

Chapter 9

CAMBODIA

Kingdom of Cambodia

Area:	180,000 km ²
Population:	13.5 million (2004 mid-year estimate)
Capital:	Phnom Penh
Language:	Khmer
Religion:	Theravada Buddhism
Government type:	Multiparty democracy under a constitutional monarchy
Chief of state:	King Norodom SIHAMONI
Currency:	riel (KHR) (US\$1 = 4,123 riel; as of December 31, 2005)
Fiscal year:	Calendar year

The “Winner-Takes-All” Cambodian People’s Party

NAOKO AMAKAWA

Two major happenings were seen in politics. The first was the political struggle characterized by repeated mudslinging. In 2005, the Cambodian People’s Party and the Funcinpec Party both made a display of good relations between the parties by inviting Hun Sen and Ranaridh to their respective conventions. Meanwhile, in the Sam Rainsy Party, the party head and two of its National Assembly representatives were stripped of their special immunity from arrest due to suspicion of their plotting to overthrow the government and their alleged defamation of the character of Hun Sen and Ranaridh. Sam Rainsy was tried in absentia and found guilty by the court of defamation of the character of Hun Sen and Ranaridh, and as a penalty, sentenced to 18 months in prison and charged a fine. Another person, Cheam Channy, was sentenced to a prison term of seven years by a military court for plotting to overthrow the government. However, both of these men were pardoned by the king in February 2006 and are now free. This incident implies that there are fundamental problems in the national administration involving, on one hand, whether the imposition of a criminal penalty for defamation of character was appropriate and whether the judiciary branch is truly independent, and on the other hand, the risk that Cambodia may be creating a “no-punishment culture” if the king persists in pardoning persons who have been arrested and sentenced by a court of law.

The second major happening involved the border problem with Viet Nam. In 1985 when the Cambodian People’s Party was known as the People’s Revolutionary Party of Kampuchea, Cambodia and Viet Nam signed a treaty clearly defining the national border. In 2005, a supple-

mentary agreement to the treaty was signed, and it declared that the installation of national boundary markers on the land would be completed by 2008. The agreement was quickly ratified in the National Assembly with the approval of the Cambodian People's Party and the Funcinpec Party, but there was tremendous suppression of public opinion regarding this agreement. Hun Sen threatened to "file charges with the public prosecutor against anyone who criticizes me by saying that I allowed Viet Nam to encroach upon Cambodian territory" when he returned from Viet Nam. Subsequently, prominent activists were arrested and imprisoned one after the other. Finally, the situation was settled when the activists who had been arrested sent letters to Hun Sen admitting that they had been wrong to "criticize him for selling Cambodian territory to Viet Nam." However, it must be said that this suppression of speech was an infringement on individuals' freedom of expression and was a violation of the Constitution, which proclaims freedom of expression (in Article 41).

Contrary to expectations, the economy was buoyant due to garment exports to the United States.

In foreign relations, the Khmer Rouge (KR) Tribunals were finally prepared to start. However, the number of persons to be prosecuted still has not been addressed, and this is very likely to be a source of friction between the Cambodian government and international society.

DOMESTIC POLITICS

Relations among Political Parties

While on one hand the Cambodian People's Party and the Funcinpec Party made a display of good relations between the parties, they persistently worked on attacking the Sam Rainsy Party. Their method was to use the "politicized judiciary" as a pawn in their political struggle.

In a closed session on February 3, the National Assembly (lower house) approved the stripping of special immunity from arrest with which the three Sam Rainsy Party members (Sam Rainsy, Chea Poch, and Cheam Channy) had been privileged. It is believed that this was approved by nearly all the assembly members of the Cambodian People's Party and the Funcinpec Party. The three received temporary protection at the US Embassy when the matter was put to the vote. That day, Sam Rainsy fled the country, and Chea Poch fled the following day.

Cheam Channy was arrested that day by the military police and taken to police headquarters on suspicion of “attempting to organize a shadow military and oppose the national military.” At a trial in August that lasted only two days, Cheam Channy was sentenced by the military court to seven years in prison for inciting a riot, and he was interred in a military prison.

Sam Rainsy was sentenced in absentia on December 22, by the Phnom Penh Municipal Court to 18 months in prison and ordered to pay US\$14,000 in fines for the defamation of the character of Hun Sen and Ranaridh. According to the court decision, Sam Rainsy insulted Ranaridh in a radio broadcast (Beehive FM 105) by saying that Ranaridh received US\$30 million and an airplane from Hun Sen when the two parties formed a coalition in 2004. Moreover, he was charged with the defamation of Hun Sen’s character by accusing Hun Sen of instigating the March 1997 incident (where hand grenades were thrown into a group of supporters of the Sam Rainsy Party (then known as the Khmer National Party) gathered in front of the National Assembly Building and 16 persons were killed and 120 injured).

In mid-August, Chea Poch returned from exile to Cambodia. Together with Sam Rainsy, he was charged in February with defamation of the character of Ranaridh, but as of February 2006, the results of the trial are still pending.

Moreover, in the National Assembly (lower house), a “numbers game” ran rampant. After Sam Rainsy and two other members of his party were stripped of their special immunity from arrest, all of the Sam Rainsy Party’s assembly members launched a boycott, and so the lower house was unable to meet because it lacked a quorum. In response, the Cambodian People’s Party and the Funcinpec Party undertook to reduce the quorum by amending the Constitution. On May 17 when a total of 89 assembly members of the Cambodian People’s Party and the Funcinpec Party met, they approved a proposal to amend the constitutional requirement of 87 persons to hold a regular session so that 74 persons were sufficient to hold a session, provided that no bills requiring a two-thirds approval were on the agenda. Of the 123 seats in this National Assembly, the Cambodian People’s Party holds 73 seats, the Funcinpec Party holds 26 seats, and the Sam Rainsy Party holds 24 seats. Consequently, following the amendment of the Constitution, even if all Sam Rainsy Party members are absent, the proceedings will not be hindered in the least. The boycott by the Sam Rainsy Party lasted for six months. On August 22, all of the party’s assem-

bly members, except for the three who were stripped of their special immunity from arrest, returned to the assembly, justifying their action by saying that “corruption increased during the boycott.”

Sam Rainsy’s Return to Cambodia

Sam Rainsy, who had been sentenced to prison for defamation of the character of Hun Sen and Ranaridh, petitioned the king for a pardon on December 29, stating that “one cannot expect a fair trial in Cambodia where the independence of the judiciary is not protected.” Hun Sen petitioned to have the sentence of Cheam Channy, who was sentenced to seven years in prison for plotting to overthrow the government, reduced to 18 months. On February 5, King Norodom Sihamoni granted a pardon to Cheam Channy, and he was released the following day. The king also made a declaration pardoning Sam Rainsy, and on February 10, 2006, Sam Rainsy returned after an absence of about one year.

The first thing that Sam Rainsy did after returning was to propose a constitutional amendment. The proposed revision would reduce the number of votes necessary to constitute the Council of Ministers, from the current quorum of two-thirds to one-half. He said that the purpose was to avoid political confusion such as that which occurred after the 2003 general elections.

If this proposal is approved and if the upcoming 2008 general elections produce results similar to the 2003 general elections, then the Cambodian People’s Party will be able to form a one-party administration. Why would Sam Rainsy make such a proposal? His real motive is not known, but it is speculated that he may intend to raise the hopes of the Cambodian People’s Party for a single-party administration, thereby driving a wedge into the coalition of the Cambodian People’s Party and the Funcinpec Party, or he may be hoping to breakup the coalition by fanning the internal disagreement in the Funcinpec Party which surfaced in the processing of forming the current coalition government.

Viet Nam Border Problem

On October 10 during an official trip to Viet Nam, Prime Minister Hun Sen signed a supplementary agreement to the 1985 Land Border Treaty with the Prime Minister of Viet Nam, Phan Van Khai. The agreement was ratified by both the National Assembly and the Senate and approved by the king in November, and treaty went into effect when instruments of ratification were exchanged by both countries’ foreign ministers in December.

The border between Cambodia and Viet Nam was inherited from the administrative divisions specified by the General Resident of Indochina for Cochinchina (current southern Viet Nam), Annam (current central Viet Nam), and Cambodia. However, Cambodia perceives the boundaries drawn by the French as being favorable to the Vietnamese, and historically the Cambodians have viewed Cochinchina as the “lost land” of Cambodia. Due to this, the largest foreign policy issue since Cambodian independence has been the redrawing of the boundary with Viet Nam. The relations between the two countries since independence have not been stable because of the political conditions in each country (the liberation front and the divided country, etc.) and international strife surrounding the region, and so negotiations on the border have not been conducted steadily. That is why the border problem of the two countries has not been resolved until now.

In the 1980s, the government of the People’s Revolutionary Party of Kampuchea (KPRP) signed the following agreements with Viet Nam: Agreement on Historical Waters (1982), Treaty on Principles for Resolving Border Issues (1983), and the Land Border Treaty (1985). However, the Democratic Kampuchea coalition government, which viewed the KPRP as the puppet government of Viet Nam, of course would not approve these agreements. Moreover, following the introduction of a new system under the Paris Peace Agreement, the validity of the treaties signed by the KPRP was not brought up for consideration.

Considering the events that led up to it, two significances can be gleaned from the signing of the supplementary agreement in October 2005. First, the positioning of it as a supplement to the 1985 Land Border Treaty confirms the legal validity of that treaty. The treaty prescribes that the work of clearly defining the border shall be based on the statement in the 1983 “Treaty on Principles for Resolving Border Issues” to the effect that “it is agreed to regard the current national border of the two countries as being the national border which was specified in the 1:100,000 map of the Indochina Geographical Survey Institute used prior to 1954 or closest to 1954.” Thus, the signing of this supplementary agreement reveals the intentions of both countries to work to resolve the border problem in conformity with the stipulations of the 1983 treaty and 1985 treaty. The second significance is that a time limit is clearly indicated. The supplementary agreement prescribes that placement of the boundary markers on the land by both countries must be completed by the end of 2008. Through this, both leaders have expressed their strong wish to resolve the border

problem that has caused frequent armed conflict between the countries since independence.

Reaction of the Political Parties

On November 11 in the National Assembly (lower house), the supplementary agreement of the 1985 Land Border Treaty was adopted by a majority of the assembly members of the Cambodian People's Party and the Funcinpec Party who were in attendance (97 out of 99 assembly members were in attendance) following the withdrawal of assembly members of the Sam Rainsy Party. The problem of the border with Viet Nam was the point of contention that most clearly exemplified the political stances of the three parties.

In its former incarnation, the Cambodian People's Party was the People's Revolutionary Party of Kampuchea which upheld the pro-Viet Nam government. So, it naturally recognizes the negotiations with Viet Nam in the 1980s. The Secretary of the Council of Ministers, Sok An of the Cambodian People's Party, speaking about the supplementary agreement in an address to the National Assembly, referred to the three agreements of the 1980s and asserted that "it is not true that Cambodia lost land due to these agreements."

The Funcinpec Party was set up by its parent organization, the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia (abbreviated "Funcinpec") created in 1981 by the former King Sihanouk. The party has insisted on "territorial integrity within national borders as drawn on the map used in 1954" on which King Sihanouk formerly elicited agreement from the National Liberation Front of southern Viet Nam and from northern Viet Nam. In short, the viewpoint is that the border with Viet Nam is currently not clearly defined, and the national border at the time of independence, which was inherited from the French colonial period, should be formalized. In the National Assembly as well, Ranaridh, the head of the Funcinpec Party, stated, "The former king (Sihanouk) always insisted upon the national border from the French period." The fact that the Funcinpec Party agreed to the ratification of the supplementary agreement can be interpreted as signifying only that it maintained its existing stance in the sense that the border, heretofore undefined, was defined based on the boundary line at the time of independence. However, it can also be interpreted as a concession to the Cambodian People's Party in the sense that Funcinpec recognized the existence and validity of the 1985 treaty, albeit indirectly.

The Sam Rainsy Party declared, “We annul the treaties concerning the national border concluded by previous administrations with Viet Nam in 1982, 1983, and 1985. Cambodia lost land due to these treaties.” This time as well, the party held firm to its opposition stance.

Threats against Freedom of Expression

The conclusion of the supplementary agreement to the 1985 Land Border Treaty marked an occasion when dark clouds fell upon freedom of expression and freedom of movement in Cambodia. Opinions on the Cambodia–Viet Nam border, while also defining the political stances of political parties, were also what most clearly defined the ideological stances of speeches and intellectuals.

In Phnom Penh on September 27, five members of the Student Movement for Democracy were taken into custody by the police when they began a demonstration against the signing of the supplementary agreement. They were released after questioning, but they say they were forced to promise not to hold any demonstrations in the future. On that same day, the office of the Khmer Kampuchea Krom Coordination Committee was closed by the police. This committee had planned to hold a demonstration march that day on the Vietnamese Embassy. In spite of the fact that all demonstrating acts had been forbidden since 2003, Phnom Penh Municipality requested the Ministry of Interior, just prior to the foregoing incidents, to permit a protest march in opposition to Sam Rainsy’s return to Cambodia. This suggests that the above actions of the police were highly politically motivated.

On October 10, Man Sonando, the owner and director of Beehive 105 radio station, was arrested on charges brought by Hun Sen of suspicion of defamation of character. He was arrested because he broadcast an interview on September 30 wherein Sean Pengse of Paris-based Cambodia’s Border Committee stated that the border agreements signed with Viet Nam in the 1980s should be invalidated. On October 12, Hun Sen returned from signing the supplementary agreement and warned at the airport that anyone who criticized him for allowing Viet Nam to encroach upon Cambodian territory would have charges filed against them with the public prosecutor’s office. On October 14, Rong Chhun, chairman of the Cambodia Independent Teacher’s Association, was arrested on charges of defamation of character brought by Hun Sen. The reason for the arrest was that he threatened to protest by carrying out a hunger strike if the National Assembly ratified the supplementary agreement to the Land

Border Treaty with Viet Nam. According to the municipal court of Phnom Penh, arrest warrants were issued for the same reason for Chea Mony, head of the Free Trade Union, Man Nath, chairman of the Cambodian Independent Civil Servant Association, and Ear Channa, deputy chief secretary of the Student Movement for Democracy.

Human rights organizations expressed concerns over the arrests of Man Nath and Rong Chhun. On October 20, the International Federation for Human Rights (FIDH) issued a statement criticizing the Cambodian government thusly: “Through this new crackdown, the Cambodian government has taken steps toward suppression of protestors and silencing of peaceful criticism of the government.” The UN Secretary-General’s Special Representative on Human Rights in Cambodia also issued a statement the same day, stating, “(The imprisonment of these two people) is highly unusual and indicates a trend which is cause for deep concern.”

Arrests of human rights activists continued. Charged with defamation of character for hanging a banner criticizing Hun Sen as traitor to the country at an assembly to commemorate International Human Rights Day on December 10, arrests were made of Kem Sokka, head of the Cambodia Center for Human Rights, and Yeng Virak, director of the Legal Education Center at the end of December. Moreover, at the beginning of 2006, Pa Nuon Teang, deputy head of the Cambodia Center for Human Rights, was arrested near the Laotian border.

What occurred after this is somewhat incomprehensible. On January 14, 2006, when meeting with Christopher Hill, the US Assistant Secretary of State, who visited Cambodia on the occasion of the relocation of the US Embassy, Hun Sen said that he ordered, “as a present to the United States,” the release of four persons (Kem Sokka, Pa Nuon Teang, Rong Chhun, and Man Nath) who had been indicted on charges of defamation of character of government officials. Yeng Virak was also released on the eleventh of that month, completing the release of all five persons arrested for defamation of character of government officials with regard to the Vietnamese border problem.

Hun Sen said that the five activists apologized for criticizing him for “selling territory to Viet Nam” and that he had received letters from the five that were “adequate to settle the matter.” Moreover, Chea Mony, the labor movement leader who had also criticized the national border agreement with Viet Nam and had fled the country in October to avoid arrest, returned to Cambodia. He said, “I returned because Prime Minister Hun Sen recently promised ‘to be lenient if persons who were critical admit

their mistakes in writing.” In a letter dated February 1, 2006, he declared, “I recognize the supplementary agreement to the Cambodia–Viet Nam Land Border Treaty because the elected legislative government of Cambodia approved it and the king ratified it.”

The five who had been imprisoned were warmly welcomed by their supporters when they emerged from prison. However, this series of events displayed the strong intention of the Cambodian People’s Party to silence opinions critical of their party in relation to the Cambodia–Viet Nam border problem.

ECONOMY

Overview

Contrary to expectations, the Cambodian economy was buoyant in 2005. The International Monetary Fund (IMF) predicted at the beginning of the year that Cambodia’s 2005 GDP growth rate would be 2.25 percent, but that figure was upwardly revised to 6.25 percent in July. Economic Intelligence Unit (EIU) also made an upward revision from its initial 3.8 percent forecast to 6 percent in its February 2006 country report. These forecast revisions were precipitated by the strong exports seen through the third quarter.

In October 2004, Cambodia’s membership in the World Trade Organization (WTO) became effective, and the Agreement on Textiles and Clothing (ATC) came to be applied. Consequently, trade in textiles and clothing from January 2005 onward, when the agreement took effect, was deregulated. Initially there were concerns about Cambodian garment exports, but they displayed unexpected firmness, with the monetary amount of exports during the nine months up to the third quarter of 2005 increasing by 9.6 percent year on year, of which the rate of increase of exports to the United States was 9.3 percent. While this does not match the momentum of previous years, it does indicate that Cambodia’s garment industry can maintain a certain degree of competitiveness even with trade deregulation.

Garment Industry

At the present time, it may be said that Cambodia’s manufacturing industry consists of manufacture of garments for export. According to the Ministry of Commerce, 22 factories were closed in 2005, and the number

of persons employed dropped from 270,000 persons to 240,000 persons. However at the same time, more than 40 factories were newly built during 2005, and at the end of the year, the number of persons employed had risen to 280,000. While factories that produced quota products for the United States did not survive, new investment that sees the abolition of quotas as a favorable opportunity is being conducted. There are two factors providing momentum to the Cambodian garment industry.

The first is the outstanding labor conditions in the factories that manufacture garments for export. In the bilateral trade agreement signed by Cambodia and the United States in 1999, the United States set standards for labor conditions in garment factories in return for expanding quotas annually and demanded strict adherence to the standards. Furthermore, sample investigations of whether or not the labor condition standards were being met were conducted annually, funded jointly by three parties, the International Labor Organization (ILO), Garment Manufacturers' Association in Cambodia (GMAC), and the Cambodian government. Whether or not to allow the inspection was a matter of the factories' discretion, but since higher quotas would not be allocated each year unless the factories were inspected and evaluated as having "appropriate labor conditions," nearly all the factories allowed the inspections. The fact that workers in Cambodian garment factories labored under relatively better conditions than workers in other countries came to be well known among major buyers from the United States.

Furthermore, even now that the bilateral trade agreement between Cambodia and the United States has expired, the ILO is conducting a Better Factories Cambodia Project that targets garment factories in Cambodia. According to the ILO, this project will assist the Cambodian garment industry so that it thrives following the implementation of the ATC because major international buyers seek goods that are both low priced and made at factories that meet the international standards with regard to labor conditions.

The second factor is China's voluntary restraints. In November 2005, in an agreement between China and the United States, it was decided that, while the United States would permit textile products from China to increase, China would restrain growth to the 10 percent range of the previous year in each year until 2008. Thanks to the fact that China is implementing voluntary restraints on its own exports to the major world markets, Cambodian garment exports have found a niche.

FOREIGN RELATIONS

Khmer Rouge Tribunals

The “Agreement between the United Nations and the Royal Government of Cambodia concerning the Prosecution under Cambodian Law of Crimes Committed during the Period of Democratic Kampuchea” (hereinafter “Cambodia-UN Agreement”) took effect on April 29. After the agreement was signed by the UN and the Cambodian government in June 2003, adopted by the UN General Assembly in May 2004, and ratified by Cambodia’s upper and lower houses in October that year, a period of waiting for budget measures ensued. Agreement was reached on expense sharing between the UN and the Cambodian government in December 2004. Of the US\$56.2 million estimated as necessary for three years of trials, it was agreed that the UN would bear US\$43 million, and the Cambodian government would bear the remainder.

In March 2005, a meeting was held by the secretary-general of the UN to call on member countries to voluntarily contribute to the UN’s payment for the Khmer Rouge Tribunals. The goal of US\$43 million was not quite reached, but commitments totaling US\$38.48 million were received from 13 countries. Japan, at US\$21.60 million, pledged the most of all the countries (The other donors were France, Australia, Canada, Germany, the Netherlands, Denmark, Luxembourg, Austria, Sweden, Great Britain, Norway, and South Korea). Moreover, some of the donor countries such as Great Britain explained that they could only promise money for a single fiscal year due to national budget formalities and implied that they would contribute in subsequent years. The United States explained that because it has expended US\$70 million already in crime investigation and document storage over the past 10 years, it cannot provide funds for the Khmer Rouge Tribunals due to legal constraints. After the meeting, Belgium and the EU announced that they would also contribute. Finally on April 28, the secretary-general of the UN informed the Cambodian government that the UN had “secured adequate commitments to contribute funds for three years of trials and actual funds for one year of trials.” The following day, the Cambodia-UN Agreement took effect.

However, next a problem developed with the procurement of the Cambodian government’s portion of the payment. The Cambodian government said that it could provide US\$1.5 million of the US\$13.2 million and in May formally requested assistance with the payment from foreign countries. Foreign countries’ response to this request was cold. Finally in

October, India was the only one to offer US\$1 million in support. Since then, the Cambodian government has continued to call on foreign countries for support.

ISSUES IN 2006

In politics, Sam Rainsy's proposal to amend the Constitution will be a focus of attention. The Funcinpec Party has not clarified its stance regarding the proposal, but the Cambodian People's Party (CPP) has indicated that it welcomes the proposal. Because the amendment proposal offers the possibility of a one-party government by the CPP coming to power, it is tenable that the heretofore good relationship between the CPP and the Funcinpec Party will unravel and that the CPP will become more "dictatorial" in nature. Moreover within the Funcinpec Party, it is possible that there will arise one faction that still wants to cooperate with the CPP and another faction that refuses to cooperate with the CPP even if it means less power for them.

The economy in 2006 will not necessarily be as smooth as in 2005. The good labor conditions certainly do give Cambodia an important advantage. However, during this period when the Cambodian garment industry is being esteemed for its labor conditions, it is necessary to boost the value added of the products' basic features, such as quality.

IMPORTANT DATES IN 2005

January

- 13: The major US oil company Chevron Texaco announced that its subsidiary, Chevron Overseas Petroleum, discovered oil in Cambodian waters (Block A drilling area).
- 28–29: Thirty-first General Assembly of the Fifth Central Committee of the Cambodian People's Party (CPP). Addition of eight new permanent members decided: Chea Chanto, Ouk Rabun, Cheam Yeap, Ek Sam Ol, Som Kimsuor, Khuon Sudary, Pen Panha, and Chhay Than. This brought the total number of permanent members to 28.

February

- 3: National Assembly approved the stripping of special immunity from arrest of Sam Rainsy, Cheam Channy, and Chea Poch (all Sam Rainsy Party members).
- 7: The National Assembly lacked the quorum necessary to convene due to the boycott by the Sam Rainsy Party.
- 9: The term of office of Senators was extended again for one year, as it was the previous year.
-The Japanese Ambassador to Cambodia announced that Japan would contribute US\$21.5 million to the Khmer Rouge Tribunals.
- 14: The National Assembly revised the parliamentary rules. To restrict members' statements during sessions, statements were permitted only by assembly members who formed groups of 13 or more.

March

- 2: Chea Sim left the country for medical treatment, accompanied by Hok Lundy. Heng Samrin declared that this sudden departure from the country is not due to infighting inside party factions.
- 5: Chea Sim returned to Cambodia.
- 10: To extend the imprisonment of Ta Mok and Kang Kek Iev (aka "Doch"), the investigating judge in the military court declared them re-indicted for "war crimes and crimes of harming foreigners."
- 28: The UN held a conference in New York to support the Khmer Rouge Tribunals. A commitment of US\$38.48 million was obtained from 13 countries.

April

- 29: The "Agreement between the United Nations and the Royal Government of Cambodia concerning the Prosecution under Cambodian Law of Crimes Committed during the Period of Democratic Kampuchea" took effect.

May

- 17: A constitutional amendment was approved to reduce the quorum necessary to convene a regular session of the National Assembly. The quorum was reduced from 87 to 74, as long as there are no bills on the agenda requiring a two-thirds majority of all assembly members.
- 31: Sok An, Deputy Prime Minister, Minister of Office of the Council Ministers, formerly sought support for Cambodia's payments for the Khmer Rouge Tribunals from each of the foreign ambassadors in Cambodia. Although the amount to be paid by the Cambodian government is US\$13.3 million, he said the government can only pay US\$1.5 million.

June

- 16: At Siem Reap International School, an incident occurred where students and teachers were taken hostage. That afternoon, police rushed the building, arresting the perpetrator and freeing the hostages.
- 28: The CPP held an event to commemorate the 54th anniversary of its founding.

July

- 30: The Cambodian government and the UN agreed to relocate the Khmer Rouge Court Division from outside Phnom Penh Municipality to the Royal Military Headquarters.

August

- 9: A military court sentenced Cheam Channy to seven years in prison for attempting to overthrow the government.
- 10–23: King Norodom Sihamoni made his first official visit to China.
- 22: The National Assembly reconvened with Sam Rainsy Party members in attendance. However, the three (Sam Rainsy, Cheam Channy, and Chea Poch) who were stripped up their special immunity from arrest were absent.

September

- 14: Citing lack of evidence, the Supreme Court dismissed Sam Rainsy's lawsuit claiming that Hun Sen was involved in the hand-grenade throwing incident in front of the National Assembly Building in 1997. Sam Rainsy originally filed suit in February 2004, but both the Phnom Penh Municipal Court and the Court of Appeal dismissed the suit for lack of evidence.
- 29: Hosted by Sar Khen, Deputy Prime Minister of Cambodia, and Nguyen Tan Dung, Deputy Prime Minister of Viet Nam, the Second Cambodia-Viet Nam Development Cooperation Conference of Territory of Border Provinces was held at Siem Reap.

October

- 10: During his visit to official Viet Nam, Prime Minister Hun Sen signed the Supplementary Agreement to the 1985 Cambodia-Viet Nam Land Border Treaty together with the Prime Minister of Viet Nam, Phan Van Khai.
- Man Sonando, the owner and director of Beehive 105 radio, was arrested on suspicion of defamation of character of Hun Sen.
- 12: Prime Minister Hun Sen returned to Cambodia.
- 14: India declared that it will contribute US\$ 1 million to Cambodia's payment for the Khmer Rouge Tribunals.
- Rong Chhun, chairman of the Cambodia Independent Teacher's Association, was arrested on charges of defamation of character of Hun Sen.

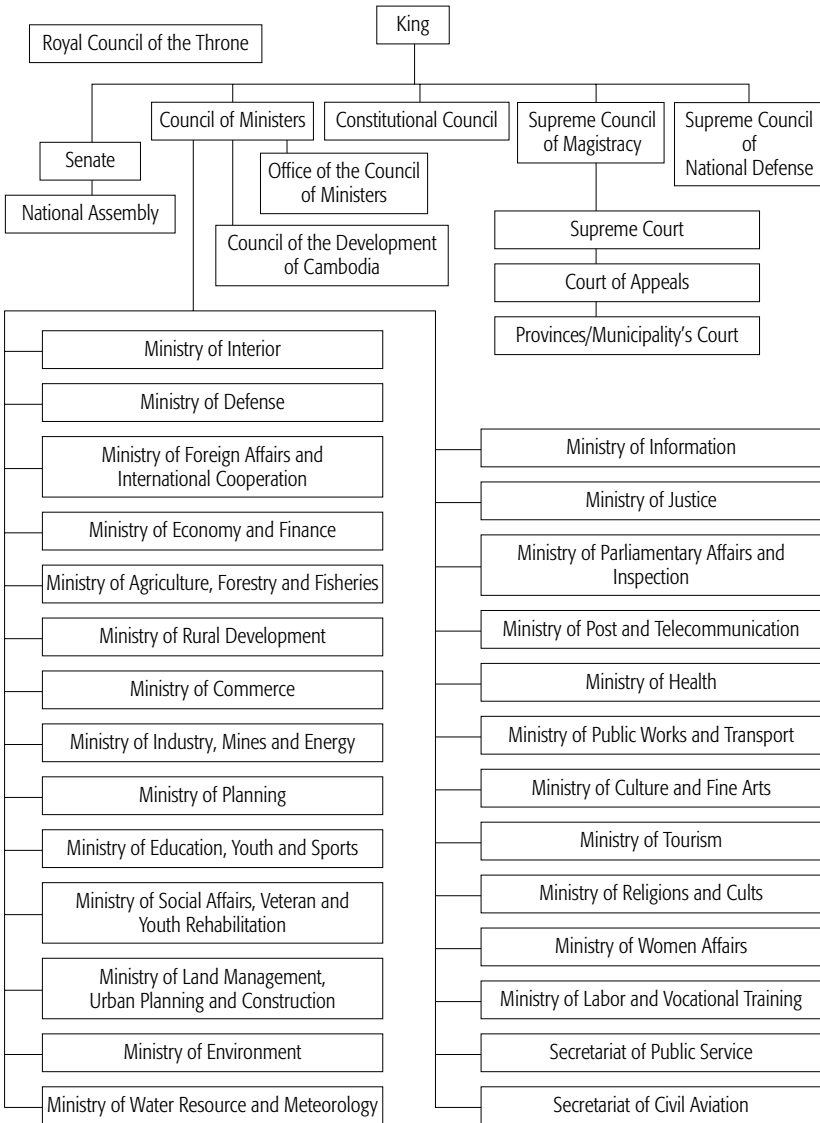
November

- 2: The Ministry of Economy and Finance announced that the Foreign Trade Bank (FTB) had been sold to Canadia Bank and ING Holding.
- 11: The National Assembly ratified the Supplementary Agreement to the 1985 Cambodia-Viet Nam Land Border Treaty.
- 14: The Funcinpec Party held a special party meeting. Hun Sen was invited as the keynote speaker.
- 21–23: Special party meeting of the CPP. The main points decided were the seven following points: (1) Summarization of 2003–5 activities and goals for 2006; (2) Expression of strong support for the Supplementary Agreement to the 1985 Cambodia-Viet Nam Land Border Treaty; (3) Expression of support for cooperation between the Cambodian government and the UN to promote the establishment of a special court division under Cambodian law to sit in judgment on the crimes committed during the Democratic Kampuchea period; (4) Confirmation that the party would participate in the second Senate elections; (5) Nomination of Hun Sen, deputy head of the CPP, as Prime Minister in the fourth parliament; (6) Confirmation of intent to strengthen cooperation between the Cambodian People's Party and the Funcinpec Party, which was headed by Ranaridh; and (7) To strengthen leadership of the party in the new environment, increase of Central Committee members from 153 persons, subtracting 6 who had died, to 268 persons.
- 24: Sean Visoth, former head of the Secretariat of the Royal Government's Task Force on Khmer Rouge Tribunals, became director of the Office of Administration of the Extraordinary Chambers in the Court of Cambodia, and Michelle Lee, UN Coordinator, became deputy director.
- 25: The Senate ratified the Supplementary Agreement to the 1985 Cambodia-Viet Nam Land Border Treaty.
- 30: King Norodom Sihamoni signed a royal ordinance to promulgate the Supplementary Agreement to the 1985 Cambodia-Viet Nam Land Border Treaty.

December

- 6: Instruments of ratification were exchanged pertaining to the Supplementary Agreement to the 1985 Cambodia-Viet Nam Land Border Treaty by Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation, Hor Namhong and Viet Nam's Minister of Foreign Affairs, Nguyen Dy Nien.
- 12: Director of the Sam Rainsy Party Office, Eng Chhay Eang, announced his resignation. He denied allegations of friction with Sam Rainsy.
- 15: Pen Sovann, head of the National Sustaining Party announced his intention to dissolve the party. He stated that he and the other party members would merge with the three main political parties.
- 22: The Phnom Penh Municipal Court issued a guilty verdict on two counts against Sam Rainsy in absentia, sentencing him to 18 months in prison and ordering him to pay a compensation of US\$14,000 to the victims. The charges were (1) defamation of Ranariddh's character of in a radio broadcast (Beehive FM 105) by saying that Ranariddh received US\$3,000 and an airplane from Hun Sen when the two parties formed a coalition in 2004 and (2) defamation of Hun Sen's character by bringing a lawsuit charging that "Hun Sen assassinated opponents, and moreover, was involved in the March 1997 hand-grenade incident."
- 28: The EU announced that it will contribute US\$ 1.2 million to the Cambodian government's payment for the Khmer Rouge Tribunals.

APPENDIX 9.1: STATE ORGANIZATION CHART



APPENDIX 9.2: LIST OF COUNCIL OF MINISTRIES

(as of December 31, 2005)

(C = Cambodian People's Party; F = FUCINPEC Party)

Prime Minister

Hun Sen (C)

Deputy Prime Ministers

Sar Khen (C) concurrently with Co-Minister of Interior

Sok An (C) concurrently with Minister of Office of the Council Ministers

Tea Banh (C) concurrently with Co-Minister of National Defense

Hor Namhong (C) concurrently with Minister of foreign Affairs and
International Cooperation

Norodom Sirivudh (F) concurrently with Co-Minister of Interior

Leu LaySreng (F) concurrently with Minister of Rural Development

Nhek Bunchhay (F) concurrently with Co-Minister of National Defense

Senior Ministers

Keat Chhon (C) concurrently with Minister of Economy and Finance

Im Chhun Lim (C) concurrently with Minister of Land Management, Urban
Planning and Construction

Men SamOn (C) concurrently with Minister of Parliamentary Affairs and
Inspection

Chhay Than (C) concurrently with Minister of Planning

Cham Prasidh (C) concurrently with Minister of Commerce

Mok Mareth (C) concurrently with Minister of Environment

Nhim Vanda (C)

Tao Seng Hour (C)

You Hockry (F)

Hon Sun Huot (F)

Khy Tainglim (F)

Veng Sereyvuth (F)

Khun Haing (F) concurrently with Minister of Religions and Cults

Kol Pheng (F) concurrently with Education, Youth and Sports

Serei Kosal (F)

Minister of Office of the Council of Ministers

Sok An (C)

Co-Ministers of Interior

Sar Kheng (C)

Norodom Sirivudh (F)

Co-Ministers of National Defense

Tea Banh (C)

Nhek Bunchhay (F)

Minister of Foreign Affairs and International Cooperation

Hor Namhong (C)

Minister of Economic and Finance

Keat Chhon (C)

Minister of Agriculture, Forestry and Fisheries

Chan Sarun (C)

Minister of Rural Development

Leu LaySreng (F)

Minister of Commerce

Cham Prasidh (C)

Minister of Industry, Mines and Energy

Suy Sem (C)

Minister of Planning

Chhay Than (C)

Minister of Education, Youth and Sports

Kol Pheng (F)

Minister of Social Affairs, Veteran and Youth Rehabilitation

Ith Sam Heng (C)

Minister of Land Management, Urban Planning and Construction

Im Chhun Lim (C)

Minister of Environment

Mok Mareth (C)

Minister of Water Resources and Meteorology

Lim Kean Hor (C)

Minister of Information

Kiev Kanharith (C)

Minister of Justice

Ang Vong Vantha (C)

Minister of Parliamentary Affairs and Inspection

Men SamOn (C)

Minister of Post and Telecommunication

So Khun (C)

Minister of Health

Nuth Sokhom (F)

Minister of Public Works and Transport

Sun Chanthol (F)

Minister of Culture and Fine Arts

Sisovath Panara Sereyvuth (F)

Minister of Tourism

Lay Prohas (F)

Minister of Religions and Cults

Khun Haing (F)

Minister of Women Affairs

Ing KanthaPhavy (F)

Minister of Labor and Vocational Training

Nheb Bunchin (F)

Secretariat of Public Service

Pech Bunthin (C)

Secretariat of Civil Aviation

Mao HasVannal (F)

APPENDIX 9.3: LEGISLATURE AND JUDICATURE

(as of December 31, 2005)

LEGISLATURE

President of National Assembly: Norodom Ranaridh (F)

President of Senate: Chea Sim (C)

JUDICATURE

Chief of Justice: Dith Munty (C)

APPENDIX 9.4: MAJOR STATISTICS

1. General

	1999	2000	2001	2002	2003	2004
Population (mid-year, million persons)	12.4	12.6	12.8	13	13.3	13.3
Production of paddy rice (1,000 ton)	4,041	4,026	4,099	3,823	4,710	4,710
GDP deflator*	101.8	100	99.7	101.8	101.3	...
Exchange rates (US\$1= riel, annual average)	3,807.83	3,840.75	3,916.33	3,912.08	3,973.33	4,016.25

Source: ADB, *Key Indicators of Developing Asian and Pacific Countries*, 2005
(<http://www.adb.org/statistics>).

Note: * indicates Year 2000 = 100.

2. Gross Domestic Product by Type of Expenditure (at current prices)

	(Billion riel)					
	1999	2000	2001	2002	2003	2004
Expenditure on GDP	12,526.10	12,869.30	13,165.70	13,773.50	14,903.90	...
Private consumption	11,864.90	12,132.40	12,337.70	12,860.30	13,891.90	...
Government consumption	661.2	736.9	827.9	913.2	1,012.00	...
Gross domestic capital formation	2,232.50	2,385.20	3,085.60	3,481.10	3,724.00	...
Gross fixed capital formation	2,030.70	2,576.10	2,786.70	3,549.90	3,692.00	...
Increase in stock	201.7	-190.9	299	-68.8	32	...
Exports of goods and services	4,993.60	7,028.40	7,914.70	9,275.30	9,854.10	...
Imports of goods and services	-6,716.00	-8,694.80	-9,374.90	-10,557.80	-10,952.00	...
Statistical discrepancy	131.7	262.3	-217	-276.1	-1,078.10	...
Gross domestic product (GDP)	13,167.90	13,850.50	14,574.20	15,696.00	16,451.20	...

Source: Same as Table 1.

3. Gross Domestic Product by Industries (at constant 2000 prices)

	(Billion riel)					
	1999	2000	2001	2002	2003	2004
GDP at factor cost	12,239.1	13,135.0	13,866.5	14,529.6	15,402.9	...
Agriculture	5,269.5	5,191.3	5,311.9	5,143.2	5,638.0	6221.4
Mining	26.9	33.5	38.0	45.2	48.3	...
Manufacturing	1,720.4	2,228.3	2,556.8	2,943.7	6,242.7	...
Electricity, gas & water supply	41.7	46.1	46.7	47.9	50.3	...
Construction	534.6	731.6	801.8	1,016.9	979.8	...
Trade ^{a)}	1,875.9	1,905.0	2,003.7	2,078.0	2,068.8	...
Transport & communication	842.3	877.7	967.5	972.3	1,004.4	...
Financial ^{b)}	987.1	1,049.4	1,061.2	1,077.9	1,101.9	...
Public administration	379.8	376.6	367.4	373.3	427.5	...
Others	561.0	695.4	711.4	831.2	841.3	...
Indirect taxes less subsidies	832.6	870.2	932.4	1,031.3	1,000.2	...
Less: Imputed bank services	125.7	154.8	178.2	139.8	157.6	...
GDP at producer's price	12,946.0	13,850.5	14,620.7	15,421.1	16,245.5	...

Source: Same as Table 1.

Note: a) Including the hotel and restaurant industry; b) Including the real estate industry.

4. Foreign Trade by Country and Area

	(US\$ million)					
	2002		2003		2004	
	Exports	Imports	Exports	Imports	Exports	Imports
World total	1770.9Y	2570.3Y	2097.8Y	2938.8Y	2589.0Y	3538.7Y
Advanced industrial countries	1554.6Y	244.9Y	1873.1Y	258.0Y	2330.0Y	320.4Y
Japan	68.12V	76.83V	81.02V	59.78V	90.49V	88.39V
France	39.44V	63.09V	40.47V	53.59V	40.16V	54.97V
USA	1041.73V	32.12V	1214.27V	63.58V	1446.9V	64.57V
Developing countries	216.0Y	2324.6Y	224.3Y	2679.6Y	258.4Y	3216.6Y
China (Mainland)	22.32V	276.76V	23.79V	324.05V	27.19V	480.74V
Hong Kong	8.20V	372.79V	6.20V	411.19V	7.48V	497.22V
Taiwan	5.36V	213.04V	3.23V	229.07V	3.73V	299.90V
Singapore	76.78V	387.66V	67.83V	338.66V	43.92V	383.33V
Thailand	10.17V	567.02V	11.26V	756.41V	25.05V	795.63V
Malaysia	18.38V	60.43V	7.43V	71.25V	8.53V	91.91V
Indonesia	0.63V	75.70V	1.32V	87.86V	1.00V	79.01V
Philippines	1.82V	8.52V	1.35V	7.13V	1.20V	5.94V
Vietnam	59.44V	196.25V	86.10V	294.02V	113.08Y	386.14Y
Laos	0.87Y	0.02Y	1.10Y	0.03Y	1.44Y	0.04Y
Myanmar	-Y	0.08Y	-Y	0.10Y	-Y	0.13Y
Unknown	0.3Y	0.2Y	0.4Y	0.3Y	0.5Y	0.4Y

Source: IMF, *Direction of Trade Statistics Yearbook*, 2005.

Note: V: Data compiled solely from records of the trading partners involved.

Y: Data compiled from other sources, sometimes including records of the trading partners.

5. Balance of Payments

	(US\$ million)					
	1999	2000	2001	2002	2003	2004
Trade balance of goods	-461.5	-538.6	-522.8	-562.9	-532.7	-717.7
Merchandise exports, fob	1,130.30	1,397.10	1,571.20	1,755.10	2,027.20	2,475.50
Merchandise imports, fob	1,591.90	1,935.70	2,094.00	2,318.00	2,559.90	3,193.30
Balance of invisible trade	-96.7	-21.6	41.5	61	-74.8	58.5
Credit	345.2	495.5	582.1	654.8	569.8	815.6
Debit	441.8	517.1	540.6	593.8	644.6	757.1
Unrequited transfers	381.3	460.4	440.4	460.6	475.2	410.9
Private	105.3	143.6	137.3	148.8	162.8	142
Official	276	316	303.1	311.8	312.4	268.9
Current balance	-176.9	-99.8	-41	-41.4	-132.3	-248.3
Capital balance	189.5	183.6	148.7	247.3	166.8	332.1
Direct investment	221.2	141.9	142.1	139.1	74.3	121.1
Portfolio investment	-7.8	-7.2	-7.7	-7.5	-7.7	-8
Long-term capital	43.2	74.6	78.1	124.2	148.6	154.4
Short-term capital	-67.1	-25.7	-63.8	-8.5	-48.4	64.6
Net errors and omissions	35.6	11.7	-41.1	-40.9	-3.9	43.6
Overall balance	48.1	95.5	66.6	165	30.6	127.4

Source: Same as Table 1.

6. Budget of the Central Government (fiscal year: January–December)

	(Billion riel)					
	1999	2000	2001	2002	2003	2004
Total revenue and grants	1,658.8	1,791.6	2,028.8	2,384.6	2,154.3	2,498.5
Total revenue	1,317.0	1,408.0	1,529.4	1,744.2	1,772.6	2,126.7
Current revenue	1,303.0	1,379.0	1,520.4	1,727.9	1,741.2	2,107.2
Tax revenue	948.0	1,026.0	1,096.6	1,227.3	1,228.1	1,577.5
Nontax revenue	355.0	353.0	423.0	500.6	513.1	529.7
Capital receipts	14.0	29.0	9.0	16.3	31.4	19.5
Grants	341.8	383.8	799.4	640.4	381.7	371.8
Total expenditure and net lending	1,825.0	2,085.0	2,517.0	2,963.2	2,946.4	2,937.3
Current expenditure	1,097.0	1,189.0	1,415.7	1,574.9	1,758.1	1,744.8
Capital expenditure	728.0	896.0	1,101.3	1,388.3	1,188.3	1,192.5
Net lending	-	-	-	-	-	-
Balance of current account	206.0	190.0	104.7	153.0	-16.9	362.4
Balance of capital account	-714.0	-867.0	-1,092.3	-1,372.0	-1,159.9	-1,173.0
Overall cash balance	-166.2	-293.2	-488.2	-578.6	-792.1	-438.8
Financing:						
Domestic borrowing	-44.7	-19.5	10.8	-160.3	99.9	-58.9
Foreign borrowing	173.6	323.7	390.0	609.0	589.3	522.1
Use of cash balances	37.3	-11.0	87.4	129.9	102.9	-24.4

Source: Same as Table 1.

7. Government Expenditure

	(Billion riel)					
	1999	2000	2001	2002	2003	2004
Total expenditure	1,109.4	1,129.0	1,415.6	1,565.0	1,758.1	1,744.9
General public services	133.7	187.9	269	298.2	402.7	301.6
Defence	473.5	455	417.3	406.8	411	422.8
Education	166.8	183.2	209.2	289.7	300.5	325.9
Health	76.3	121	129.7	164.4	173	192.1
Social security and welfare	25.4	26.9	28.2	33.3	33.4	32.6
Housing and community amenities	...	...	...	...	...	...
Economic service	150.7	84	150.7	159.5	170.5	151.1
Agriculture	24	26	30.5	39.7	39	38.6
Industry	5.3	6.1	6	7	7	6.2
Electricity, gas & water supply	...	...	...	...	...	...
Transport and communications	83	41.9	62.2	49.1	48.7	37.4
Other economic service	38.3	10	52	63.8	75.7	68.9
Others*	83	71	211.5	213.3	267.1	318.9

Source: Same as Table 1.

Note: *includes information, other government agencies, and non-recurring expenses.