

VISIONS of CAMBODIA

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JAPAN'S MEGA-BANK JOINS FORCES WITH CAMBODIA

Japan-based Tokyo-Mitsubishi UFJ and a Cambodian bank, CANADIA, signed a memorandum of understanding (MoU) agreeing to work together to tap the flow of Japanese investors into the Kingdom.

The MoU was signed by Canadia Bank chief executive officer Michael Lor and Masato Miyachi, the general manager of Tokyo-Mitsubishi's Asia and China division in Phnom Penh. The MoU was set to enhance bank co-operation for mutual benefit and give Japanese investors in Cambodia greater access to investment information.

The partnership emphasised the strength and reliability of Cambodian bank, demonstrating that it could co-operate with a mega-bank from Japan.

Tokyo-Mitsubishi UFJ, one of the biggest banks in the world, has more than 500 branches in 40 countries.

This demonstrates the strength of the development of the banking sector in Cambodia and will further promote the stability of the industry.

Tokyo Mitsubishi UFJ opened a representative office in Phnom Penh, nearly four decades after it left Cambodia. It has many representative offices in Southeast Asian nations including Thailand and Vietnam.

The Japanese Sumitomo Mitsui Banking Corporation, which is also one among the three mega-banks in Japan, opened a representative office in Cambodia early last year as well.

Japanese investment in Cambodia more than doubled to \$75 million in 2011 from about \$35 million in 2010, according to figures supplied by the Japanese embassy.



NATIONAL POLICY ON GREEN DEVELOPMENT AND NATIONAL STRATEGIC PLAN ON GREEN DEVELOPMENT 2013-2030



Prime Minister Samdech Akka Moha Sena Padei Techo Hun Sen presides over at the Peace Palace in Phnom Penh this morning the inauguration ceremony of the National Council on Green Growth (INCGG) and the Dissemination Ceremony of the National Policy on Green Growth and the National Strategic Plan on Green Growth (2013-2030).

The Royal Government has formulated this **National Policy and Strategic Development Plan on Green Development 2013-2030** to complement the economic development effort to better balance it with environmental protection and ensure the responsible management of natural resources such as water, land, forest, fish and ecosystem, poverty reduction, livelihood improvement, health and education systems improvement, good governance at national and sub-national levels, as well as infrastructure improvement and the natural heritage preservation and such.

Cambodia is rich in natural resources such as land, water, mines, forest and fish. However, in the next phase of development, improved governance and management of natural resources will be critical to ensure their productive and sustainable use of natural resources, and their genuine contribution to the socio-economic progress and improvement

of our people's living standard. Indeed, we need to ensure certainty and security of land ownership in both rural and urban areas and important role of economic and social land concessions in promoting large scale agriculture projects, improving productivity, creating rural jobs, and ensuring access to productive land for the poor and ethnic minorities, as these remain fundamental elements of the national strategy and policy framework. Regarding the Royal Government's policy on land, the Royal Government has provided 1.5 million hectares of economic land concession to private companies. Investment in rubber plantation accounts for 80% or 1.2 million hectares. At present, 300,000 hectares of the land have been cultivated, employing 100,000 workers. In the next 5 years, 70% of rubber plantation will be cultivated while 840,000 hectares of rubber plantation will be tapped for latex and 1.3 million workers will be employed. To do this, 1.5 million hectares

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of forest cover are converted to economic land concession; there still remain 9.2 million hectares of forest cover. This shows that the Royal Government carefully balances the needs to create jobs to reduce poverty and migration and the necessity to protect the environment and natural resources. In addition, rubber trees are considered forest cover; hence the 1.2 million hectares of rubber plantations and the creation of 1.3 million jobs for the people, in other words, are contributions to preserving forest cover and enhancing the people's livelihoods.

In particular, in the implementation of the "Old Policy with New Activity on Land", the Royal Government plans to issue land titles covering 1.8 million hectares of land in 20 provinces to the people. Up to present, 670,000 hectares of land have been checked and distributed to 320,000 families. It is expected that the task will be completed at the end of 2013 in order to live up to our slogan "No landless Farmers". In this spirit, I have accelerated the distribution and issuance of land ownership titles with demarcation assistance provided by thousands of youth volunteers, resulting in the issuance of land ownership titles for 160,000 lots of land to people in rural areas.

In addition, the Royal Government has regarded Water Policy as a priority policy for the management of water resources, water sources, quality of water and the protection of wet soil and gradient areas in order to secure the continuity of water supply which must compromise between development needs and

conversation for ecological stability, and the source of nutritious foods. The vision on water security aims to ensure the equitable, efficient, and sustained use of water and water resources in order to ensure adequate supply of clean water and multipurpose water to people, farmers, enterprises, and general users, based on the principle of water safety, sufficiency of water sources, water quality, hygiene, and reasonable costs. Truly, the important basis for ensuring the sustainability, safety, and quality of water supply in Cambodia requires full involvements from all relevant stakeholders at both national and sub-national levels, including general water users, through steady implementations of policies and regulations related to water use and management.

The National Policy on Green Development and the National Strategic Plan on Green Development 2013-2030 disseminated in this event is our roadmap for national green development which will act as soft green infrastructure, create favourable environment and condition for private investment in green development such as green agriculture, green industry, green infrastructure and transport, green tourism, green building, green energy, green telecommunication, green credit and green financial market. In this sense, we strongly believe that both documents will help propel Cambodian economy toward green development, centering on the efficient use of natural resources, sustainability of the environment, green employment, green technologies and economic reform. Moreover, green incentives such as green tax, green finance, especially green credit, green micro-finance and green investment will bring about

social development and harmony, improved quality of life, opportunity of green employment for the people and safety for the ecological system through green development that helps maintain the balance between the ecological system and the supporting capacity of the earth.

In fact, the opportunity of green employment has to be created through the utilization of green technologies and promotion of green investment. The green investment refers to the either technical or financial investment on development and conservation in all sectors by ensuring the reduction of impact on the environment and natural resources, in other words, a contribution to improve the environmental quality, maintain ecological system, conserve bio-diversity, and reduce energy consumption and natural resources, carbon emission and environmental pollution. Besides, green agriculture is to ensure food security, food safety and sanitation, thus, the green agriculture will encourage the private sector and all farmers to use natural organic fertilizers, minimize the use of agricultural pesticides and chemical substances, implement crop intensification and promote awareness on green technology for agriculture. Moreover, there must be plans for sustainable use of land, the agro-industry crops, forest management, management of protected areas, creation of forest communities and protected area communities, and private sector investment. In addition, we need to accelerate the registration of state land in protected areas, coastal areas, protected forest area, industrial areas, tourism sites and other uses of land for the public needs by cooperating closely with related ministries-institutions and all levels of local authorities.

CAMBODIAN RICE POPULAR ACROSS ASIA

Cambodian milled rice is becoming more popular throughout Asia, particularly in Malaysia, which is the number one importer of milled rice from the Kingdom.

According to data from the Ministry of Agriculture, Forestry and Fisheries, the milled rice exports reached 49,815 tonnes in the first two months of this year, an increase of 106 per cent from the same period last year.

Jasmine rice was the biggest part of the exports, followed by long grain white rice, data from the Secretariat of the One Window service for rice exports showed.

"Our rice is more recognised in international markets, especially our fragrant rice exports," said Kim Savuth, president of the Federation of Cambodian Rice Exporters. "For international buyers, the quality of our fragrant rice is equal to Thai rice but the price is cheaper, while the price of our ordinary white rice is a bit higher than Vietnam but the quality is more competitive."



According to the figures, Cambodia exported 23,956 tonnes of jasmine rice during the two months, 2,668 tonnes of neang malis and 21,179 tonnes of long grain white rice.

Amru Rice Cambodia was the leading rice exporter during the period with 6,999 tonnes, followed by Khmer Food with 6,921 tonnes, Baitang at 6,696 tonnes, Golden Rice Cambodia with 6,533 tonnes and International Rice Trading at 4,225 tonnes.

There are many new markets which are ordering Cambodia milled rice products. Malaysia and China are new emerging markets in Asia with high demand. Moreover, there

are several countries in Europe such as Greece, Poland and Spain that are new clients.

Malaysia, the third largest market for Cambodian rice last year, moved to the first place two months ago with imports of 9,515 tonnes, followed by France with 8,899 tonnes, Poland with 8,400 tonnes and Gabon and China, with 3,736 tonnes and 3,216 tonnes respectively.

Leading Cambodian rice firms, including Baitang (Kampuchea) Plc, Amru rice (Cambodia) Co, Golden Rice (Cambodia) Co Ltd, Cavifoods and Loran Group, said the rice market outlook was generally optimistic.

CAMBODIAN BANK OPENS IN MYANMAR, EXPANDS IN LAOS



ACLEDA, one of the leading banks in Cambodia, with the largest number of branches has expanded successfully not only into Laos, but most recently into Myanmar.

According to ACLEDA Bank CEO, In Channy, the secret for success outside of Cambodia came down to combining careful customer selection with the generosity and courtesy of inviting of foreign officials to receive training in Cambodia.

ACLEDA Bank submitted an application in Myanmar for a microfinance license in September 2012. That same month, it got a company registered office that same month and

an operating microfinance license, enabling ACLEDA to work in 25 townships in Yangon.

The operation kicks start in Myanmar with 25 Myanmar staff plus 11 training in Cambodia for a total of 36 Myanmar staff.

The bank will service low income people in Myanmar, starting in Yangon, serving all kinds of people from every religion with no discrimination.

ACLEDA, which evolved from an NGO into Cambodia's most widely distributed bank, starts by recruiting staff fresh from university.

ACLEDA targets the low-income community, generating business activity in the local community rather than existing large corporations; as it believes in the model of starting at the grass roots level. The model did not preclude existing business people to join ACLEDA.

"We service the low income people with respect. We don't want them to feel small. They use our services and we show respect to them. Our model is to bring them along with us, grow with us. We provide our financial services with respect and we don't want them to be only a one time customer. We want them to be a customer for a long time, and provide the services for a long time," In Channy said.

In Myanmar as well as in Cambodia, ACLEDA provides customers and small business

people with assistance. It helps customers calculate costing, stock in, stock out, helps them from simple business plan development, how to cost their specific product, how to price it and how much is the right price. This is the basic business consultancy service for those micro enterprises.

The interest rate ACLEDA is allowed to charge in Myanmar is capped at 30 per cent per annum on loans they provide.

ACLEDA's desire is to have the Myanmar team manage the operation, which according to In Channy, is a natural consequence of the good relationship between the Cambodian and Myanmar governments.

One initiative that facilitated ACLEDA's success was inviting officials from Myanmar's central bank to visit Cambodia, go to ACLEDA Bank branches, talk to customers and meet with people from the National Bank of Cambodia. As a result of that groundwork, the Myanmar officials approved the application in the short time between June and September last year.

Currently, the foreign banks operating in Myanmar, 28 in all, mostly function only as representative offices.

CAMBODIAN MANUFACTURING DIVERSIFICATION OUTLOOK

While Cambodia seeks to diversify its manufacturing sector and encourage higher-value-added activities, experts say it must be supported by the right mix of government policies.

The [Asia Development Bank](#) (ADB) says that the sharp increase of foreign direct investment (FDI) from \$900 million in 2011 to between \$1.3 and \$1.5 billion in 2012 has coincided with a rise in investment in to higher-valued-added manufacturing from swimsuits and dress shirts to automotive parts and electronics.

Peter Brimble, deputy country director for ADB, is encouraged by the progress of Cambodian manufacturing, but says the government has a role to play in guiding a transition from a narrow manufacturing base.

"These trends are very positive, and demonstrate a shift away from the limited markets of low value-added garments towards a more diversified, sophisticated and dynamic economy," Brimble said.

"In new manufacturing areas, recent investments by Japanese and Korean investors in automotive parts and electronics indicate a promising diversification of the manufacturing sector," he added.

"The trends also reflect the application of increasingly sophisticated technologies that are suitable for Cambodia's present state of evolution and that set the stage for continued dynamism in the future.

However, the challenge lies in the need to develop correspondingly sophisticated policy approaches to meet the increasing needs for suitably and progressively higher skilled labour, for more competitive transport and logistics services and for rapid resolution of the perennial problems of energy costs, government bureaucracy and transparency.

Hang Chuon Naron, secretary of state at the Ministry of Economy and Finance, said the government was looking to attract high-tech investment through the up-skilling of the work force.

"The current challenge that we are facing is a shortage of skilled labour for investors. That is why the next government priority will be to increase spending and also more policy co-ordination to promote skills and vocational training as well as high education reform," said Chuon Naron, adding that the government may invest in a specialised training facility in the future.

"With the increase in investment in manufacturing electronics, it requires the government to make a once-off investment maybe in a high tech, technical university or vocational training centre."

The ADB estimates that approximately 90 per cent of FDI in 2012 came from Asia.

CAMBODIA: REGIONAL COOPERATION

Cambodia, of course, is closely linked to regional bodies, having just finished chairing the Association of Southeast Asian Nations and having been an active member of the Greater Mekong sub-region (GMS) grouping for more than two decades.

Cambodia also has much to gain through the wider ASEAN+3 and East Asia Summit processes. And, as Myanmar becomes more deeply engaged with the GMS, closer cooperation can bring further benefits for Cambodia and its neighbours.

Regional cooperation benefits Cambodia and its neighbours in a number of ways.

The GMS economic cooperation program promotes physical connectivity, whether through power grids or building economic corridors.

An open economy also brings greater access to new markets, resources and investments.

Supply chains and production networks link neighbours and accelerate growth, productivity and employment generation.

Financial co-operation, including through sound banking systems and capital markets in equities, bonds and insurance, can effectively mobilise public and private savings.

The promotion of regional public goods can also address common issues, ranging from disaster relief to cross-border human trafficking and health epidemics.

As a small, open economy, strategically located within the GMS and ASEAN, Cambodia must make regional considerations a core element of its development planning.

The Asian Development Bank's three-year Cambodia country partnership strategy explicitly calls for efforts to harness the benefits of regional co-operation and integration through closer alignment of GMS activities with Cambodia's national development strategy.

In particular, leveraging and deepening the assets of the GMS's southern economic corridor, and linking the two big urban hubs of Bangkok and Ho Chi Minh City through Phnom Penh, can generate income, improve the competitiveness of business and promote inclusive economic growth.



Strengthening connectivity, as convincingly laid out in the ambitious master plan on ASEAN connectivity, which includes GMS priority projects, is a critical regional co-operation agenda item for Cambodia as the GMS forges ahead towards middle-income status.

Indeed, the Asian Development Bank has estimated that complete connectivity in ASEAN will carry a price tag of almost \$600 billion.

In order to frame an agenda for promoting connectivity, four key elements can be enumerated — finance, foundations, facilitation and framework:

- 1 Financing connectivity through fine-tuning the allocation of existing national infrastructure programs to incorporate regional connectivity elements more effectively, leveraging private-sector finance through public/private partnerships, and improving the intermediation of financing to meet infrastructure needs such as the ASEAN Infra-structure Fund (AIF).
- 2 Building the hardware foundations for connectivity by using sub-regional groupings as connectivity building blocks or foundations for ASEAN, and complementary provision of regional public goods to improve physical connectivity in the ASEAN region as a whole.
- 3 Facilitating connectivity and recognising the growing importance of the "soft" side through intensified efforts to improve logistics and trade facilitation; improve transport services, through initiatives such as the recently formed GMS Freight Transport Association and related reforms; and implementing at the sub-regional level non-discriminatory, World Trade

Organisation-consistent trade and investment facilitation measures that will strengthen the ASEAN Free Trade Area framework at the regional level.

- 4 Meeting the challenges and harnessing the immense potential of the (somewhat) new and evolving business sector framework of global value chains through efforts to link GMS enterprises to international markets.

Global enterprises are re-organising and relocating the production of goods and services through increasingly fragmented global value chains that demand increasingly stringent global standards with respect to quality, price, timely delivery and flexibility.

This creates significant challenges, but offers appealing benefits.

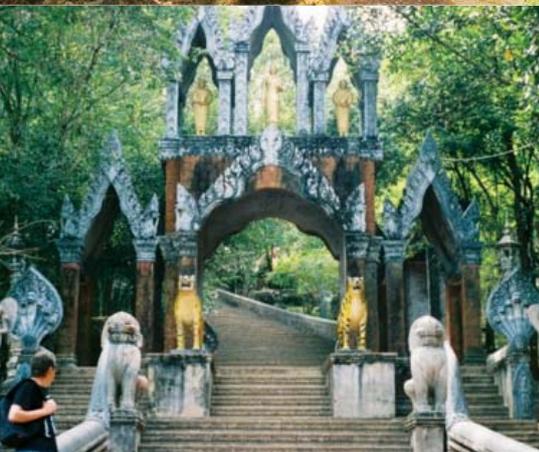
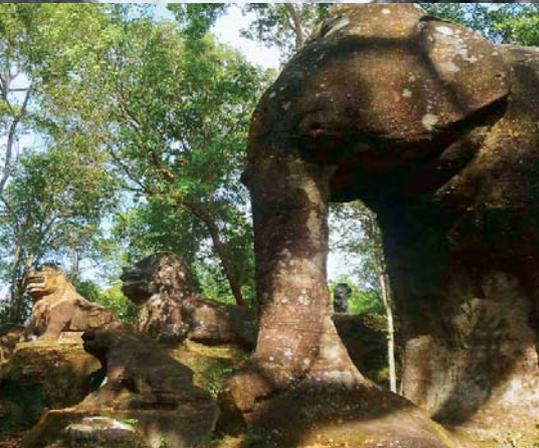
In Cambodia, the GMS southern economic corridor has already attracted a number of global players that demonstrate clearly the benefits of enhanced connectivity.

Minebea, the global leader in micro-motors, and Sumitomo Electric, a leading producer of wiring harnesses, have set up state-of-the-art production facilities in Phnom Penh to serve global markets.

Cambodia can maximise the benefits of this through programs to support the spillover benefits to local enterprises, to strengthen training programs that reflect labour-market needs, and to build better transport and logistics infrastructure.

The Asian Development Bank is determined to support government efforts at balanced, inclusive growth, creating income opportunities, bridging rural/urban gaps and more closely integrating Cambodia within a region that has grown to become one of the most dynamic in the world.

KULEN MOUNTAIN NATIONAL PARK



Kulen Mountain is situated at north east of Angkor Complex about 50 Km. It takes approximately 2-hour drive up to the hill top with 487 meters height and plateau stretches 30 km long, it is opened for tourists in 1999 by private owned. The company developed road up to the peak. It is only possible to go up before 11 Am and only possible to come down after mid-day, to avoid vehicles meeting on the narrow road.

Kulen is considered by Khmers to be the most sacred mountain in Cambodia and it is a popular place for domestic visitors during weekends and festivals. The hill is used as the ancient capital city II in AD 802 to declare himself as god king and announced independence from Java, then giving birth to present day Cambodia.

On the hilltop there are 56 Angkorian temples made of bricks and volcanic stones, but most of them are badly in poor condition, today name Hahendrapura, founded in the reign of King Jayavarman temple base only is remain intact.

The visible sites in modern day are Prasat krau Romeas, Rong Chen (the first mountain temple), Sra Damrei (Elephant pond), Thousands of phallic symbols carved a long river bed and divided in three ports for the Hindu trinity gods. These three ports used for baptistry. At the summit of the hill you can see Buddhist pagoda and a large reclining Buddha statue 8 meters length carved into a sandstone bock in 16th century.

The last attractive spot is a waterfall, it splits in two spots the first waterfall is four or five meters heights and 20 to 25 diameters in dry and raining seasons. The second waterfall is 15 to 20 meters heights and 10 to 15 diameters in dry and raining seasons.

The water is considered holy and Khmers like to bottle it to take home with them. The source of water eventually flows in to Tonle Sap Lake and is thought to bless the water ways of Cambodia.

TOURISM TO DRIVE CAMBODIA'S GROWTH

Cambodia's Ministry of Tourism says tourist arrivals to the country should more than double by 2020 bringing revenue to the country that will improve the economy and the standard of living for communities.

The Ministry expect around 7 million international tourists to travel to Cambodia annually by 2020.

Prime Minister Hun Sen said the ambitious tourist arrival target would bring US\$5 billion in revenue each year.

"Tourism contributes an important part by creating jobs, increasing people's income, boosting the country economic growth as well as generating more income for the nation."

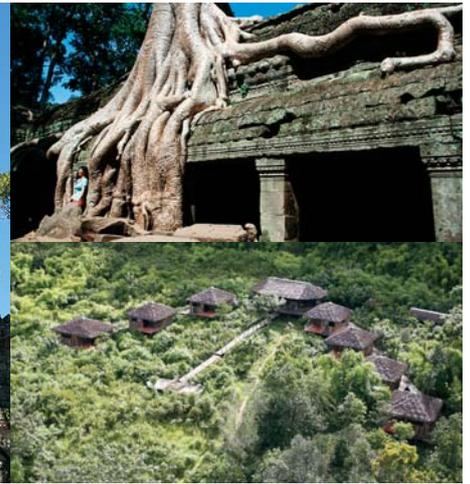
To reach the target, Ministry of Tourism suggested the nation should build human resources in tourism as well as improve facilities and the aviation sector.

Ministry objectives:

- Create 500,000 to 700,000 new jobs over the next eight years;
- Launch a feasibility study for a national tourism training institute to pre-empt an impending shortfall in tour guides and hospitality staff;
- Increase infrastructure spending;
- Add hotel rooms to meet tourist demand from 20,000 rooms to 30,000 and later to 50,000 rooms;
- Add air services to the country;
- Build an international airport capable of serving 10 million passengers a year;
- Expedite plans for international flights to and from Preah Sihanouk Airport;
- Upgrade efficiency of airports in Preah Vihear, Battambang, Kratie; and Ratannakiri to meet an anticipated growth in tourism to these provinces.

The ministry said international tourist arrivals to the country have risen dramatically over the past decade in line with Cambodia's economic growth.

The Angkor archaeological park is Cambodia's largest cultural tourism destination located 315 km from the capital Phnom Penh.



The temple was designated a World Heritage Site by UNESCO in 1992.

Cambodia received about 3.58 million foreign tourists last year, 24.4 per cent more than the year before, and 4.5 million foreign tourists are expected in 2015.

CAMBODIA will have direct flights to all ASEAN member states this year in order to promote stronger growth of the tourism sector in the Kingdom. The number of tourists from ASEAN countries to Cambodia rose 37.5 per cent year-on-year in 2012 to 1.5 million, compared to 1.1 million a year earlier, representing 42.2 per cent of the total tourist arrivals, according to the data from the Ministry of Tourism.

The number of international tourists in Cambodia increased by 24.4 per cent from 2.88 million in 2011 to 3.58 million in 2012, according to data from the Ministry of Tourism.

The most significant increases came from the Kingdom's closest neighbours.

Laos nearly doubled in visitor numbers to over 250,000 and Thailand, which had declined year on year in 2011 by 21.7 per cent, increased in 2012 by 72.5 per cent to over 200,000 visitors.

Visitors from Vietnam account for the largest group coming to Cambodia, making up 21 per cent of total visitors in 2012.

Tith Chantha, director general of the Ministry of Tourism, said improved transport and rising incomes across ASEAN are increasing travel options for Cambodia and its neighbours.

"Vietnam is number one, but Laos and Thailand are also now increasing because of ease of travel and low visa [restrictions], so neighbouring countries can come any time," he said.

"Cambodians also go to those countries. Many tourists go to Thailand and to Laos. This intra-regional travel is [happening] more and more."

This represents a trend across ASEAN, with an increase of 37.5 per cent from 2011 to 2012 of over 1.51 million tourists.

Cambodia continues to be very popular with Chinese tourists, with nearly 334,000 visitors arriving in 2012, an increase of 35.1 per cent from the previous year.

While Europe made just up just 17.1 per cent of total visitors in 2012, the rate of increase was up slightly from 10.9 per cent in 2011 to 12.6 per cent in 2012.

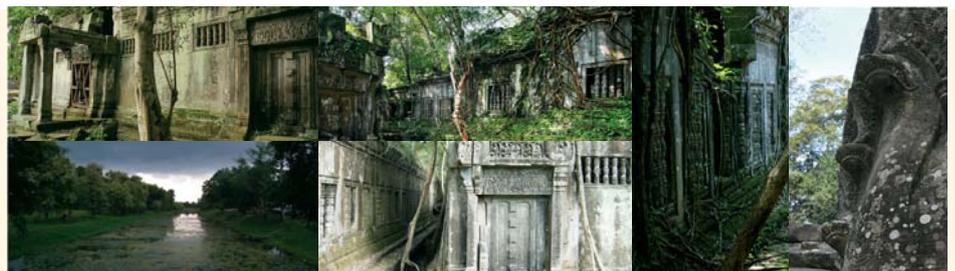
Chantha said, "Numbers of Europeans have increased, if you take Russia, for example, it increased around 50 per cent. France, Germany and UK have [also] increased, but the share [of European visitors] is down because the share of the Asia-Pacific is up."

BENG MEALEA TEMPLE

Beng Mealea or Boeng Mealea, its name means "lotus pond" is a temple in the Angkor Wat style located 40 km east of the main group of temples at Angkor, Cambodia, on the ancient royal highway to Preah Khan temple.

It was built as a Hindu temple, but there are some carvings depicting buddhist motifs. Its primary material is sandstone and it is largely unrestored, with trees and thick brush thriving amidst its towers and courtyards and many of its stones lying in great heaps. For years it was difficult to reach, but a road recently built to the temple complex of Koh Ker passes Beng Mealea and more visitors are coming to the site, as it is 77 km from Siem Reap by road.

The history of the temple is unknown and it can be dated only by its architectural style, identical to Angkor Wat, so scholars assumed it was built during the reign of king Suryavarman II in the early 12th century. Smaller in size than Angkor Wat, the king's



main monument, Beng Mealea nonetheless ranks among the Khmer empire's larger temples: the gallery which forms the outer enclosure of the temple is 181 m by 152 m. It was the center of a town, surrounded by a moat 1025 m by 875 m large and 45 m wide.

Beng Mealea is oriented toward the east, but has entrance ways from the other three cardinal directions. The basic layout is three enclosing galleries around a central sanctuary, collapsed at present. The enclosures are tied with "cruciform cloisters", like Angkor Wat. Structures known as libraries lie to the right and left of the avenue that leads in from the east. There is extensive carving of scenes from Hindu mythology,

including the Churning of the Sea of Milk and Vishnu being borne by the bird god Garuda. Causeways have long balustrades formed by bodies of the seven-headed Naga serpent.

It was built mostly of sandstone: Beng Mealea is only 7 km far from the Angkorian sandstone quarries of Phnom Kulen, as the crow flies. Presumably sandstone blocks used for Angkor were transported along artificial water canals and passed from here. Despite of lack of information, the quality of architecture and decorations has drawn the attention of French scholars just from its discovery.

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