, Eur Sophay's eldest son managed to find work as a waiter in a nearby Kien Svay restaurant after being laid off. The family finances, however, still leave much to be desired.

"Now my son can send me only about 150,000 riel [US\$40] per

month," complained Eur Sophay, voicing concerns her husband's salary alone is not sufficient to support her family.

Eur Sophay's rising panic and near-total dependence on wage remittances is typical of many Cambodian families whose children chose to labor in the kingdom's factories.

According to the International Labor Organization (ILO) in Cambodia, the garment sector is crucial to the livelihoods of an estimated 350,000 workers, and a total of at least 1.7 million people depend directly or, like Eur Sophay, indirectly on the industry.

Recent turmoil in Cambodia's target markets is deeply affecting the garment industry: according to statistics from the Trade Preferences System Department of the Ministry of Commerce, there were 291 factories operating in Cambodia in early 2008, employing almost 340,000 workers. At the end of 2008, open factories numbered only 268, with less than 320,000 workers.

According to Kaing Monika, business development manager for the Garment Manufacturers Asso-

ciation in Cambodia (GMAC), 48 GMAC member factories closed, resulting in more than 36,000 lost jobs. The opening of 20 factories, which generated about 15,000 jobs, partly compensates for the losses, but figures can't tell the whole truth.

"In total, 20,476 jobs were lost officially in 2008, but the toll is actually higher because some closed factories are not reported," said Kaing Monika, who estimated that at least 25,000 garment workers have lost jobs.

President of the Free Trade Union Worker in Cambodia Chea Mony claimed that some factories go bankrupt to avoid their debts, then reopen under a different name. There is currently a lack of robust legislation to prevent unscrupulous producers exploiting workers in this way, he added.

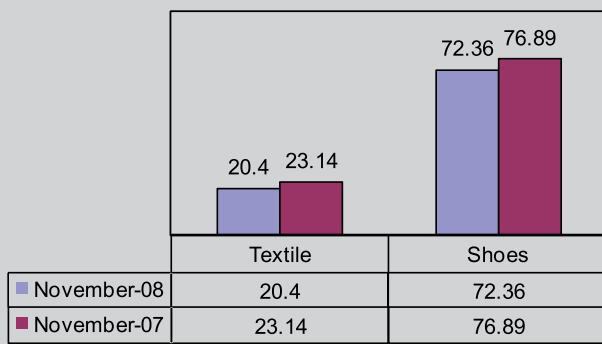
The trend seems set to continue this year, Kaing Monika continued, with about 10 factories shuttered in the last two months because of shrinking orders.

"Cambodia's garment industry is very sensitive to the decline of international orders from the US and the European Union," he explained.

Tired of the uncertainties that now plague the garment sector, many workers have returned to more familiar or secure positions.

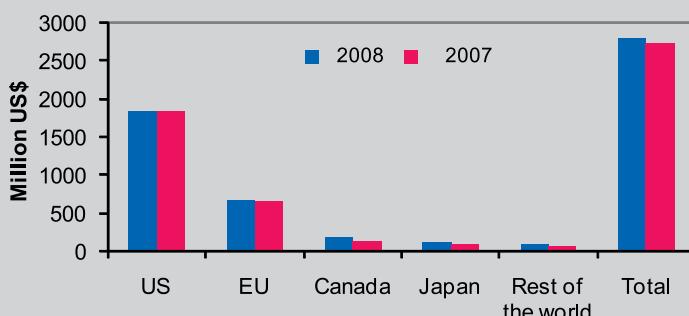
Kaing Monika said that much of the idle garment workforce have

Textile and Shoes Export to World market (Million US\$)



Source: Trade Preferences System Department, Ministry of Commerce Statistics

Estimated Cambodia Export data under GSP/MFN Scheme, First Eleven Months, 2008 with 2007



Source: Trade Preferences System Department, Ministry of Commerce Statistics

returned to rural villages to work in agriculture. Chea Mony remarked anecdotal evidence suggests that many female former factory workers are becoming waitresses or hostesses in karaoke parlors.

Patching Up the Industry

The government, the Ministry of Commerce and GMAC all say they are trying to address the headache of declining of international orders.

Cheah Mony suggested that the government do more to help laid off workers, especially those cheated by firms that close and reopen.

Prime Minister Hun Sen asked stakeholders in the garment industry to cooperate to enhance productivity and harmonize industrial relations during the 14th Government-Private Sector Forum in November last year. The government pledged to cut export fees on garment products by

10 percent, to lower manufacturing costs and improve competitiveness.

In a world concerned with ethical production, the ILO-sponsored Better Factories Cambodia (BFC) program could play an important role, said Commerce Minister Cham Prasidh at an October 2008 forum. The BFC monitoring scheme is a world class system that leads buyers to choose Cambodia as a source for garments, he added, calling continued support of the ILO-BFC "very crucial."

Chief Technical Advisor for ILO-BFC Tuomo Poutiainen said in September last year that, thanks to the ILO-BFC, "Cambodia continues to be an important sourcing destination for [US and EU buyers] and many of them have expressed that they intend to keep or cautiously expand their production in Cambodia."

"The international buyers prefer to source their products from coun-

tries that uphold labor standards and here Cambodia has a definite advantage over others," he added.

Cambodia is certainly not alone in suffering from lower international orders: Vietnam is also affected, Nguyen Son, deputy secretary general of the Vietnam Textile and Apparel Association (VITAS) told *Economics Today*.

High inflation, increasing interest rates, fluctuating raw material prices and remarkable decreases in US, the EU and Japanese purchasing power has sent orders crashing by 20-30 percent in many Vietnamese garment factories, Nguyen Son said.

The picture is similar in many of ASEAN's export focused economies, he noted, so greater cooperation and intra-regional trade is a sensible step to halt the slide.

"We should encourage the use of raw materials such as fabrics, both knitted and woven, from our ASEAN colleagues," agreed Roger Tan, GMAC's Secretary General. "We will try and understand and co-operate to find ways to compete with China, which is now the largest provider of fabrics to garment producing countries".

According to MoC's Trade Preferences System Department statistics, garment exports to Japan increased about 8.8 percent in the first eleven months of 2008 in comparison to the previous year, and textile exports increased 100 percent. ■

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Cambodia Crashes

Reality Bites as Experts Warn of Serious Economic Fallout

By Sam Campbell

Economics Today

 Initial predictions that Cambodia would emerge almost unscathed from the global economic crisis were very wide of the mark, experts warned at a subdued Feb 5 Third Cambodia Economic Forum.

Advice was plentiful but details of concrete action few in a somber event that was closed to the political opposition, and which saw journalists ejected from two of the three sessions.

At the opening ceremony, Prime Minister Hun Sen told the forum that "the world is going through turbulent times and Cambodia is not spared."

UNDP Resident Representative Douglas Broderick soberly agreed that the forum "comes at a time of an unfolding global crisis. Reexamining Cambodia's global competitiveness in light of this crisis is both important and timely."

"Regionally, a decrease in foreign direct investment, a bursting real estate bubble, decreasing orders for garment factories and a drop in tourism are slowly bringing the consequences to our front door," Broderick admitted, subsequently claiming that "Cambodia's largely untapped markets have the potential to grow and be part of the solution to this crisis."

Arjun Goswami, country director of the Asian Development Bank (ADB), was more matter-of-fact. The current financial crisis "may turn out to be the onset of one of the severest recessions in decades in several of Cambodia's key export markets," he said. "This external shock will sharply curtail, at least over the next two to three years, three of the four current main Cambodian sources of growth; namely, garment exports, tourism and construction."

Country Manager of the World Bank Qimiao Fan concurred on the serious local fallout from the West's

financial meltdown. "In 2008, the environment for Cambodia's development changed dramatically with the rapid increase in oil and food prices in the early part of the year and the global financial crisis in the latter part of the year," he said. "Growth for 2008 has probably been around 7 percent: a marked slowdown from 2007, but, unfortunately, just a first warning before the sharpest slowdown expected for 2009."

After a period of breakneck growth that saw per capita income almost double from US\$285 in 1997 to US\$593 a decade later, there are signs that such growth is "unlikely to be sustainable in its current form,"



Cambodia's World Bank Country Manager Qimiao Fan during his address at the forum.

"will significantly weaken the existing drivers of growth," Guimbert warned. Making better use of "relatively abundant land, natural assets and inexpensive labor" should help Cambodia weather the storm, as would diversification into new

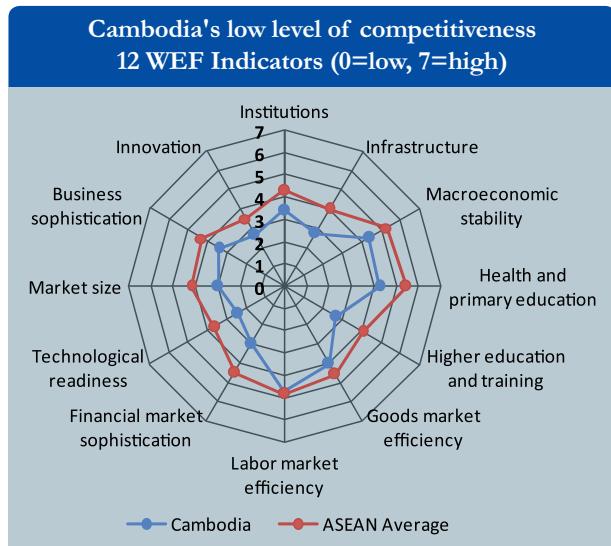
"This external shock will sharply curtail, at least over the next two to three years, three of the four current main Cambodian sources of growth; namely, garment exports, tourism and construction."

Country Director of the Asian Development Bank Arjun Goswami.

said Senior Country Economist for the World Bank in Cambodia Stéphane Guimbert in the notes for his presentation, which was closed to media. "The next episode in this story is very uncertain. The achievements of the past decade are very fragile and leave many Cambodians poor and with few assets. The base for this economic growth appears narrow. And the winds that once served Cambodia well—global trade and investment flows—have lost their strength, at least temporarily."

Though Cambodia is not directly exposed to the current global financial turmoil, the crisis

markets and products. Guimbert advised—perhaps more controversially given the recent publication of a scathing Global Witness report on Cambodia's mining industry titled *Country for Sale*—that "sustainable



Source: WEF Global Competitiveness Report 2008-2009.

Note: Data for Laos and Myanmar not available

"The achievements of the past decade are very fragile and leave many Cambodians poor and with few assets. The base for this economic growth appears narrow. And the winds that once served Cambodia well—global trade and investment flows—have lost their strength, at least temporarily."

Senior Country Economist for the World Bank in Cambodia Stéphane Guimbert

management of natural resources, especially minerals and energy, represents another growth opportunity." He called the sector's current management "ineffective and opaque." High operating costs and widespread corruption were also cited as constraints on growth.

Myriad measures were proposed to address wilting economic growth.

"The first priority is to deepen Cambodia's integration, particularly in the East Asia region. The slowdown of global trade gives this objective an added sense of urgency," Guimbert said. "There are opportunities to make trade within the Greater Mekong Subregion [GMS] much easier, making Cambodia the bridge between Ho Chi Minh and Bangkok, two of the largest cities in Southeast Asia." He advised sustainable management of natural resources and continued development of infrastructure and human resources.

Dirk Willhem te Velde of the Overseas Development Institute (ODI) recommended Cambodian products try to move up the value chain; that the kingdom prioritize human resource development to increase productivity; work with the private sector to up the quality of tourism and ensure more tourist dollars reach the poor; and streamline Byzantine customs procedures. Long-term, quality FDI could be attracted through a better formulated FDI strategy that boasts better incentives, he added.

Cambodia would do well to consider experiences elsewhere in ASEAN, te Velde said, citing Singapore and Malaysia as good examples. He noted that Mauritius has moved from sugar production into garments, then into services—a significant movement up the value chain—by "using smart incentives,

targeting and human development." In the short-term, Cambodia should introduce legislation in areas that are currently lacking: the Competition Law, the Anti-Corruption Law, the Telecommunications Law and the Law on Trade Unions were suggested.

Prime Minister Hun Sen said that committing to concrete responses is difficult as, "We do not fully understand the magnitude and duration of the economic crisis yet." He derided "big scale stimulus without considering economic realities," apparently a jibe at the opposition Sam Rainsy Party (SRP) who have suggested a US\$500 million economic stimulus plan. The "illogical" political opposition, who apparently mistakenly "consider themselves strong economists," were completely barred from the forum, with SRP parliamentarian Mu Sochua publicly turned away in full view of media, investors and development partners.

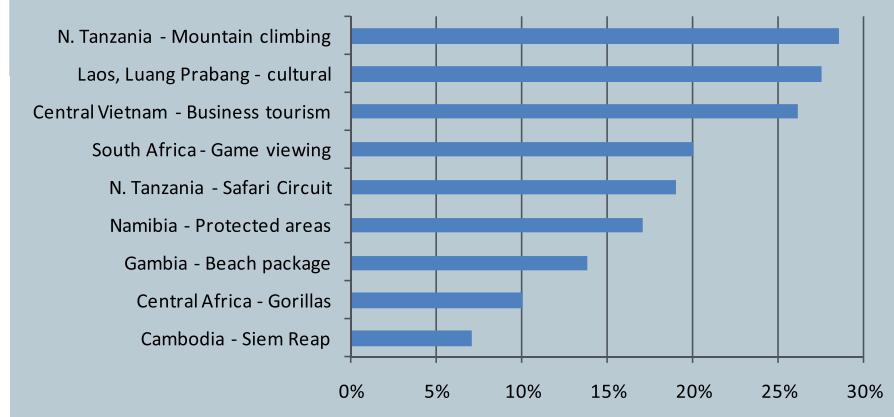
Sok Chenda, secretary general of the Council for the Development of Cambodia (CDC) and Supreme National Economic Council (SNEC) member, recommended more attention be paid to skills and training

"This is a topic that I will raise until I am heard," he said. "The only way to raise productivity is to raise training and skills...and I appeal to all development partners to help us."

Van Sou Ieng also stressed the importance of training. "I agree with Sok Chenda that training... has to start with some basic knowledge of what the market wants," he said. "Actually we have been training for the last ten years: accountants and management. But we have not trained technicians; we have not trained electricians; we have not trained computer technicians. Those are what the market needs." He also noted that Cambodian manufacture goes beyond the tightly regulated and unionized garment sector, remarking that: "I've never seen a strike in the production of beer; I've never seen a strike in the production of food [or] wine."

The World Bank's Qimiao Fan was slightly more upbeat. "I believe that a good management of the current storm should position Cambodia to get a new wind to support its development," he said, advocating a three-pronged strategy: "First, avoid deepening the financial stress through a good monetary and exchange rate policy, and a sound management of the financial sector. Second...a fiscal stimulus that mobilizes funds for accelerated and additional investments in infrastructure and agriculture, as well as social safety nets. Third, position Cambodia to seize future opportunities through acceleration in trade and investment reforms." ■

**Tourism Benefits for the Poor (in % of revenues)
Selected Countries**



Source:Overseas Development Institute report

Export Stimulus

High Hopes for New Export Grant Fund

By Chan Sovannara
& Sam Campbell
Economics Today

 As an almost unprecedented economic crisis sends governments creeping towards protectionism, now may not seem the best time for a new initiative to boost exports. But the Export Market Access Fund (EMAF) is a long-term project, argue those involved.

Saddled with outdated production technology, many local exporters lack the financial resources to take advantage of export opportunities or invest in upgrades. Cambodia's human resource curse also applies here: few Cambodians have the skills or experience to market their products internationally, and fewer still can manage and coordinate large, standardized orders for export.

EMAF, a World Bank-funded project of the Ministry of Commerce, managed by Emerging Markets Consulting, seeks to address these concerns.

A relative newcomer—the project began October, 2008—EMAF seeks to address the financial and technical constraints faced by Cambodian businesses as they strive to increase export revenues, a potential major driver of the economy in the long term, despite the current adverse conditions.

Penn Sovicheat, a Ministry of Commerce official, told *Economics Today* that the EMAF project will not be sunk by the world economic crisis. "EMAF is not concerned. It is a good chance to build up local business in the international market," he said.

At the official EMAF launch Feb 3, Senior Country Economist for the World Bank in Cambodia Stéphane Guimbert called some of the current economic doom-mongering "excessive," though he conceded that concerns over Cambodia's lack of diversification are well-founded. He lauded EMAF in his introduction but stressed that it would "not be a free



Kem Sithan of the Ministry of Commerce addresses the launch ceremony

lunch ... but a good subsidy."

Stéphane Guimbert claimed EMAF, as part of the Trade Facilitation and Competitiveness Project (TFCP)—a project the World Bank has already contributed US\$10 million towards—would help foster trade and build capacity. Still, there may be some teething problems, he added, as EMAF is "a new baby; [there's] a lot of learning by doing."

Kem Sithan, secretary of state for the Ministry of Commerce, said that the stimulus provided by EMAF would be helpful in an economy dominated by an agriculture sector that doesn't meet its potential and a garment industry that has been decimated by dwindling orders.

Described as a matching grant facility, EMAF helps exporters (or even would-be exporters) to grow their business through non-refundable grants and technical assistance. EMAF can fund half the cost of "eligible activities," defined broadly as exploring markets, marketing and promotion, increasing competitiveness and certifying products. Many markets in developed nations require product certifications that are practically unknown in Cambodia.

Joshua Morris, EMAF manager, said that obliging companies to come up with the other half of the cash is "central to operations to ensure firms are committed ... organizationally to

the success of these initiatives."

The registration process is "as simple as possible," according to Morris, and any firms based in Cambodia—not just those owned by Cambodians—can apply provided they are operating legally and are registered with the Ministry of Commerce. Only perceived undesirable products such as tobacco, weapons and poisonous chemicals are barred from EMAF. Grants are limited to US\$30,000 but firms may reapply for further grants, as was seen in a similar project in Tunisia that Cambodia's EMAF is based on.

The private sector was cautiously welcoming. Long Saromm of TTY Agricultural Plant Development and Imex said his company has applied for US\$24,000 from EMAF to expand exports into European markets, invite buyers to visit and develop a website.

Outh Renne, of Small and Medium Industry Cambodia (SMI Cambodia), said that SMI Cambodia already applied for US\$30,000 in December, 2008 to enable exports of agricultural produce to Albania, Cameroon, Senegal and Congo.

"This fund will help SMI Cambodia promote itself in international markets, build links to the global market, and send staff to train in other countries," Outh Renne said.

Joshua Morris was very positive, media apathy notwithstanding. "I feel like we're off to a strong start," he said. "Many exporters have been excited about learning more."

Stéphane Guimbert said EMAF will start small, with US\$1.6 million available in funding for phase one (until Jan 30, 2010), then scale up. "There's a lot of potential," he said.

Kem Sithan also had high hopes. Calling exports the "economic engine" of Cambodia, he said EMAF should help build capacity and reduce poverty "in an equitable manner," simultaneously better integrating the kingdom into the global system as a corollary. "EMAF is the strategy to reach solutions to help private companies, small and medium enterprises in agro-industry and secondary industries to export," he said. "The Ministry of Commerce expects that in two years, EMAF will help at least 50 to 60 companies receive benefits and profits from export products." ■



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Real Estate Association Established

Hard-pressed Realtors Band Together

By An Chanthal
Economics Today

 In the face of plunging property prices and strict new legislation, the Real Estate Development Association of Cambodia (REDAC) will play an important role in coordinating the sector and sharing experience among property developers, claimed members at REDAC's Feb 03 launch.

Although there have already been two or three real estate associations formed, these associations did not represent the interests of all property developers doing business in Cambodia, said Van Sou Ieng, REDAC's straight-talking chairman. Other groups merely focus on a small part of the sector. For example, the Khmer Real Estate Appraisal Associa-

tion is only involved in valuation, he explained.

To protect consumers from developments that go bust, the government issued a July 30, 2008 *Prakas* that requires developers to deposit 2 percent of the total project budget in the central bank, a restriction much criticized within the real estate industry. Developers are also obligated to obtain a license and pay fees based on the type and size of their business, requirements developers say entail much higher spending and a greater administrative workload.

Unsurprisingly, these new regulations were the main topic of the first REDAC meeting, with members roundly criticizing the *Prakas*.

REDAC members complained that the government should distinguish between property develop-

ers who already possess the capital to complete their projects before selling to the buyers, and developers who sell off plan, collecting money from customers before projects are finished. The government should apply the rules of the new *Prakas* only to developers of the latter type, many of those at the meeting agreed.

A lawyer representing a Korean firm claimed that the *Prakas* has "some weak points" that are restricting developers. To address this problem, not only government, but also developers must work together to debate the positive and negative points of the legislation, he added.

First Deputy Secretary General of REDAC Sung Bonna appealed for other developers to join the association. "First of all, we have to make coalition all of real estate associations or property developers in order to get a strong voice," he said. "Then we will urge the government to address the negative points in the *Prakas*." ■

Great Expectations

Graduates may be disappointed by employment opportunities



Technicians are in demand but Cambodians are reluctant to train

By Leng Bunthea

Economics Today

As the concerns over growing youth unemployment mount, the government is urging young Cambodians to be realistic in their job expectations, advising them to aim for quality training that caters to market demands.

In 2011, 200,000 Cambodian students will pass out from grade 12 into the labor market, said Pich Sophaon, secretary of state for the Ministry of Labor and Vocational

Training, meaning the issue is pressing to say the least. According to Tun Sophorn, national coordinator for the International Labor Organization (ILO) in Cambodia, the figures could be even higher. Recent research shows 32 percent of the labor force is between 15 and 24, he said, with an estimated 300,000 people entering the labor market every year.

And economic growth has lit the fire of ambition: a July 2008 survey by the Cambodia Federation of Employers and Business Association

(CAMFEBA) showed that 22 percent of 2,194 Cambodian youths wanted to work in banking, microfinance and insurance, compared to 5 percent in construction and engineering, and a mere 3 percent in the garment and textile industry. About 15 percent wanted to work in agriculture and rural development, a category which includes many NGO projects.

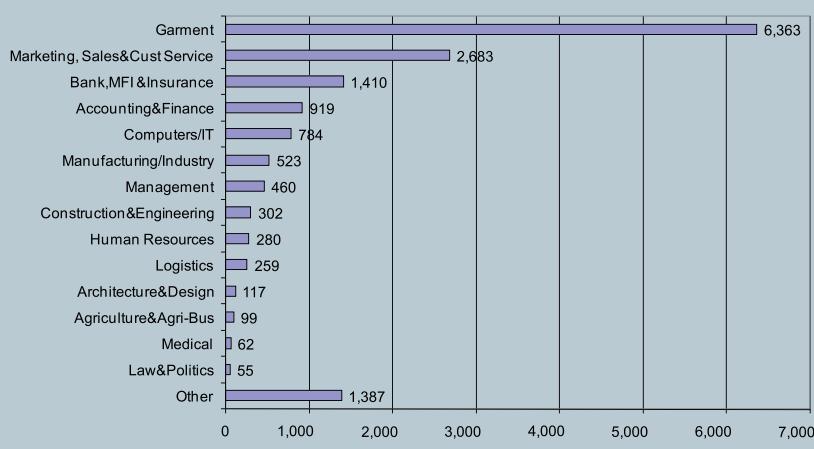
Despite the high hopes of hundreds of thousands of graduates, job opportunities in Cambodia may be scarce: the kingdom "has at most 20,000 people working as technicians," Pich Sophaon said. Remark- ing on the popularity of management courses among students, he quipped that an oversupply of managers means that, "we can say that 'the head is bigger than the body'."

The labor market by nature de- mands many more unskilled or semi-skilled workers than technicians and managers, he explained, with semi-skilled and unskilled labor forming the base of a pyramid, technicians and skilled workers in the middle, and management the pinnacle.

Speaking at the Cambodia Japan Cooperation Center (CJCC) Jan 22, Pich Sophaon warned that dreams of desirable positions higher up the pyramid may be shattered by actual labor market demands.

Of Cambodia's 7.5 million labor force, 60 percent work in agriculture, 13 percent in the beleaguered garment industry and 26 percent in the service sector, according to Pich Sophaon. These three major sectors drive national economic growth, he said, so it is vital for students to pick

Recruitment Plans by Job Function, 2008-2012



Industry that youth want to work in



Source: Youth and Employment: Bridging the Gap survey, CAMFEBA's project

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up qualifications that make them employable in such industries. He stressed that, while the choice of a skill or area of expertise is important, ensuring quality education is imperative. Many more Cambodians are currently enrolled in informal training, working as mechanics and builders, than in formal education such studying engineering and architecture, he noted.

"Our first challenge is to improve quality in competition," he said, citing this is one of the primary factors hampering Cambodian productivity, which is low compared to European countries.

Van Sou Ieng, president of Garment Manufacturers Association of Cambodia (GMAC) also had practical advice for graduates. "Do not overlook the garment field," he said. "Youth can gain skills in the garment sector [by working as] as an accountant, in merchandising and in administration, according to their major they are studying." ■

Bringing employers and higher education institutions closer

Developing close recruitment ties between individual employers and education providers can benefit both parties. From the employer's perspective, it provides them with exposure to the most promising students at a university or institute.

From the perspective of the university or vocational training institute, it helps them find jobs for its students, which may improve their reputation among potential students. It may also provide the university or institute with a better understanding of the types of skills demanded by employers. For example, one employer who has a relationship with a university said "we do what we can do" to help the university staff, by inviting them to their workplace to see how they operate.

As highlighted in the figure below, the survey findings suggest there is scope for employers and higher education providers to develop more of these relationships.

Only 21 percent of employers have a relationship with a specific university or institute from where they hire graduates. This is most common in the hospitality sector (32 percent), which may reflect the sector's closer links with specialized hotel schools in Siem Reap. Garment factories are least likely to have a relationship with a university or institute (10 percent), which possibly reflects the lack of relevant higher education that is tailored specifically to the garment sector.

Source: Youth and Employment: Bridging the Gap survey, a CAMFEBA project.

Land Titles Granted to Families under Mine Clearance Project



By Kim Natacha
Economics Today

Thirty families from Prek Chik Commune, Moung Russey District, in Battambang province were handed land titles to a total of 40 hectares of mine-free land during a Feb 11 ceremony, under the UNDP-managed “Clearing for Results” project (CFR), a community-based mine clearance planning process.

The project promotes results-oriented mine clearance operations that directly contribute to poverty reduction and rural development.

“Making land available to the rural poor that is free from the threat of landmines and explosive remnants of war [ERW] is critical to poverty reduction in Cambodia,” explained Melissa Sabatier, UNDP Cambodia’s mine action project manager. “As long as landmines and

ERW remain in the ground, they will continue to hamper Cambodia’s growth because contaminated land cannot be safely used for agriculture, resettlement, roads or schools.”

The five-year project started in 2006, after the government established the landmine clearance prioritization process in 2005, according to a UNDP press release. Mine-clearance field operations are handled by the Cambodian Mine Action Center (CMAC), while the Cambodia Mine Action Authority (CMAA) is responsible for the overall planning and coordination of mine action activities in Cambodia.

The project already resulted in the May 2006 clearing of 200,000 square meters of land, which benefited 35 families in Battambang’s Klaing village who could expand their cultivated area.

According to a CFR brochure, 15 million square meters of land have been cleared of mines and ERW so far, directly and indirectly benefiting 50,000 people. The mine-free land is used for agriculture (38 percent), resettlement (19 percent) or both (21 percent).

The project is funded by several donors, including UNDP itself, Adopt a Minefield, Spain and AusAid among others. ■

First Trial of KR Defendant to Start Soon Amid Corruption Allegations

By Kim Natacha
Economics Today

The trial of Kaing Guek Eav, also known as Duch, chief of the infamous Khmer Rouge S-21 prison, will start Feb 17 with an initial hearing that will be open to the public.

The 66-year old former Khmer Rouge official is indicted with crimes against humanity—including murder, extermination, enslavement, torture, rape and other counts of indictment—and he is charged for breaching the 1949 Geneva Conventions and the 1956 Penal Code of Cambodia at the time.

So far, the Victims Unit of the Extraordinary Chambers in the Court of Cambodia (ECCC) have

received 94 applications for the civil party status to the case of Duch, and 28 requests have been accepted and been transferred to the Trial Chamber.

According to the Trial Chamber’s order, civil parties will be represented by ten lawyers, of whom six are Cambodian, while Duch will be defended by Cambodian lawyer Kar Savuth and international lawyer François Roux.

While the long awaited beginning of the trial was welcomed by Cambodians and the international community, the tribunal is still mired in corruption allegations.

“We are looking at the first official proceeding of the court, which is good news, a step forward,” Peter Taksoe-Jensen, the United Nations

Assistant Secretary General for Legal Affairs told Voice of America Khmer Feb 10. The UN legal official will lead a team in the coming weeks to discuss with Cambodian officials “how the court is doing,” he said, without giving further details.

“The issue we are going to discuss among ourselves, that is something that we do not think we discuss with the press,” he said.

In the meantime, the complaint about alleged corruption practices in the tribunal administration that was submitted to the Municipal Court of Phnom Penh by Nuon Chea’s defense lawyers, has been dismissed.

The court’s deputy prosecutor, Sok Kalyan, announced in a Feb 5 notice to the defense team that he dismissed their complaint without explaining his reasons in the notice, according to online newspaper Ka-Set. In late January, the court had started investigating the case. ■

Preah Vihear Border Talks Stalled, Border Gate to Reopen

By Kim Natacha

Economics Today

Two sets of talks between Cambodian and Thai officials in the first week of February again failed to broker a deal to withdraw troops, stationed around the ancient Preah Vihear Temple in Cambodia.

The Thai-Cambodian Joint Boundary Commission (JBC) met Feb 3 and 4 in Bangkok after previous negotiations stalled due to months of political turmoil in Thailand. However, the two delegations failed to reach an agreement on the border demarcation.

"We tried hard to find compromised solutions for the interest of the two countries. But we don't agree on some points, which are needed to be discussed and clarified," Var Kim Hong, Cambodian senior Minister in charge of Border Affairs, who led the delegation to Bangkok, told reporters.

He was echoed by his Thai counterpart, Vasin Teeravechyan who is also JBC chairman. "There are still some points that cannot be solved

right away. We hope to find [solutions] in the next meeting, which will be held in the second week of April in Cambodia."

The main dissenting issue was the official appellation of the temple, as well as the terminology used to identify the joint surveillance group at the site.

While the Thai team insisted that the temple be identified as "the Temple of Phra Viharn-Preah Vihear," the Cambodian group argued against it, saying that the shorter name of "Preah Vihear" was already recognized internationally, and that Thailand, until late August last year, also used it in official statements.

However, the Thai name of the temple has been approved by the Thai parliament for the framework negotiations with Cambodia, according to Thai newspaper Bangkok Post. This may thus force Thai negotiators to refuse to budge.

In addition, the two countries disagree on the name of the group to conduct joint surveillance operations in the 4.6 square kilometer disputed area around the temple. Thailand wishes to name it the "military monitoring group," while Cambodia prefers the more neutral "temporary coordinating team."

The commission nevertheless agreed only to set up a working committee to look at the legal border issues and to begin mapping and surveying the disputed zones.

Still, hopes were high on the Cambodian side that a peaceful settlement could be reached during the official visit of Thai Defense Minister Prawit Wongsuwan to Cambodia.

Although Thai News Agency reported on the day of his departure that the minister would not raise border disputes, Prawit Wongsuwan, Cambodian Defense Minister Tea Banh as well as Prime Minister Hun Sen discussed temple issues and agreed



Vasin Teeravechyan, JBC chairman

that clashes should not occur in the disputed area again.

Following international media reports that the two sides agreed to withdraw troops, the Thai Supreme Commander, General Songkitti Jaggabatara, strongly denied the claim, saying that the issue would be left for further discussion by concerned committee members.

Meanwhile, the Khao Phra Viharn National Park in the Thai province of Si Sa Ket, which borders Cambodia and is used to access the temple, was reopened Feb 10 after approval from the region's army commander. The national park has been closed to the public since July last year.

Visitors could only visit the park and not the Preah Vihear temple as Cambodia has yet to reopen its border gate. However, access to the temple could be coming soon, as the Cambodian government is prepared to open the gate, according to a senior official.

"We are already prepared to reopen the gate, but we demanded that the situation be good," Phay Siphan, spokesman for the Council of Ministers told the Phnom Penh Post. "There will be changes at some points if we reopen," he said, referring to security measures. ■



Var Kim Hong, Cambodia's senior Minister in charge of Border Affairs

Vietnam

Economic Downturn Expected to End in June, says Premier

The Vietnamese government expects the country's economic downturn to stop this June, when the threat of a slowdown will be gone and growth resume, Prime Minister Nguyen Tan Dung said Feb 4.



Photo: Tuoi Tre

Prime Minister Nguyen Tan Dung makes a point at Wednesday's news conference in Hanoi

During a regular Feb 3-4 cabinet meeting in Hanoi, which reviewed the nation's socio-economic performance in January and discussed the tasks ahead, the PM said that, "Each minister should act as a 'commander' in instructing production and business."

New movements are expected to be seen by May, according to the premier.

He said this year would be much more difficult than last year because of the global recession.

"Two months ago, the International Monetary Fund forecast 2.2 percent growth for the world economy this year. But now, the prediction was already modified down to 0.5 percent, a 60-year record low."

The prime minister said ministers must inspect production in their respective fields in order to immediately remove any difficulties and obstacles that may arise.

"Besides, ministries, sectors and localities need to guide the disbursement of investment capital reserved for major projects that serve production and people," he added.

The government had earlier announced a US\$6 billion stimulus plan, which includes about US\$1

billion in corporate tax relief. The central bank has also been trying to spur economic activity through a series of interest rate cuts and other measures to boost lending.

During the Feb 4 cabinet meeting, Prime Minister Dung ruled out the possibility of devaluing the Vietnamese dong. He said any foreign exchange policy would have an impact on monetary and financial markets.

The government is still adjusting forex rates as required by the market, evidenced by a recent move to widen the dong trading band to 3 percent on either side to support exports, the prime minister told reporters.

During the meeting, Dung also reminded the ministries that finan-

cial and monetary policies should be implemented flexibly. "In particular, deposits and lending interest rates should continue to be closely monitored for timely adjustments in accordance with reality."

He asked the ministries, sectors and localities to take practical steps in implementing programs and projects to assist the poor, build houses for low-income earners, send workers abroad, generate jobs and support those who have lost their jobs as a result of the economic downturn.

According to the Ministry of Planning and Investment, the nation's industrial production value was estimated at VND50.6 trillion (about US\$2.8 billion) for January, an 8.6 percent month-on-month decline and a year-on-year decrease of 4.4 percent.

In January, total export value was estimated at US\$3.8 billion, a decrease of 19 percent compared to the previous month and a year-on-year drop of 24.2 percent. Import spending was US\$4.1 billion, equivalent to just 55.2 percent of the figure in the same period last year. Industrial output also posted a rare drop, falling 4.4 percent in January from January last year. ■

Source: *Sai Gon Giai Phong*,
Vietnam News Agency

Vietnam

Mekong Delta Province Rice Exporters Enjoy Bumper Month

VINH LONG – The Mekong Delta province of Vinh Long earned US\$3.4 million from the export of over 8,700 tons of rice in January, a seven-fold increase over the same period last year.

Exported processed rice fetched US\$400-420 per ton during January, while the costs of unhusked rice stood at VND 4.4-4.5 million (roughly US\$260-270) per ton.

Provincial rice exporters, such as the VinhLong Food and the Cuu Long (Mekong Delta) Import-Export Company said that they are focusing on improving

the quality of their product by investing in modern storage systems, air refining facilities and bran drying chains.

They are also setting their sights on expanding their share of less traditional markets, such as the Philippines and African countries, which possess huge potential for development.

Vinh Long rice farmers have set a target of exporting 200,000 tons of rice during 2009, with a total export value of US\$100 million. ■

Source: Vietnam News Agency

Vietnam

Banks Provide Loan Subsidies

Some commercial banks began to adopt the government's policy on 4 percent loan subsidies for companies Feb 5.



Transactions conducted at a BIDV branch

According to the policy, businesses will receive the interest rate for up to 12 months when applying for loans or receiving disbursed loans at commercial banks Feb 1 until Dec 31.

The Bank for Investment and Development of Vietnam (BIDV) has sent guidelines on the policy to all of its branches.

Tran Bac Ha, BIDV chairman, said credit contracts that have been signed from Feb 1 will be subsidized.

Vietnam

Government Boosts Rice Reserves

HANOI – Prime Minister Nguyen Tan Dung has ordered the Ministry of Finance and Ministry of Agriculture and Rural Development to buy up an additional 100,000 tons of rice for the national reserve.

The move, which will cost about VND880 billion (US\$50.3 million), follows similar measures by other countries in the region. Both Thailand and India recently increased their rice reserves to ensure food security.

Rising prices and export orders necessitated the move. A kilogram of rice in the Mekong River Delta currently sells for VND3,500-4,000 (around US\$0.20), VND200-300 higher than before the Tet holiday,

The bank expects to provide qualifying companies with loans totaling VND65-68 trillion (around US\$4 billion) this year, VND2.5-2.8 trillion (US\$143–160 million) of which will be subsidies and account for 15 percent of the government's stimulus package.

The Asia Commercial Bank (ACB) said Feb 5 that it would use VND35 trillion (about US\$2 billion) to provide loans, especially to producers and traders of export goods, to stimulate investment, production and businesses this year.

After receiving the four percent subsidy, the lowest lending rate applied to individuals is six percent, business rates at 4-5.5 percent, and exporters might receive 1.2-2 percent, but only on condition that they will sell foreign currencies to the bank. ■

Source: Sai Gon Giai Phong

Source: Vietnam News Agency

Foreign Investment Falls in January

Fifty foreign-invested projects were licensed with total registered capital of US\$160 million in January, up 43 percent in the number of projects and down 90 percent in capital compared to January 2008.



The figures have been released by the Foreign Investment Agency under the Ministry of Planning and Investment. This considerable reduction is apparently due to the global economic downturn.

2009 and 2010 are predicted to be difficult years for attracting foreign direct investment in Vietnam. However, investors still have a positive outlook on medium- and long-term investment prospects in the country.

The registered capital in the next two years is estimated to reach over US\$20 billion annually and capital disbursement is estimated at US\$9.5-12 billion annually. ■

Source: Voice of Vietnam

Thailand

Good Time to Invest



Prasert Bunsumpun, President & chief executive, PTT Plc

■ The current economic slowdown is the right time for companies to speed up their investments in energy infrastructure, while the government should use the period to restructure price mechanisms, says PTT Plc.

Lower construction costs increase the appeal of investments in areas of energy infrastructure, and in clean and renewable energies such as clean development mechanism (CDM) projects, said Prasert Bunsumpun, the president and chief executive of the majority state-owned energy company.

“Companies should accelerate developments of projects in the

pipeline during 2009 and 2010 in order to reap the benefits when the economy rebounds, hopefully in 2010, which would send oil prices up,” he said at the Post Today Investment Expo Feb 6.

He forecast that global oil prices would stay in a range of US\$35 to US\$50 per barrel this year as world consumption has dipped by 1.5 million barrels per day from 2007. The forecast is far below OPEC targets. OPEC hopes to see a price of US\$75 by cutting its members’ annual output by two to three million barrels per day.

Crude oil rose for a second day in New York Feb 6 after OPEC’s president said the group may reduce output further to trim stockpiles.

Crude oil for March delivery rose as much as 35 US cents or 0.9 percent to US\$41.13 a barrel in electronic trading on the New York Mercantile Exchange. Prices are still down 8 percent this year and 54 percent from a year ago.

However, Prasert Bunsumpun pointed out that 2009 would be the second year in a row in which global crude demand would decline, to an average of 84.3 million barrels per day from 85.8 million last year and 86 million in 2007.

He said that companies should also take advantage of the slow economy to focus on human resources development, because talented people would be the key drivers of business growth once the economy recovers.

As well, he said, the government should take the opportunity of current low oil prices to adjust the country’s oil price structure.

“The restructuring could be done by using the mechanism of taxes and the Oil Fund,” he said, adding that liquefied petroleum gas (LPG) prices should also be managed under the free market system instead of being subsidized by PTT.

By allowing energy prices to rise to reflect the actual cost, it would help reduce the country’s import bills, he said. “This is the time to cut our reliance on energy imports as much as we can.”

Discussing PTT’s financial results of 2008, he said all of the group’s refineries would post losses from inventories due to the sharp decline in oil prices in the fourth quarter.

“The drastic stock loss experienced in the last quarter would wipe out all stock gains recorded in the first three quarters,” he said.

PTT shares closed Feb 6 on the Stock Exchange of Thailand at Bht165, up Bht10, in trade worth Bht1.68 billion. ■

Source: Bangkok Post

Thailand

Expert says Thai Economy could Shrink by 4 percent

■ BANGKOK – The Thai economy is likely to shrink by up to 4 percent this year, according to a top securities executive.

Speaking at a panel discussion on “Can State Policy to Stimulate the Economy Restore Thai Investor Confidence?” Kongkiati Opaswongkarn, president of the Stock Analysts’ Association, said he shared the view in common with former deputy prime minister Olarn Chaiprawat that the Thai economy would contract by up to 4 percent if the government’s economic stimulus package failed to

produce the promised results.

Given the worsening global economy, Kongkiati Opaswongkarn said he believed the Thai economy would shrink by only 1 percent in the best case scenario, 2.6 percent in the moderate case, and 4 percent in the worst case.

He advised the government to implement a second-phase economic stimulus package to the point, and that it should determine clearly which group of people it targeted to help under the new economic measures.

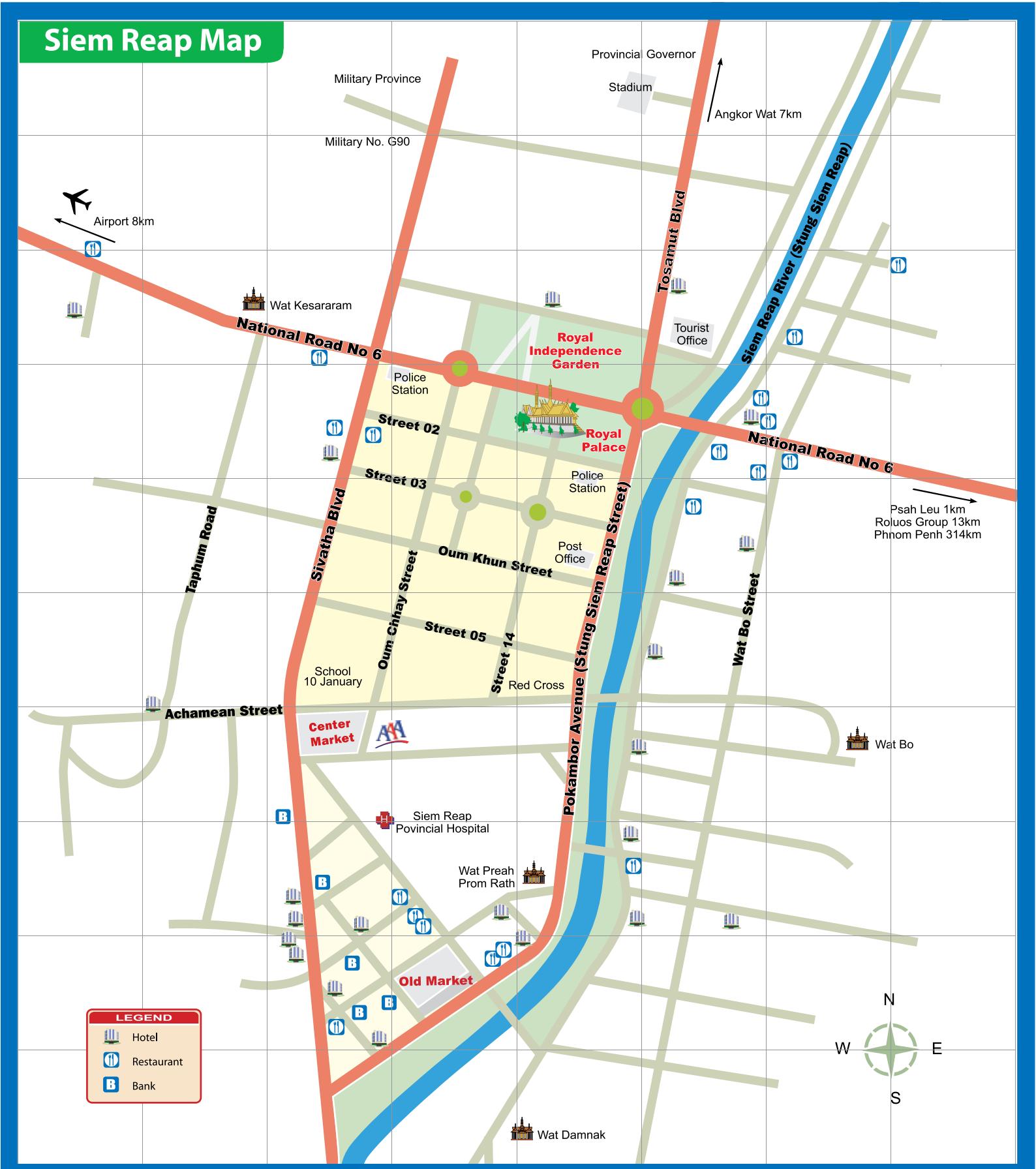
More importantly, Kongkiati

Opaswongkarn said, the Abhisit government must come up with both short-term and long-term measures to ensure money is injected into the system continuously.

Dr. Kongkiati Opaswongkarn suggested the government should introduce measures to boost spending by the well-off such as a waiver of taxes levied on profits earned from stock trading by various companies and the extension of existing property tax measures to cover previously-owned homes. ■

Source: Thai News Agency

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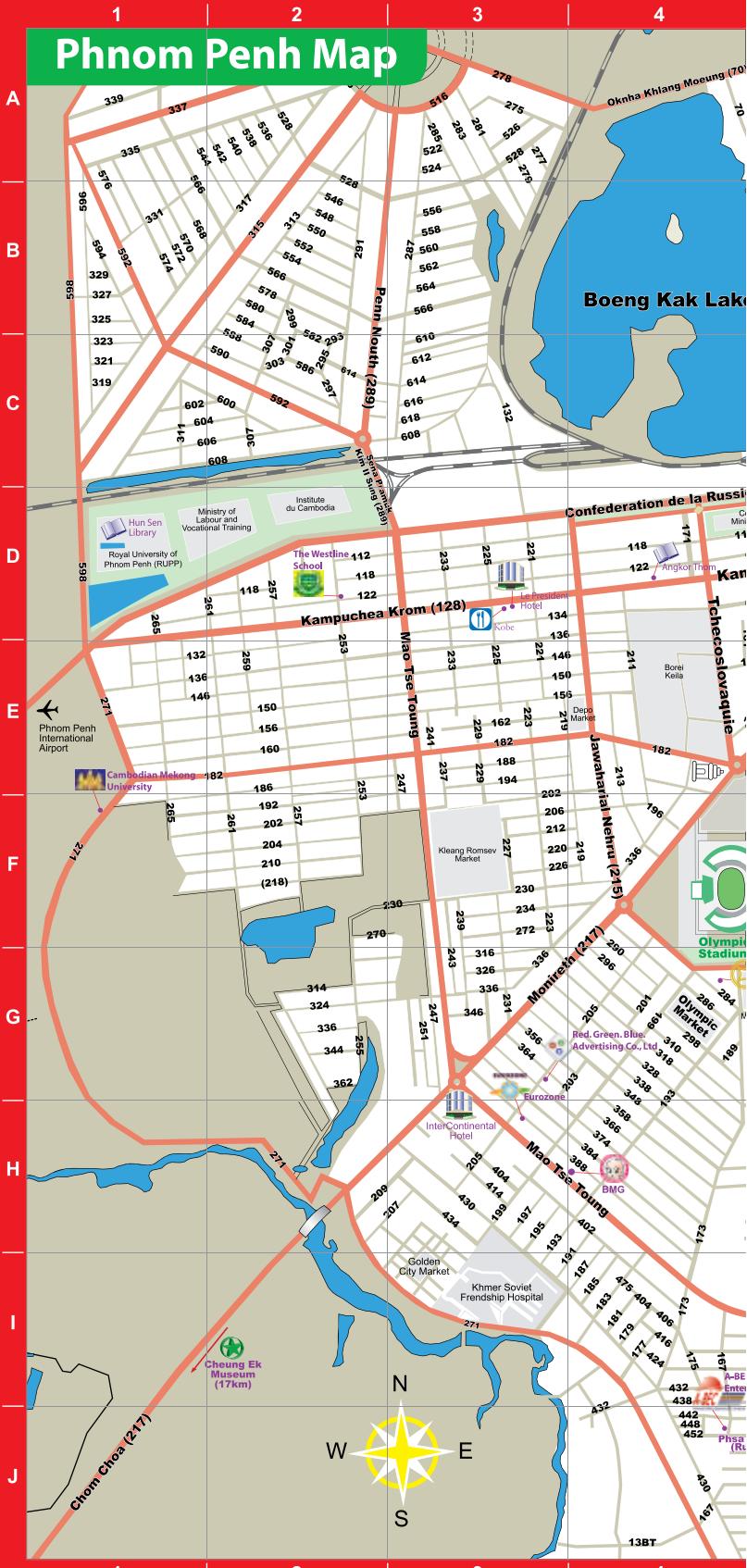
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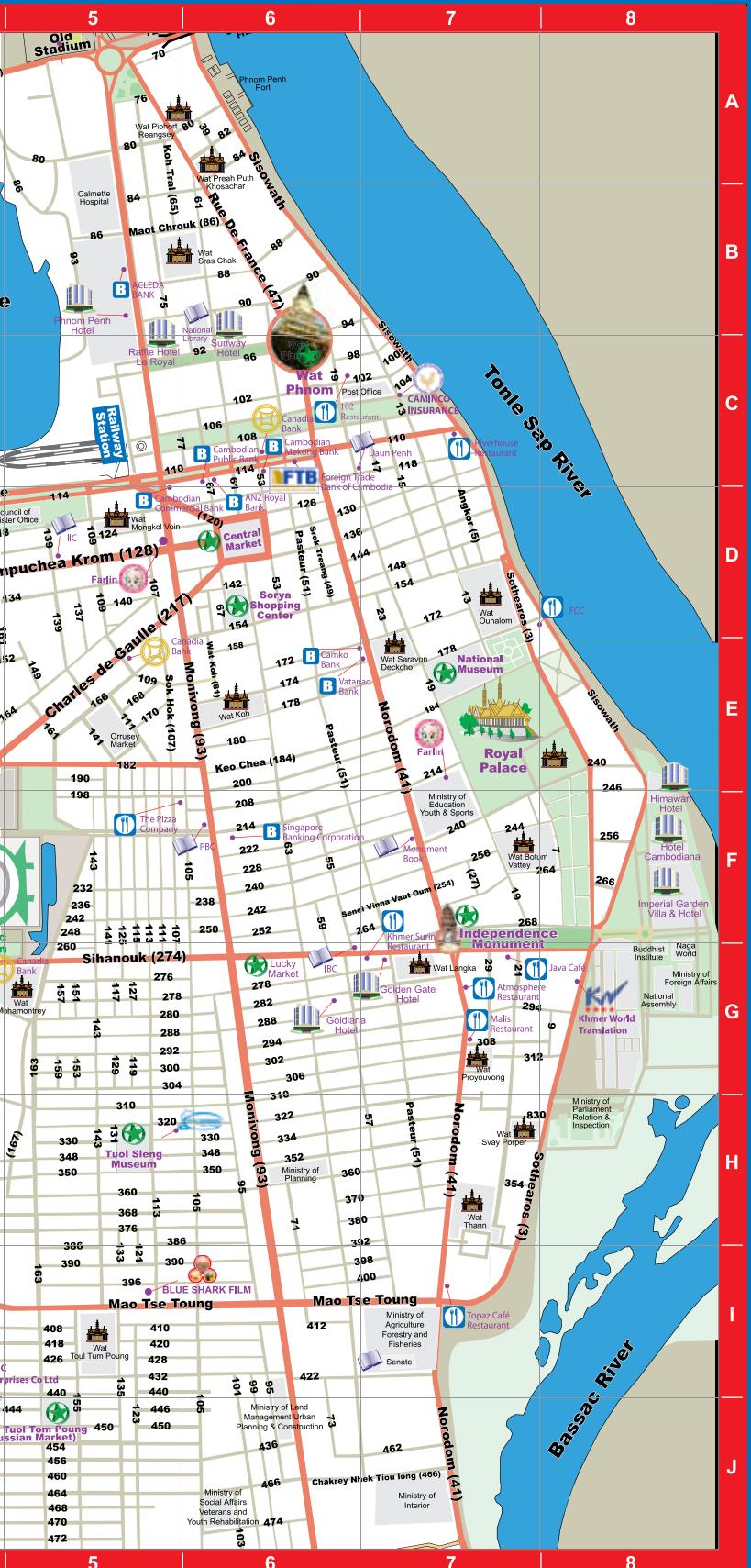
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Topaz Café Restaurant (023 211 054).....	I7	Vatanac Bank



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Thailand

Commerce Minister Urges Japan to Import more Thai Rice



Thai rice stockpiled for export

TOKYO – Visiting Thai Commerce Minister Pornthiva Nakasai urged Japanese traders to import more Thai rice Feb 5, especially cooked food, and food seasoning.

Mrs. Pornthiva, who accompanied Prime Minister Abhisit Vejjajiva on a three-day visit to Tokyo aimed at restoring Thailand's image and to attract new foreign investment, shortly after

arriving met with senior executives of Kitoku Shinryo, an importer of "Mali" fragrant rice from Thailand, and with Seven & I Holdings, which operates nearly 20,000 supermarket and department store outlets shortly after her arrival.

In a bid to widen markets for Thai agricultural products, and to help prop up their prices, as well as assist

Thailand from competition from countries which are now manufacturing food seasonings with similar tastes to those of Thailand's previously distinctive flavors, Pornthiva urged Japanese traders to import more Thai food products.

Kitoku Shinryo deals in wholesale rice and corn products while Seven & I Holdings focuses on con-

venience stores, general merchandise stores, department stores, supermarkets, food services, financial services and IT services.

Pornthiva later held talks with ranking officials of the Tokyo Commodity Exchange (TOCOM) which operates business similar to the Agricultural Futures Exchange of Thailand on futures trading of ribbed smoked sheets of natural rubber.

She urged TOCOM executives to consider a possible change of goods delivery to Bangkok port from Japanese port in order to facilitate the delivery as well as raising sales values to Thailand.

During the visit, she also met executives of six giant Japanese trading firms—Mitsui, Itosu, Sumitomo, Mitsubishi, Marubeni, and Sojitsu—and urged them to import more Thai products. ■

Source: Thai News Agency

Thailand

Top Agencies See 0-2 percent Growth in 2009

BANGKOK – Defying a negative growth forecast by a former deputy prime minister in early February, a senior Ministry of Finance official said Feb 5 that three government agencies shared similar assessments, that Thailand's economy this year would not shrink, but will instead expand from 0-2 percent.

Director General Somchai Sajapong of the Fiscal Policy Office claimed that Thai economic growth would not contract in 2009, but that three government agencies—the Ministry of Finance, the Bank of Thailand and the National Economic and Social Development Board—believed the economy would expand between 0-2 percent.

If the Thai economy contracts

by up to 4 percent as predicted by former deputy prime minister Olarn Chaipravat, it could mean that the stimulus measures of economic powerhouses such as the US, Japan and the UK had no economic effect in propping up their economies, Somchai Sajapong said.

But the facts are that the US has spent more than US\$820 billion or 6 percent of GDP to stimulate its economy, while Japan is spending US\$539 billion or 12.3 percent of its GDP, China has invested US\$585 billion or 17.9 percent of its GDP, Singapore US\$13 billion or 8.4 percent of its GDP and Thailand US\$13 billion or 5 percent of GDP to boost their economies, he said.

Thailand's recently enacted eco-



Falling exports have major repercussions for the Thai economy

nomic stimulus measures are expected to help expand the economy by 2 percent this year, Somchai Sajapong said, adding that next year's growth could rise to 3 percent if the economy begins recovering from the third quarter this year until 2010 and the government must continue adopting deficit budgets.

The government, he said, plans to issue medium- and long-term measures to implement basic infrastructure projects. ■

Source: Thai News Agency

Coupon Program Aims to Aid China's Poor

Los Angeles Times photos by Cao Jun



Retiree Shi Baoshun, 76, will use the coupons to help replace his broken kitchen exhaust fan, eventually.

By Don Lee
Los Angeles Times

HANGZHOU, China — With layoffs spreading and the traditional annual bonus cut or eliminated altogether this year, many Chinese were in no mood to splurge during the recent Lunar New Year holiday—even in a well-off city like this.

So just before the Chinese calendar turned to the Year of the Ox, the local government issued millions of dollars' worth of store coupons to encourage its penny-pinching residents to go out and spend.

Si Gendi, 55, wasted no time in redeeming some of her vouchers. She and hundreds of thousands of other elderly, jobless workers and students received a booklet of US\$30 each, for use at some 240 local supermarkets and general merchandise stores.

"The last time I got something like this was when I was young," she said.

That was back in the 1970s, and those coupons were issued to ration everything from soap to sewing machines.

"Before it was to restrict consumption so you don't waste," Si

said, coming out of a Carrefour supermarket with a bag of dumplings. "This time the government wants us to spend more."

Hangzhou, about 190 km southwest of Shanghai, isn't alone in doling out so-called consumption coupons to its lower-income citizens.

Other cities, including Nanjing and Chengdu, are distributing "tourism coupons" to spur spending at restaurants and shops. And throughout rural China, local governments are using money from Beijing to give rebates on purchases of televisions, refrigerators, washing machines and cell phones.

Such programs are all part of a broader effort to help the needy and boost domestic demand in the face



Stores, such as this Hangzhou supermarket, should benefit from the coupons

of a global financial crisis that has sapped China's exports and investments and triggered waves of layoffs throughout the economy, from the factories in the south to the high-rise office buildings in the north.

Few expect a big economic lift from the coupon programs, even the large-scale ones in the countryside, where villagers are receiving 15 percent rebates on home appliances.

The coupons went to people who don't have much money to spend anyway, which limits their effectiveness as a spending stimulus. What's more, analysts said, such programs don't address the underlying factors behind the weak consumption, such as lower wage growth and longer-term concerns about a social safety net.

The coupon campaign "is mainly of symbolic meaning," said Mao Shoulong, professor of public administration at People's University of China. To truly boost consumer spending, he said, China has to offer higher-quality goods while raising the income levels of ordinary consumers.

"The idea of sending home appliances to rural places can't solve the problem if rural residents' incomes can't afford them," he said. "We all know the consequences of overconsumption. The credit crisis is exactly such a case."

If nothing else, the coupons appear to have built a fair amount of good feeling toward the government.

"I'm very grateful they're caring for us retired workers," said Shi Baoshun, 76, a former manager of a trading company.

Like many Chinese, Shi Baoshun is a prodigious saver. When he was working, he socked away half his wages. In retirement, he and his wife stash a third of their total \$300 monthly pension, worried about having enough for a medical emergency.

Shi rarely turns on the heater in his 950-square-foot apartment, preferring to wear a thick coat inside. He says their last major purchase was a US\$300 washing machine three years ago. So when the kitchen exhaust fan went on the blink, Shi was reluctant to shell out the US\$350 for a new one.

The coupons will ease the pain, but Shi still isn't in any hurry. The coupons expire April 30. "I'll get it done before then," he said. ■



Migrant workers carrying their luggage walk towards the railway station in Fuzhou, east China's Fujian Province in this 2007 file photo

China Outlines Plan to Address Economic Troubles

By Maureen Fan
The Washington Post

■ BEIJING – A Chinese government official has outlined new principles to stem the growing unrest from an economic downturn that has left 26 million migrant workers looking for jobs.

In the event of a mass protest, local officials should go to the “front line,” and not hide behind the police, which only triggers an escalation of conflict, said Chen Xiwen, director of the office of the central leading group on rural work, which advises the Communist Party on agricultural issues.

To lessen the threat to stability, officials must also do more to solve land disputes, environmental problems and resettlement issues before they spiral into demonstrations, Chen said at a Feb 2 news conference. Party leaders have been pressed to show that they care about the countryside, where prices for agricultural products have

been falling and a widening wealth gap between urban and rural incomes has reached the equivalent of US\$1,620, US\$200 more than in 2007.

Demonstrations have broken out across the country recently as citizens protest lack of compensation after factory closings or following illegal land grabs. There have also been protests about the construction of polluting factories near villages and farmland, corrupt local officials who try to cover up their misdeeds and illegal investment schemes that officials have failed to shut down.

“If mass incidents happen, all officials must go to the front line and try to persuade people face-to-face,” Chen said. “They cannot hide and push police to the front lines. The police cannot be deployed unless there are truly unfortunate situations where people are beating, attacking, robbing or burning.”

After any incident, officials must draw lessons from the conflict,

punish those responsible and make new plans to improve their work, Chen said.

There are now nearly 20 million unemployed migrant workers, or 15.3 percent of the total 130 million migrant worker population, Chen said. They are competing with another 6 million who enter the migrant worker job market each year, according to figures from a Ministry of Agriculture survey of 150 villages in 15 provinces conducted before the Lunar New Year, when most migrant workers return home for the holiday.

Over the past 20 years, farmers have used outside income to supplement their farming income, making up as much as 50 to 60 percent of their total pay. But for many farmers “that road is blocked this year,” said Xu Yong, director of the Center for Chinese Rural Studies at Central China Normal University. “There is a saying in the countryside that to feed the mouth depends on farming but pocket money comes from outside.”

Xu could not say whether protests would increase. “During the Spring Festival, most migrant workers went home and had a rest,” he said. “After this, they will hunt for jobs. If they can’t find any jobs but stay in the cities, it will be easy to generate conflict and instability. April and May will be the most serious time.”

At least some migrant workers are taking it in stride.

“It’s unavoidable that it will be hard to find a job this year,” said Deng Hongshu, 43, from Daping village in Kaixian County near the southwestern Chinese city of Chongqing. “I’m prepared for spending six months or more to find a job.”

Deng worked in a leather factory in Shenzhen, just north of Hong Kong, until his factory sent everyone home for a long vacation in early December. A migrant worker for more than two decades, Deng made US\$1,000 in the second half of 2008. But in the past two months, he has already spent half of last year’s paltry income. “I always lose one job at the end of one year and find another job in the next year, so I don’t worry about it too much.” ■

Protests & Praise: Slumdog's Mumbai Realism Is Divisive

Washington Post photos by mly Wax



One of Mumbai's Juhu slum residents plies his trade as gas salesman.

By Emily Wax
The Washington Post

MUMBAI, India — With his orange shirt confidently unbuttoned, Ajay Choudhary, 16, slipped past busy teahouses and garbage-strewn alleys in this Juhu slum to show off his shanty with its pink-painted concrete and tin roof, two rooms for a family of seven. It is one of many such dwellings in the dense shantytowns depicted in the award-winning movie "Slumdog Millionaire."

"The foreigners came, and they filmed our place!" Choudhary said, beaming as his brother—wearing a tank top and wrap-around sunglasses—slapped him on the back. "We were so proud that the world and the movie people want to see our slums."

Slumdog Millionaire was released Jan 23 in theaters across India, in English and Hindi. But the gritty film—nominated Jan 22 for 10 Oscars, including Best Picture and Best Director—has already sparked protests from some of India's actual millionaires and Bollywood actors, who proclaim the film offensive for its focus on the darker aspects of Indian life. Some Mumbai tabloids are calling it a "slum slam" or "poverty porn."

One of India's iconic Hindi film heroes, Amitabh Bachchan, whose likeness appears in the movie as the object of a slum child's adoration, criticized the film for portraying a poverty-stricken India.

Some of Mumbai's poor also are

taking offense. On Jan 22, a small band of slum residents, organized by a social activist, held up banners reading "Poverty for Sale" and "I am not a dog" outside the home of Anil Kapoor, one of the film's stars.

But many more slum residents—the people who keep this teeming metropolis running by working as drivers, tea wallahs (or vendors), cobblers, laundry men and tailors—say it's about time they received some attention in a country that tries to present itself as a success story, better known for its booming economy and its growing roster of millionaires than for the mayhem of its slums, among the world's largest. They say slumdogs are underdogs who deserve a film about their lives.

"Maybe fortunes will come our way now, because people will know about us," said Ravi Kumar, 25, a chai wallah who made milky tea for the crew during the filming. "Usually there are only films about rich people. In India, we don't like to see the common man on screen."

The rags-to-riches love story compresses the extremes of India into a frenetic, 120-minute tale that includes communal riots, underground dons, young hipsters at call centers and mountains of garbage being gleaned by ragpickers. The film chronicles the journey of Jamal Malik, a slum dweller who becomes a contestant on the Indian version

of *Who Wants to Be a Millionaire*.

Calling him a "slumdog," the authorities arrest Jamal for cheating—how else could he answer the game show's questions? During a rough interrogation, Jamal's life unfolds in a series of flashbacks that shed light on how he came to know the answers.

Slumdog is perhaps the first mainstream movie since Richard Attenborough's 1982 epic *Gandhi*—which won eight Oscars—to present an unflinching portrait of India's abject poverty, its crime, corruption and communal tensions. The movie is also part of a growing body of literature and artwork that has debunked the idea of an India Shining, the country of call centers and shopping malls. Books such as Aravind Adiga's Man Booker Prize-winning novel *The White Tiger*—about a boy prodigy in a rural Indian village who is denied education—have been lauded as a more honest view of India for the majority of the population that still lives in grinding poverty.

It's almost unheard of for Bollywood filmmakers to shoot in the labyrinthine poverty of the Mumbai's slums. India's film industry is better known for its rollicking, four-hour, song-and-dance extravaganzas, which are escapist, melodramatic fairy tales that are typically filmed in Switzerland, Australia or New Jersey.

A well-known screenwriter of India's art house films, Saurabh Shukla plays the chubby police constable who beats Jamal during the interrogation. He said Indian films have long backed away from displaying the country's dark side, preferring to help people escape from the pain and anxieties of their daily lives.

"Why are we so embarrassed of poverty? It's healthy to create art about it," he said over coffee in Mumbai. "What rings true and is so touching about 'Slumdog' is the aspiration—that a boy in the slums could have the same dreams as everyone else." ■



Many scenes of the award-winning movie *Slumdog Millionaire* were filmed in Mumbai's Juhu slum, a maze of auto-parts shops, chicken coops, sari and bangle showrooms, and storefront Hindu temples.

In India, Myth and Management

By Rama Lakshmi
The Washington Post

■ NEW DELHI, India — Fifteen young managers with a top Indian retail company met in their office basement recently to sip coffee and listen to a talk about their specialty: brand building. The speaker, renowned mythology expert Devdutt Pattanaik, is also the company's "chief belief officer."

Cupping his chin in his hand, Pattanaik launched into a story: "Once upon a time, there was a conference of the gods to discuss the affairs of human beings."

The ancient Hindu tales that Pattanaik, 38, tells his corporate audiences are full of fallible kings, stoically suffering queens, demons enticing the gods into lawless jungles, gods with rivers sprouting from their dreadlocks, and goddesses riding elephants.

But the round-faced, bespectacled author, who graduated from medical school and has worked as a business strategist for the consulting firm Ernst & Young, says he is not like the wise old grandmother who sits under a banyan tree telling stories. Instead, he says, he is helping to create a set of management principles that are steeped in Indian culture.

He calls it the "3-B" model: belief, behavior and business.

"I am a pattern-finder. The mythologies are stars—I point out the constellation," he said. "The world of business and the world of our mythological tales are not too different. The characters and the situations are similar. I apply their meanings to modern corporate management. Business is run on a pattern of behavior. I help create



Photo by Rama Lakshmi.

"The world of business and the world of our mythological tales are not too different," says renowned mythology expert Devdutt Pattanaik, shown here speaking with a team of managers in New Delhi. "I apply their meanings to modern corporate management."

the belief that governs behavior."

Pattanaik did a sketch of the Hindu god Shiva in yoga meditation posture and urged the youthful managers to add the traditional symbolic embellishments. They pointed out that Shiva should have a snake around his neck, the crescent moon on his head, lines of ash on his forehead, and a third eye.

"They understand how beliefs are created, how forms acquire meaning over centuries. They extend what is culturally familiar, intuitive and deeply personal to their professional space," Pattanaik said. "Brands are about image, belief and meaning."

He then asked his listeners if they knew the meaning of the symbols, countering each response with another question: Is this real or what you believe? Is belief true or false? Does the truth always have to be logical? Should rationality be put on a pedestal?

"Indians are led by emotions, unlike people in the West, who are driven by reason," said Kishore Biyani, chairman of the Future Group, who chose Pattanaik to head this program four months ago. "Not all the Western management models of standard-operating-procedure fit us. How do we create management practices that are grounded in our rich repository of stories and rituals?"

Since Pattanaik began his work, Biyani said, the company has seen less attrition and better connections with its customers.

A giant retail empire, similar to the Wal-Mart and Costco chains, the US\$2 billion Future Group employs 40,000 people and operates 1,000 stores, including the popular Big Bazaar outlets.

"The standard Western management principle is 'If you can't measure it, you can't manage it,'" Pattanaik said. "In our ethos, 'if you measure it, you destroy it'." ■

Southeast Asia Faces Long-Term Trade Shift



"In the long term, Asians have to consume more, and Europe and the U.S. have to consume less."

By Tim Johnston
The Washington Post

BANGKOK — Stimulus packages being put in place by many export-dependent nations in Southeast Asia may not do enough to protect those economies from the consequences of the fundamental shift in trading patterns that underlies the current financial crisis, analysts warn.

The exporting nations have taken slightly different paths in attempting to combat the global slowdown, but all their packages rest on a similar assumption: that the world economy will pick up in the third quarter, causing things to return to normal.

Regional analysts say, however, that the present crisis is not just another cyclical downturn but is instead a structural realignment and that Southeast Asia's export economies need to act quickly to adjust to a new reality in which American and European consumers will no longer be the main market.

"We are geared towards selling what the US and Europe want, not what Asians want. We need a readjustment," said Supavud Saicheua, the managing director of Phatra Securities in Bangkok. "In the long term, Asians have to consume more, and Europe and the US have to consume less."

In a world dominated by born-

again Keynesians, deficit-funded stimulus packages are all the rage. In Southeast Asia, there have been a variety of approaches: Vietnam has chosen to support industry, Thailand is trying to mitigate the effects on the most vulnerable, and Singapore has gone for a mixture of the two.

Tai Hui, head of economic research for Southeast Asia at Standard Chartered Bank in Singapore, said he believes that the packages will work for the region's bigger economies but are likely to have limited effects in smaller nations.

"It will work well for India and China, but for the smaller economies like Hong Kong and Singapore, no matter how much you spend, it is not going to compensate for the slowdown in Europe and the US," Hui said, adding that the packages "will at best break the fall."

For the countries in the middle, the scale of the problems they face appears to have blunted governmental ambitions. Korn Chatikavanij, Thailand's new finance minister, said his US\$3.3 billion stimulus package was designed to "stop the bleeding" until the global economy picks up. His biggest fear, he said, is that the global economic revival will not come soon enough.

Some analysts have said that the packages raise two questions: What effect will they have on domestic demand? And if they are effective, will they save the region's export industries?

Compared with the rest of the world, Asia has very high savings rates, which are considered likely to rise, given the present mood of uncertainty.

"Domestic demand was starting to come off even before you saw the collapse of exports," said

Prakriti Sofat, a Singapore-based economist with HSBC.

The high savings rates mean that consumers will take at least some of their country's stimulus money and squirrel it away, further limiting the effects of packages that are in some cases fairly small, anyway.

Many analysts contend that even if the stimulus packages manage to reignite domestic demand, that demand is unlikely to be for the narrow range of manufactured products that Southeast Asia's most export-dependent economies have long produced in vast quantities, such as Thailand's pickup trucks and hard drives, and Vietnam's furniture and shoes.

If the problem were merely a short-term one, export companies could probably weather the storm with government help, but according to Supavud, the Phatra Securities analyst, a long-term structural shift in the global economy means that the demand profile for Asian exports will never return to its pre-crisis form.

In Southeast Asia, the pain is likely to be spread unevenly.

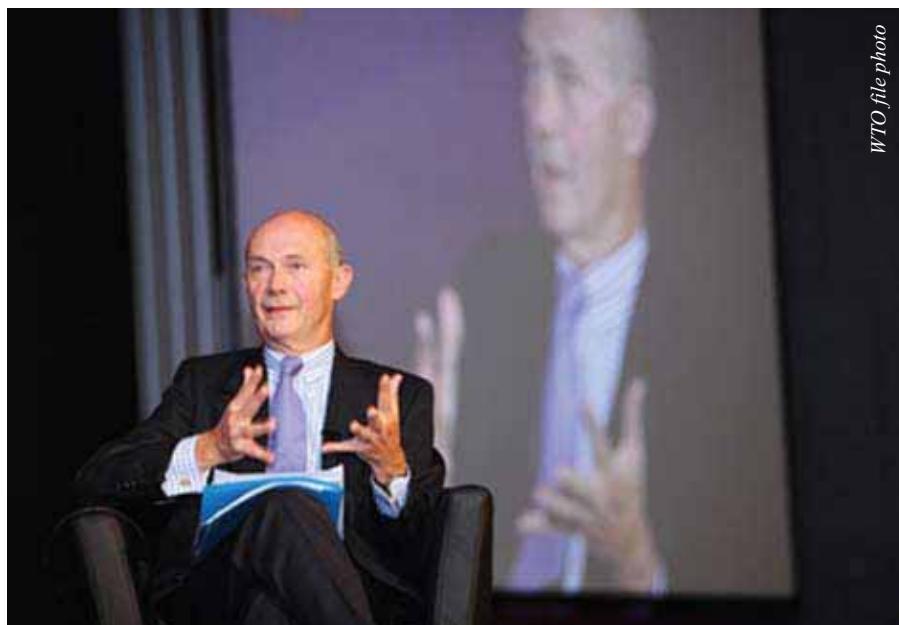
At one end of the spectrum will be countries such as Indonesia, the region's largest economy. Economists say it is better off than most, thanks to its lower dependence on exports, particularly manufactured products. Economic growth, which was about 6 percent last year, is expected to slow to 4.5 percent this year. However, the country's longer-term prospects are considered relatively healthy.

At the other end is Singapore, which has seen domestic exports shrink and is already in recession.

But Hui, the Standard Chartered Bank economist, said that Singapore may be showing the way forward. For some years it has been deliberately strengthening its ties with major Asian markets: Since 2005, it has signed trade pacts with China, Japan and Korea, among others.

While many regional businesses are currently concentrating on survival, Hui warned, they need to look ahead, as well.

"The greater appeal to the Asian market and consumers will have to come. If they are too concentrated on the US and Europe, they are going to miss out big time," he said. ■



*WTO Director General Pascal Lamy during the WTO Public Forum 2008
"Trading into the future"*

WTO Panel Warns of Protectionism Threat

By Edward J. Cody
The Washington Post

PARIS — The director-general of the World Trade Organization, Pascal Lamy, called Feb 9 for a freer flow of trade information to help guard against protectionism as governments struggle to overcome the global economic crisis.

Lamy, addressing the WTO's new Trade Policy Review Body in Geneva, gave voice to rising fears, particularly among poor nations, that governments might succumb to pressure to restrict imports or subsidize home industries in the face of financial instability and economic troubles that have spread around the world since the Wall Street banking turmoil erupted last September.

Lamy said protectionist steps have been noted by the review body, but added that "the situation is, broadly speaking, under control." He singled out President Obama and his Brazilian counterpart, Luiz Inacio Lula da Silva, for resisting what he described as protectionist pressures from industry and legislators.

Lamy did not specify what pres-

sures Obama had resisted. But the WTO and US trading partners previously have cautioned against the "Buy American" measure that was included in the administration's economic stimulus bill under consideration in Congress.

In a report last month, Lamy noted the tariff increases, bank bailouts and industrial support packages that have raised the specter of protectionism by distorting the competitive relationship among trading countries. Ujay Sing Bhatia, the Indian ambassador to the WTO, told Reuters that such measures announced by a number of governments since the fall amounted to as much as US\$3 trillion.

Ambassadors of several developing nations warned the review body that trade distortions were building because of economic recovery and bank rescue plans in rich nations. Bhatia, for instance, said "clarifications are necessary" on how such plans could affect competitiveness, Agence France-Presse reported.

Lamy said WTO experts have had trouble tracking measures taken or under consideration among the

WTO's 153-member governments because of a lack of official information. He called on governments to be more forthcoming so the review body could get an accurate picture and publish timely alarms if necessary.

"One of the problems dealing with services is the information deficit that we have about what governments are doing, what regulators are doing, what measures are being taken," a Lamy lieutenant, Hamid Mamdouh, told reporters at a WTO briefing Feb 6.

Neither Bhatia nor Lamy named the countries that have accumulated the anti-crisis measures they were referring to. But coincidentally, French President Nicolas Sarkozy announced Feb 9 an US\$8.3 billion support package for his country's sagging automobile industry. The step comes on top of a US\$33 billion economic stimulus plan and billions more loaned to teetering French banks in November.

Sarkozy depicted the aid as encouragement for development of environmentally friendly cars, which he said would give French carmakers a competitive edge after an economic recovery. But at the same time, he said, the money should encourage Renault, Peugeot and Citroen, the main French producers, to keep their factories in France and staunch the loss of jobs.

Other European countries have taken similar steps since the fall that earlier would have been considered violations of the European Union's free trade and deficit rules. The commission has not yet ruled on Sarkozy's rescue plan for the auto industry. But it has responded to the crisis by declaring what amounts to a softening of the financial and trade discipline that was one of its main missions.

Lamy said the WTO's export-dependent poor nations run the risk of seeing trade barriers erected by richer nations as unemployment grows and economic growth stagnates in the months ahead. In the end, he added, this would hurt not only the poorer nations but, in the era of globalized trade, the wealthier countries as well. In any case, the World Bank has predicted global trade will sink by more than 2 percent in 2009. ■

Female Students are Law Champions

By Teng Chankaruk Ratha

Economics Today

Jurists and students of the law may have already heard of Theng Tith Maria and Tan Tepi Kanika, the two young winners of the second annual Cambodian Client Counseling Competition.

The competition—co-organized by the East-West Management Institute's Program on Rights and Justice and the American Bar Association—aims to teach students the practical skills they will need but which are not taught in the kingdom's law schools.

Exceptional students from the Royal University of Law and Economics (RULE), Maria and Kanika are not only partners in the competition and classmates, but also share similar aspirations for their future careers.

Kanika, a mature and responsible twenty-year-old, said she wants to be a lawyer because she enjoys debate, and is confident she can argue for what she believes is right based on the law.

"There are always two sides to a problem, and there are lots of controversial areas to discuss so sometimes it's hard to define what is right or wrong," said Kanika. "But the result depends on those who argue about it, that's why I think that to be a lawyer is great."

Unlike her more outspoken friend, Maria, 19, is almost child-like yet confident in her own way. She was inspired by the detective movies she loved to watch when she was young, where detectives, lawyers and police would work together to reveal the truth and mete out justice. Maria recalled how she was excited both by the cooperation and action-packed chases.

"At first, I wanted to be a detective," she confessed, "but it would be too risky for a Cambodian woman to be a detective and police officer. To be a lawyer is still exciting work."

Encouraged by last year's winning female team (who incidentally came from the same university),

Maria and Kanika are enjoying their success and looking forward to the international round. They will represent Cambodia next April in the International Client Counseling Competition, which will be held at the University of Nevada in Las Vegas.

Up against competitors from more advanced countries like Canada, Singapore, the US and Europe, the girls were unsure how far they could go in the international competition. Maria and Kanika both appreciate that other teams benefit from a better education than Cambodia can offer, as well as more practical experience. Some have probably won other competitions

already, they noted.

But armed with their firm self-belief, the two Cambodian women vowed to try their best to reach the semi-finals at least.

"We will try our best of course, but we will not put pressure on ourselves to win this competition," said Kanika.

Before the national competition, the two students received training from three coaches: Margaret Ryan, an American lawyer who came to Cambodia in 1995, and Kim Kiri and Teav Bandol, two RULE lecturers.

During training, several tryouts were conducted. "We performed a role play for the coaches to listen and comment," explained Maria, "And we met for discussions before and after the tryouts."

Despite the intensive training, the two students faced an uphill struggle: the topics tested in the competition—torts and negligence—were unfamiliar to them.



Maria (left) and Kanika (right) pose with their trophy in company of their coaches.

Photo provided by Maria.

Background

Name: Theng Tith Maria

Age: 19

Study Background:

- Institute of Foreign Language of the Royal University of Phnom Penh (Third Year)
- Royal University of Law and Economics (Third Year)

Family Background:

- Father: Theng Marith, Head of regulation department at Electricité du Cambodge
- Mother: Tep Bunnarath, Wat Koh high school teacher
- Two sisters

Future Career: Lawyer

Name: Tan Tepi Kanika

Age: 20

Study Background:

- Institute of Foreign Language of the Royal University of Phnom Penh (Third Year)

Family Background:

- Father: Tan Kimmeng, Director of Hope Medical Center
- Mother: Taing Sokunmealea, staff at Ministry of Commerce.
- One sister, one brother

Working Experience:

- Part-time employee at Love FM 97.5
- Freelance interpreter at translation and interpreting firm Pyramid

Future Career: Lawyer

"It was hard for us to prepare because this topic is not common," recalled the two girls. "In the Khmer program we don't even study this!"

Their self-confidence was also quite low, making their win a real surprise.

"We didn't know much about the other teams, how good they were and how they would perform. We didn't even know their faces, their names or study backgrounds, so it was difficult to weigh our chances of winning," said Kanika.

"But we hoped for the best and prepared for the worst," Maria added.

The two-day national competition featured 12 teams from six Cambodian law schools. Each team was required to act as a lawyer and present to their clients both legal and non-legal advice and suggestions in a simulated legal-office environment, with actors standing as clients.

During the competition, Maria and Kanika were center of attention for the audience, achieving the highest score.

There are 11 criteria for the judges to grant marks, explained the two students, including greeting clients, remarks on confidentiality and fees, asking questions about the cases, analyzing problems, analyzing the case and giving advice.

When the judges announced the winning team, Maria and Kanika were shocked.

"After announcing the winner, we screamed, we felt really excited. We won by a great score of 157. The maximum possible mark is 165 and the runner-up totaled only 131," Maria and Kanika said proudly.

The team was judged by a panel of experienced legal professional observers, who noted their confidence and sagacity.

"From what the judges said, our team had excellent teamwork and we showed concentration in dealing with the client," said Maria and Kanika. "But most importantly we were confident, while the other teams were nervous. We completed all the criteria."

The girls now await their topic for the international competition. In the short term, this will be their focus. But the competition is only one step on the long road towards their long-term goal of becoming lawyers. ■

Street Beat

THIS IS THE TWELVETH OF A SERIES ON STREET SNACKS.

Street Snacks

"Cambodian Snails"

By Kong Socheat, Economics Today



Chan Salong, 13 Snail Vendor

"I'm originally from Kandal province, where I could study only until first grade. My family moved to Phnom Penh when I was eight. Now we all live in a small tent on a small piece of land that we rent for US\$5 a month near Chaktomuk Park.

My family has four members: my mother, my brother, my sister and myself. My mother boils the snails at home and my brother and I sell them everyday.

I've been selling snails for four years, and everyday I push my cart from 2pm until 10pm around the Chaktomuk Park. I work very hard and it is very difficult. Sometimes I feel tired and lethargic but I keep working because without this income we can't make a living. I sell from 40 to 60 cans on average in a day at 1,500 riels a can."

Lang Serey Vattana, 17 Sisowath High School

"Today we have the day off from school so my friends and I are hanging around the riverside.

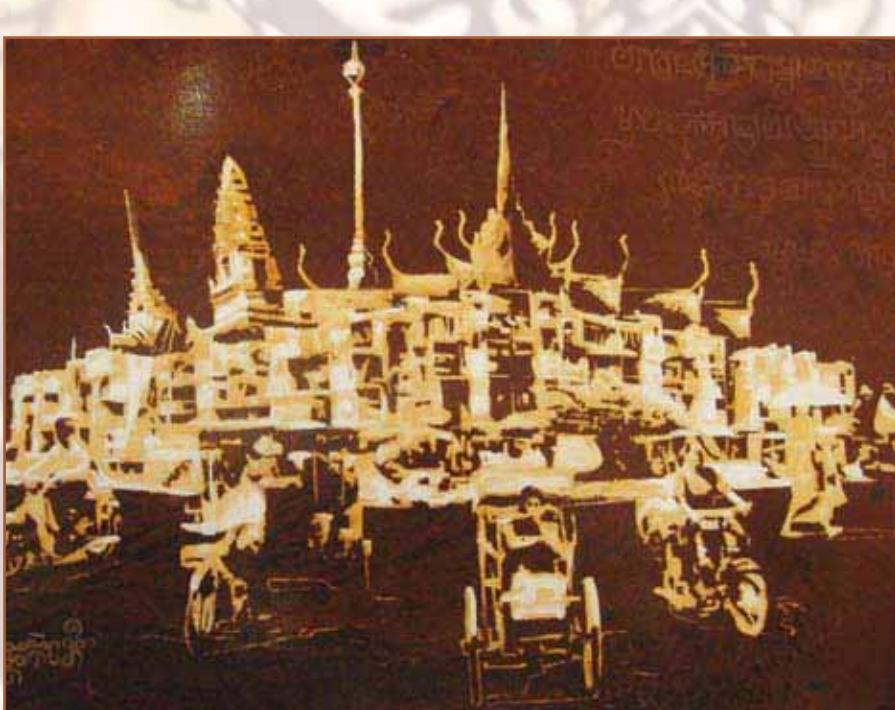
We like to eat snails very much, and whenever we come here, we always buy two or three cans. They're delicious and cheap."



Seng Lakena, 21 Junior, International University (IU)

"Today is the first time for me this busy month to visit the riverside. After our hard studies at university courses, my friends and I just sit here to get some fresh air.

I think the snails themselves are very unhygienic, but sometimes we buy some because they are just delicious with the spicy fish sauce." ■



P h n o m P e n h

Reyum Gallery

An eclectic range of canvases that aren't actually canvas, *Phnom Penh* is an interesting if not all-together original exhibition. A striking series of urban landscapes daubed with thick white paint onto rusty sheet metal, Theo Vallier's street scenes carry with them the pell-mell, claustrophobic energy of the capital. The representative pieces, named *Tuol Tom Poung*, *O'Russey* and *Central Market* after the crowded commercial districts they depict, have the muted feel of a vintage photograph, their sepia tones distancing the viewer and adding a sympathetic softness to the organized chaos. The works are almost stark, though their blocks of light and dark with few intermediate shades stop short of severity. The effect is rather one of contemporary impressionism.

The two works titled *Mix* are on less firm ground. Landmarks like the Independence Monument and Central Market appear against a background of elaborate



R e y U m



Pali script: an old/new juxtaposition that has been more eloquently expressed elsewhere. Still, the heavy brush-strokes and intriguing perspectives lend these images some appeal.

The French artist Theo Vallier, described as an “urban grunge artist,” has previously exhibited works in Paris and Marseille. Contemporary art connoisseur Emmanuel Dialma claims that the process used to corrode the metal sheets “imparts a unique feeling to his works that reflects his perception of the urban world and the interaction between humans and nature.”

“The urban grunge artist finds in the streets a singular material—rust—product of time, decay and urban erosion,” remarks Dialma. “Here. The rusted metal sheet of a roof spills sepia liquid down the wall. There, a neglected gate blooms in rusted colors. This material is born, it breathes, changes, decays: it lives...and dies.” ■





A Guide to California Beaches

Los Angeles Times

When we think Colorado, we think Rockies. Missouri? The Mississippi River. And California? Well, we have so many fabulous physical features that it's hard to choose one.

But for our purposes, we're concentrating on beaches.

Coronado City Beach Coronado

Bookended by military stations and parading past the storied Hotel del Coronado, this nearly two-mile stretch of Pacific Ocean sand is a great place to hobnob with summer crowds or escape them. Either way, you'll have room to play. One of San Diego County's widest beaches, it expands to 100 yards or more in spots along a spit between the U.S. Naval Air Station North Island and the Naval Amphibious Base. Depending on where you plant your umbrella, you can swim, surf, watch pelicans dive bomb for fish, wade in tide pools, barbecue or grab a fancy drink at a Hotel Del cafe. My favorite time is early morning, when Navy SEALS on

training jogs might be the only souls you see. The sunsets? Fabulous.

**Along Ocean Boulevard, (619) 522-7346
(lifeguard service); www.coronado.ca.us.**

—Jane Engle

Windansea Beach La Jolla

Not a state beach, not a county park, Windansea nevertheless has been on the Big Map of California Beach Culture for years.

It's home to the Pump House, where Tom Wolfe's Pump House Gang used to hang out in the 1960s. And it has a wicked shore break that has slammed countless bodysurfers into involuntary headstands. It's handy to a beloved pizza joint, Carino's. No public restrooms, no picnic area, just 18 off-street parking spaces.

The neighboring residential area is many blocks south of La Jolla's trendy boutiques and pricey restaurants. In other words, there's not much here for mom, dad and the little ones. But for teenagers and those

in their 20s, this is where cool kids have been hanging out for about as long as there have been cool kids.

6800 Neptune Place, La Jolla; www.sandiego.gov/lifeguards/beaches/windan.shtml.

—Christopher Reynolds

Black's Beach San Diego County

This is the great-granddaddy of California nudist beaches, reached from near the Torrey Pines Gliderport north of La Jolla. The beach is lined by a high cliff and the path down is treacherous, which help isolate Black's from gawkers and other forms of nonmarine lowlife. Part of the beach is in a state park, and the other part is governed by the City of San Diego. Its naturist status is only semiofficial; there are no toilet or trash facilities, and lifeguards make only occasional patrols.

Torrey Pines; www.blacksbeach.org.

—Susan Spano

Aliso Beach Laguna Beach

If you've moved many times, you develop touchstones; Aliso Beach is mine. Despite the Laguna Beach address, it's hardly artsy, pretentious or self-absorbed. Instead, it's the sort of place the Cleavers would have visited. Why? There's parking. There are restrooms. There's a pier. It's bordered by a wildlife refuge. You can have a bonfire. And best of all, it's accessible. You don't have to walk down 900 steps to get there. Lazy man's beach?



Windansea Beach, La Jolla, Calif.

Perhaps. But isn't being lazy what a day at the beach is all about?

31131 S. Pacific Coast Highway, Laguna Beach; (949) 923-2280, www.ocparks.com.

—Catharine Hamm

Crystal Cove State Park South Orange County

I don't know that I've ever been on a bad beach in California. But I've never been on one with as many appealing qualities as Crystal Cove: tide pools, scenic bluffs and a family-friendly vibe. It's roomy too, although development on this stretch of land between Laguna Beach and Newport Beach has amped up the action in recent years. Still, on weekends, you'll have plenty of space for a blanket or a pop-up awning. No snack shops or bike rentals here, just a great rustic and pristine beach. Note that the walk from the parking lot to the beach can be long and steep.

Between Laguna Beach and Corona del Mar; (949) 494-3539, www.parks.ca.gov.

—Chris Erskine

East Beach Santa Barbara

Creamy sand, a dozen courts for serious volleyball, arts and crafts shows on weekends, a perpetual parade of watchable people, the distant dreamy houses on the slopes above—East Beach delivers all these things, along with a well-situated restaurant, the East Beach Grill (breakfast and lunch, starting at 7am), and adjacent sports facil-

ties at the Cabrillo Pavilion Bathhouse (the handsome 1927 building at 1118 E. Cabrillo Blvd.). For the sporty and the slothful, this is atop the Santa Barbara list.

1400 E. Cabrillo Blvd., Santa Barbara; www.santabarbaraca.gov/parks.

—C.R.

James V. Fitzgerald Marine Reserve North of Half Moon Bay

About a mile north of Mavericks, one of the world's most dangerous surf breaks, the scene is subdued and nurturing. James V. Fitzgerald Marine Reserve is a fog-shrouded strip of beach, about six miles north of Half Moon Bay, where you can explore one of the state's best tide pools. Kids, especially, love visiting the reserve to see the purple coralline algae, rock crabs, sea stars, hermit crabs and anemones, all displayed in dazzling colors. Check the newspaper tide tables to visit during low tide. Parking is free at a sandy lot in the shade of a cypress grove, behind a quiet beach neighborhood. Restrooms and picnic tables are near the parking lot. Take California Highway 1 north from Half Moon Bay. Turn left on Cypress Avenue and continue until it becomes Ocean Avenue. The parking lot is at Ocean and Benal avenues.

Moss Beach; (605) 728-3584, [www.fitzgeraldreserve.org](http://fitzgeraldreserve.org).

—Hugo Martin

Red Rock Beach Marin County

Natural, soakable hot springs (unofficially, clothing optional) emerge during neap tides. Stay nearby, within walking distance, at the rustic Steep Ravine State Park cabins (a former haunt of photographers such as Dorothea Lange). If you can't score the nearly impossible cabin reservations, consider camping midweek. Bring your tide chart and walk north to Stinson Beach for breakfast or dinner at the Parkside Cafe.

Mount Tamalpais State Park, 801 Panoramic Highway, Mill Valley; (415) 388-2070, www.parks.ca.gov.

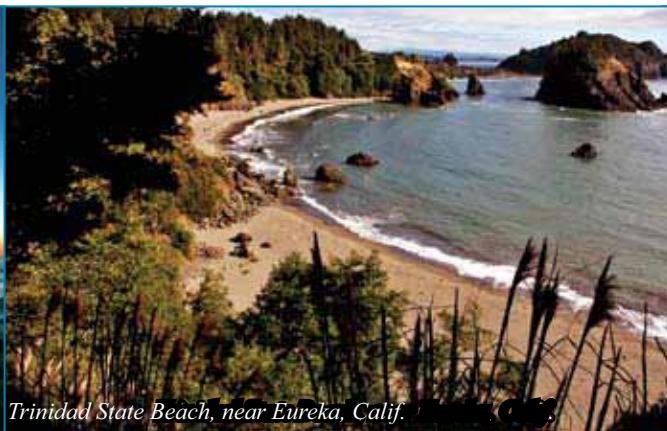
—Andrew Nystrom

Trinidad State Beach Near Eureka

The Northern California coast, unlike its southern counterpart, is often less about sun and sand than fog and sea stacks. Yet Trinidad State Beach offers the best of both. Be prepared for a case of delayed gratification; the hiking trail leading out to the bluffs overlooking the beach is ensconced in such lush vegetation that glimpses of the water are scant. Once you're in the wildflower-carpeted clearing, the view from above is well worth the wait: a pristine slice of coastline that looks to have never been touched by humans. It seemed almost wrong to set foot on the beach itself: Perfection like this just shouldn't be disturbed. ■

4150 Patrick's Point Drive, Trinidad; (707) 677-3570, www.parks.ca.gov.

—Tim Hubbard



Trinidad State Beach, near Eureka, Calif.



Crystal Cove State Park, South Orange County, Calif.

Photos by Don Bartletti.

Postcard from PREK TOAL

Battambang

A glimpse into floating village life



Photos by An Sithav

By An Sithav
Economics Today

Could there be a better place to spend Feb 2 World Wetlands Day than Prek Toal, an eco-community at the centre of the Prek Toal bird sanctuary? After receiving an invitation from the International Union for Conservation of Nature (IUCN), I decided not, and travelled to Siem Reap eager to learn the value of wetlands.

Three long hours are needed to reach Onlong Ta Ur floating village in the Prek Toal community, so starts

are often eye-wateringly early.

Several buses packed with garrulous Chinese and Korean tourists left Siem Reap at the same time as my group. Although their destination was Prek Toal, they didn't waste time and were soon en masse shooting Phnom Kraom Mountain, a verdant grove perhaps unfamiliar in the more developed and urbanized East Asia.

The two-and-a-half-hour boat trip to get from Phnom Kraom, half-an-hour's bus ride from Siem Reap, to the other side of the Tonle Sap provides ample time to take in the luxurious flooded forests that

dot the area. These are one of the critical components of the 'Great Lake's' unique ecological value.

The lake—the largest freshwater body in Southeast Asia and an ecological hot spot designated a UNESCO biosphere in 1997—is truly Cambodia's fishpond. One of the most productive inland fisheries in the world, the Tonle Sap supports an estimated 3 million people and provides over 75 percent of Cambodia's annual inland fish catch, as well as up to 60 percent of Cambodians' total protein. The lake especially benefits the surrounding

provinces: Battambang, Siem Reap, Pursat, Kampong Thom and Kampong Chhnang, and many Khmers will tell you that the Tonle Sap's fish could feed the whole population.

But the local fauna enjoy the lake's bounty as much as Cambodians: I watched countless waterfowl skim its silvery surface the surface to snatch at the imprudent fish.

About an hour later, mid-way to Prek Toal, the only visible landmark in the vast expanse of water was the Phnom Kraom Mountain, the banks long out of sight. First-time visitors are thrilled by the lake's sheer immensity, while the initiated just enjoy the fresh breeze and the gentle sound of the foaming waves.

As we pulled into Prek Toal, there could be no doubt that the lives of the villagers are deeply entwined with the lake. Their floating houses line up in long rows that are firmly fastened together the whole year round, during both dry and rainy seasons. Contrary to most Cambodians, these people have no fear of floods.

Residents are mostly subsistence fishermen who earn just enough to survive, but there is a surprising level of basic social services in Prek Toal, with a local health center and a primary school. Both are floating structures, naturally. The small, unassuming village also boasts an Asian Development Bank (ADB) office, an IUCN office and even a souvenir shop for tourists.

Women in the village weave water hyacinth (known in Khmer as *Komplork*) into baskets, mats, vases for flowers and tables, for sale both locally and internationally. Thanks to the nearby Prek Toal bird sanctuary, villagers can supplement their income with the sale of their woven products to the numerous tourists.

The fish they catch is also smoked and dried to make *Trey Ngeat*, a popular Cambodian delicacy, and fermented to make *Prabhork*, an extremely pungent season-all beloved by many Khmers. Most Prek Toal residents are healthy and happy, not least thanks to the fresh air and their fish diet, rich in protein.

Around 480 families live in Prek Toal, a peaceful harmonious co-existence with the local eco-system and wildlife. A perfect spot for nature lovers. ■



FACTBOX

The Tonle Sap Great Lake is connected to the Mekong River by the 100 km long Tonle Sap River, which reverses its flow seasonally

- 20 percent of the Mekong River's floodwaters are absorbed by the Tonle Sap
- 62 percent of the Tonle Sap's water originates from the Mekong River
- 38 percent of the Tonle Sap's water originates from the Tonle Sap watershed
- The Tonle Sap River flowing into the lake causes the lake's surface to expand from 2,500 km² to 16,000 km²

From the Tonle Sap Biosphere Reserve Environmental Information Database



Canby Publications map.

ORIENTAL CHICKEN PIZZA

SERVES 4
INGREDIENTS

- 1 packaged 30cm pizza base
1/4 cup / 60ml thick teriyaki sauce
2 boneless chicken breast fillets, cooked and sliced
125g / 4oz snow peas (mange tout), thinly sliced
4 spring onions, sliced
155g tofu, chopped
6 asparagus spears, cut into 5cm pieces
3 tablespoons chopped fresh coriander (cilantro)
3 tablespoons sesame seeds, toasted
2 tablespoons sweet chili sauce

Source: Chicken for all season

METHOD :

- 1 Place pizza base on a lightly greased baking tray. Spread base with teriyaki sauce and top with chicken, snow peas (mange tout), spring onions, tofu and asparagus. Sprinkle with coriander (cilantro) and sesame seeds.
- 2 Drizzle chilly sauce over pizza and bake for 30 minutes or until base is golden and crisp.

Note: For complete meal serve this tasty pizza with a selection of your favorite salads. Sweet soy sauce, also known as kechap manis, can be used instead of teriyaki in this recipe if you wish. ■



Chi Pluu

Khmer name:

Chi Pluu

Latine name:

Piper lolot C.DC

Family name:

Piperaceae



Distribution:

Cultivated in Cambodia as a condiment and culinary herb.

Description:

50-80 centimeters tall herb. The leaves are simple, alternate, cordate. 5-10 centimeters wide and 7- 15centimeters long. Inflorescences in axillary spike are tubular and unisexual. The fruits are obovoid berries. The leaves of lolot, as those of betel, are sold in Asian grocery shops in Europe and America. They bear resemblance to piper betle, but the leaves are dark green.

Parts used:

Roots and Leaves.

Indications:

The roots of lolot are well known as an antidyseptic. It is one of the remedies against cough. The leaves have reportedly been used as a carminative and to treat ulcers. The whole plant is also used to stimulate intestinal movements and relaxes skeletal muscles. ■

Source: Cambodia Medicinal Plants



How To Be Beautiful

While beauty is almost as subjective as love, it's something that you can explore and discover in yourself over time. This article focuses on both inner and outer beauty.

STEPS

- 1. Seek beauty around you.** How do you define beauty? As you go through your day, try to make note of things and people that strike you as beautiful. If you can, write them down. Try to understand what makes them beautiful to you. They may not be beautiful to others, but that's why beauty is in the eye of the beholder.
Even while looking at other people you will notice certain parts of them that you find very beautiful. Never is a person attractive "all over" and everybody has at least one thing they would like to change about their appearance.
- 2. Recognize the beauty in yourself.** Look in the mirror and search for beauty. By now, you've probably noticed that the most beautiful things in life are often subtle and hidden. The same goes for the beauty you hold. Maybe you have smooth, well-proportioned hands, or a flawless forehead, or perfectly-shaped shoulders. Whatever it is, it's yours—revel in it.
- 3. Enhance your physical beauty.** Looking beautiful is all about emphasizing those features in you that are already beautiful. There are millions of ways to do this, as there are millions of potentially beautiful features on a single body. The important thing is to experiment with accentuating that beauty until you can look at your reflection and feel like you've given your beauty the representation it deserves.
- 4. Develop your inner beauty.** There are plenty of so-called beautiful people out there who lie, cheat, steal, and even kill. Their beauty never lasts, but yours can. By finding yourself and building your character through integrity, you can be beautiful both on the inside and on the outside. Better yet, your inner beauty will always emanate and never fade, wrinkle, or turn gray.
- 5. Create beauty outside of yourself.** Now that you see beauty and you are beautiful (as you always have been, but now know it), it's time to make beauty. Art is a very popular emulation of beauty, but it's possible to inject beauty into everything you do (your work, how you interact with people, and the way you decorate your room, for example). This is an extremely satisfying pursuit that will not only make the world a more beautiful place, but it will also bring your quest for beauty full circle.



Tips

- Even though what is considered beautiful varies from person to person, there are a few broad characteristics that most people seem to agree on:
 - Health is beautiful
 - Character is beautiful.
- If you're feeling particularly unattractive, try listening to a song that will get you dancing. When you get that adrenaline rush and that goofy grin on your face, people notice. Your happiness will be contagious and people will want to be around you. This opens opportunities for people to get to know you, so they will see not only your outside beauty, but also your inner beauty. And inner beauty is far more attractive than just looks alone.
- Tell yourself every day when you wake up: "I am beautiful. No one can take that away from me."

Warnings

- Being fake (a form of deception) is one of the ugliest things in the world. Don't think that in order to be beautiful, you can't be yourself.
- Many people have terrible judgment and don't recognize beauty when they see it. Don't let their ignorance ruin your happiness. ■



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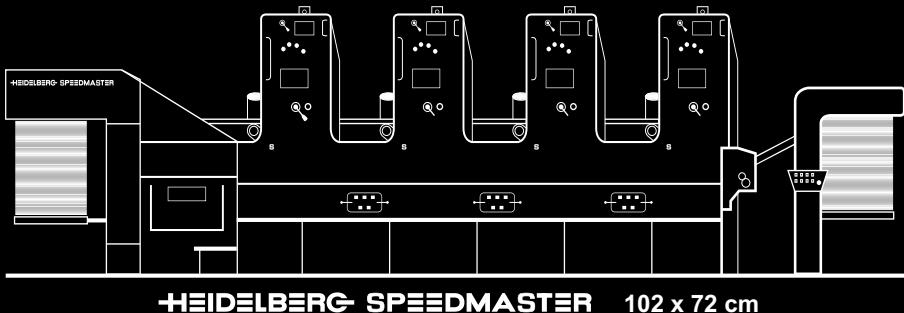
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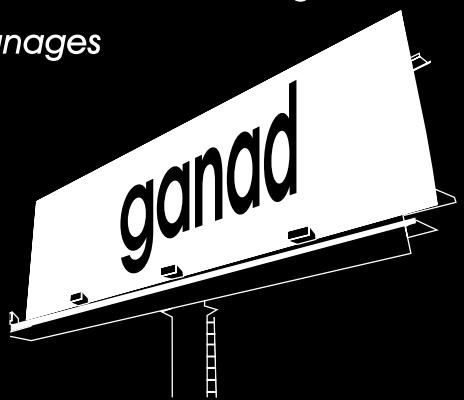
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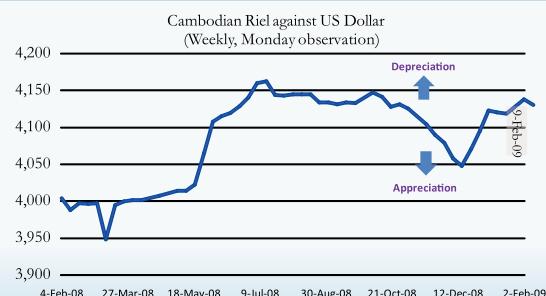
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Cambodian Riel: 09Q1 Outlook

The Cambodian riel may continue to depreciate during the first quarter of 2009 (09Q1), on account of recent measures by the National Bank of Cambodia (NBC) to lower the statutory reserve requirements rate from 16 to 12 percent and to loosen some restrictions regarding borrowings, which has been in place since the beginning of February 2008.

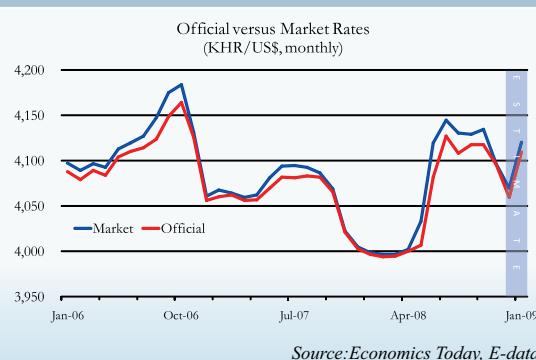
It is thus expected that there would be more liquidity in the money market, which would in turn result in a depreciation of the Cambodian riel (KHR) against other currencies, particularly the US dollar (US\$).



Source: Economics Today, E-data

Based on a weekly survey by the Economic Institute of Cambodia (EIC), the value of the riel was on average 4,130 against the green back on February 9, 2009, a slight year-to-date increase and a 3.6-percent year-on-year increase.

After a trough in 2008 during which it averaged 4,000 per US dollar, the riel sharply depreciated to a high of 4,160 per US dollar on July 7, 2008. The Cambodian currency then gradually appreciated back to 4,058 per US dollar on December 8 due to high demand in liquidity. The riel is likely to hover around the average of 4,100 per US dollar, while remaining between a range of 4,050-4,150 riel per US dollar.



Source: Economics Today, E-data

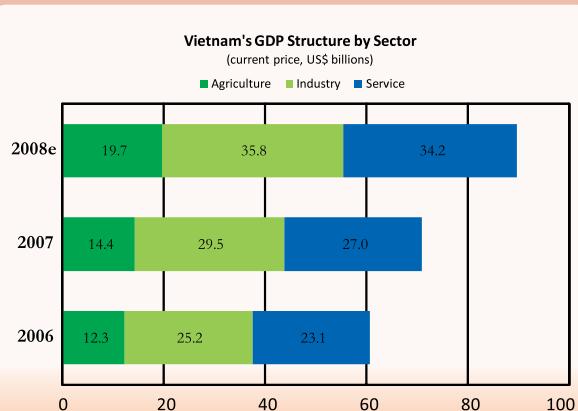
Monthly data revealed a rather strong fluctuation of the riel against the green back recently, partly because of the strong move in the value of the US dollar—a result from the current world economic crisis—and because Cambodia is a highly dollarized economy. On average since 2006, the market exchange rate is 0.25 percent higher than the NBC official exchange rate.

Overall, the depreciation of the Cambodia riel may be supported to a certain extent by the possible appreciation of the US dollar against other currencies, as the US stimulus package amounting to roughly US\$800 billion suggested by the Obama administration has been approved to improve the credibility of the US dollar. ■

Vietnam Economy: 2008 Performance

Recent estimates from the General Statistics Office of Vietnam (GSO) shows that the country could realize an economic growth of only 6.2 percent in 2008, a 0.8 percentage point below the target and 2.3 percentage points lower than the 2007 growth rate. A contraction in the mining industry was partly responsible for this economic slowdown.

A deeper look into the statistics reveals the story. There was a drop in the industrial output in two main subsectors: the oil and gas industries and the local state sector, which contributed about 10 percent of Vietnam's GDP. Applying the 1994 constant prices, the estimated output generated by the oil and gas industry in 2008 was only VND 21.1 trillion, a contraction of 4.3 percent in comparison with the previous year. Similarly, the industrial output from the local state sector was estimated to decrease to VND 37.4 trillion, a slight drop of 0.8 percentage point in comparison to that in 2007.



Source: Graphic by Economics Today, based on GSO statistics

Regarding the country's GDP structure by main sector in 2008, the industry and construction sector still took the lead in terms of contribution to the GDP, representing 40 percent, followed by the service and agricultural sectors, which respectively contributed 38 percent and 22 percent. Therefore, Vietnam's nominal GDP was estimated at VND 1,479 trillion (around US\$ 91.3 billion) in 2008.

As for external trade, Vietnam was subject to a trade deficit of US\$ 17.5 million in value terms in 2008. Exports and imports respectively totaled US\$ 62.9 million and US\$ 80.4 million. Export growth in 2008 was slightly faster than import growth, with respective increases of 30 percent and 28 percent in comparison with 2007. It is also worthy to note a remarkable increase in complete-unit automobile imports in 2008, which grew 68 percent from the previous year in volume terms.

According to the above growth rates, it could be concluded that Vietnam's economy performed rather well amid the world economy slump, although it did not reach its economic growth target of 7 percent in 2008. ■

Cambodia Investment & Trade			
FDI Approvals (last 12 months)	Dec 08	Year Ago	% chg
Total Fixed Assets (US\$ million)	10,753	2,667	+303.1
Garment industry	149	171	-12.9
Hotel	8,796	1,101	+698.8
Others	1,809	1,395	+29.6
Total Projects (number)	95	130	-26.9
Garment industry	38	39	-2.6
Hotel	21	11	+90.9
Others	36	80	-55.0

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

External Trade (last 12 months)	Dec 08	Year Ago	% chg
Exports (US\$ million)*	3,198.0	3,026.3	+5.7
Garments (US\$ million)*	2,980.3	2,824.4	+5.5
Rubber ('000 mt)*	17.0	26.5	-35.8
Imports (US\$ million)	4,462.6	3,776.6	+18.2
Gasoline	88.9	74.8	+18.9
Diesel	125.0	135.8	-7.9
Cement	54.4	68.6	-20.7
Steel	85.8	63.6	+34.9
Car	160.3	91.0	+76.1
Motorbike	126.3	88.4	+42.9
Imports (Quantity)			
Gasoline ('000 mt)	287.6	238.5	+20.6
Diesel ('000 mt)	460.8	498.8	-7.6
Cement ('000 mt)	1,075.2	1,322.2	-18.7
Steel ('000 mt)	144.8	145.1	-0.2
Car ('000 unit)	22.3	17.1	+30.6
Motorbike ('000 unit)	282.1	203.4	+38.7

Source: E-data, CED Note: *October 08

Garment Exports (last 12 months)	Oct 08	Year Ago	% chg
Total Quantity (mn dozs)	87.2	76.4	+14.1
USA	63.5	55.5	+14.3
E.U	14.9	13.3	+11.9
Others	8.8	7.5	+16.5
Total Values (mn US\$)	2,980.3	2,824.4	+5.5
USA	1,980.0	1,951.2	+1.5
E.U	651.2	578.8	+12.5
Others	349.1	294.4	+18.6

Source: E-data, Cambodian Customs and Excise Department

Cambodia Market News			
General Items	09 Feb	Year Ago	% chg
Gasoline (riel/liter)	3,150	4,500	-30.0
Rice (riel/kg)	2,500	2,000	+25.0
Fish (riel/kg)	11,700	19,100	-38.7
Beef (riel/kg)	23,700	17,300	+37.0
Pork (riel/kg)	16,000	15,600	+2.6
Chicken (riel/kg)	16,700	15,600	+7.1

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)	Jan 09	Year Ago	chg
All items	9.4	13.7	-4.3
Food Beverages & Tobacco	18.4	22.2	-3.8
Clothing & Footwear	2.4	2.3	+0.1
Housing & Utilities	2.1	5.3	-3.2
House Furniture & Household Operation	6.6	24.6	-18.0
Medical Care	2.0	14.4	-12.4
Transportation & Communication	-2.0	16.3	-18.3
Recreation & Education	1.5	0.6	+1.0
Personal Care & Effects	5.9	-0.4	+6.3

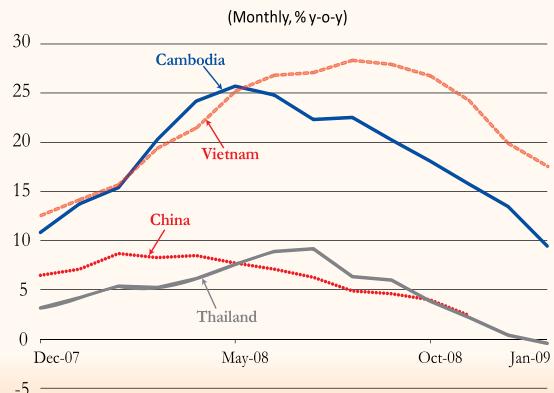
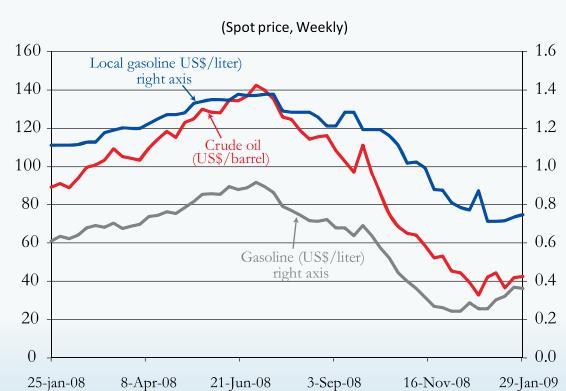
Source: E-data, National Institute of Statistics



Cambodia Economic data Online!



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

International Main Economic Indicators			
Inflation (% YoY)	Jan 09	Year Ago	chg
Cambodia	9.4	13.7	-4.3
China**	2.4	6.9	-4.5
Japan **	1.0	0.6	+0.4
Korea	3.7	3.9	-0.1
Singapore *	4.3	4.4	-0.1
Thailand	-0.4	4.3	-4.7
Vietnam	17.5	14.1	+3.4
USA *	0.1	4.1	-4.0

Source: E-data, Country Authority	Note: *December **November 08
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GDP (US\$ billion)	2009	2008	% chg
Cambodia	12.4	11.0	+12.9
China	4,772	4,222	+13.0
Japan	4,803	4,844	-0.8
Korea	1,019	953	+6.9
Singapore	210	193	+8.7
Thailand	295	272	+8.4
Vietnam	105	91	+15.7
USA	14,571	14,334	+1.7

GDP per capita (US\$)	2009	2008	% chg
Cambodia	834	751	+11.1
China	3,577	3,180	+12.5
Japan	37,644	37,940	-0.8
Korea	20,955	19,638	+6.7
Singapore	44,113	41,291	+6.8
Thailand	4,401	4,099	+7.4
Vietnam	1,197	1,047	+14.3
USA	47,335	47,025	+0.7

GDP Growth (%)	2009	2008	chg
Cambodia	6.0	7.0	-1.0
China	9.3	9.7	-0.5
Japan	0.5	0.7	-0.2
Korea	3.5	4.1	-0.6
Singapore	3.5	3.6	-0.2
Thailand	4.5	4.7	-0.2
Vietnam	5.5	6.3	-0.8
USA	0.1	1.6	-1.5

Source: EIC(Cambodia) and IMF estimates, Oct 08 update

More Info http://data.eicambodia.org

International Market News			
Exchange Rate (US\$ 1 = ...)	09 Feb	Year Ago	% chg
Cambodia	4,130	3,996	+3.3
China	6.83	7.17	-4.6
Japan	91.55	107.32	-14.7
Korea	1,379	945	+45.9
Singapore	1.50	1.46	+2.7
Thailand	35.00	32.56	+7.5
Vietnam	17,650	16,028	+10.1
EU	0.77	0.68	+13.2
UK	0.67	0.51	+31.6

Selected Commodities	Jan 09	Year Ago	% chg
Gasoline SGP (US\$/liter)	0.33	0.63	-47.2
Crude oil Dubai (US\$/barrel)	44.97	87.17	-48.4
Soybeans (US\$/mt)	412	541	-23.9
Maize (US\$/mt)	173	206	-16.3
Rice (US\$/mt)	580	376	+54.4
Rubber (US\$/mt)	1520	2565	-40.7
Gold (US\$/oz)	942	976	-3.5
Steel (cr coilsheet, US\$/mt)	1100	688	+60.0

Source: E-data, WB, IMF

Interest Rate (US\$, 1 yr-term, %)	09 Feb	Year Ago	chg
Cambodia Market *	15.83	16.14	-0.3
LIBOR	2.03	2.81	-0.8
SIBOR	1.99	2.82	-0.8
US Federal Fund	0.25	3.00	-2.8

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

Closing Stock Index	09 Feb	Year Ago	% chg
China (Shanghai SE Composite)	2,225	4,491	-50.5
France (CAC 40)	3,135	4,683	-33.1
Hong Kong (Hang Seng)	13,769	22,616	-39.1
India (Bombay Stock Ex 500)	3,466	6,679	-48.1
Japan (NIKKEI 225)	7,969	13,022	-38.8
Korea (KRX 100)	2,553	3,373	-24.3
Singapore (Straits Times)	1,682	2,868	-41.3
Thailand (SET)	444	804	-44.7
UK (FTSE 100)	4,308	5,708	-24.5
USA (Dow Jones Industry)	8,271	12,240	-32.4
Vietnam (Ho Chi Minh Stock)	288	841	-65.8

Source: Bloomberg

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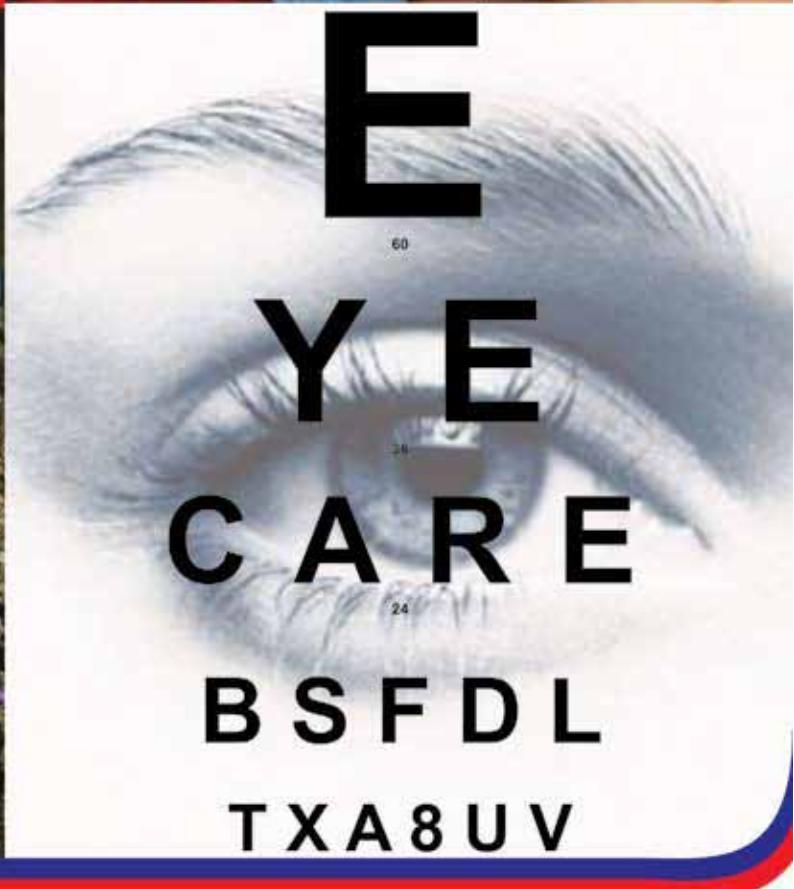
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