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Cambodia

CAMBODIA ASSURES FOREIGN INVESTORS OF ITS COMMITMENT

KUALA LUMPUR, June 1 (Bernama) -- Cambodia's Second Prime Minister Hun Sen has assured Prime Minister Datuk Seri Dr Mahathir Mohamad that his country intends to honour all agreements signed, either with Malaysian companies or any other investor.

He gave the assurance to Dr Mahathir in a letter dated May 24, the contents of which were published in the "Cambodia Today" daily yesterday.

Hun Sen said that businessmen looks to stability, commitment and dependability in a government before investing and as such a government is morally bound to honour its word, for the sake of its own credibility and ensuring continued benefits for its people.

"While it is beyond my capacity to muzzle anyone, in particular the press, from voicing opinion, I would like to assure you that I, on behalf of the Royal Government of Cambodia, intend to honour all agreements signed, whether in respect of Malaysian companies or any other investor," he said in the letter.

Copies of the letter was made available to Cambodian newspapers including the Cambodia Times which faxed a copy to Bernama today.

Citing the case of Ariston Sdn Bhd, the major investor from Malaysia, Hun Sen said that the company has been a model investor.

While admitting that there have been problems for Ariston, he said that there would be problems in any major investment of this size.

On May 11, some 50 villagers armed with AK47 rifles, B-40 rocket-Propelled grenade launchers and long knives staged a demonstration and tore down a fence at Ariston's work site at Kang Keng Airport in Sihanoukville. Local newspapers reported that the demonstrators were protesting Ariston's "invasion" of their paddy fields and wanted compensation.

Ariston is involved in a mammoth project valued at RM1.3 billion under the Sihanoukville Development Project to develop among others an airport and construction of an international resort hotel and power plant.

Hun Sen said that red tape had held up progress of the Sihanoukville Development Project and the government have set up the Sihanoukville Development Authority to clear this red tape to ensure smooth passage of the project.

"There have also been a lot of comments about the casino being operated by Ariston. In reality, the casino is only a small portion of a development package which includes an independent power plant, airport, water supply project, a hotel resort and road construction," he said.

Hun Sen said that the contract for these projects was awarded to Ariston after an international tender was called adding that Ariston's bid was evaluated as the best among those shortlisted by a panel which included international consultants.

"Therefore, in reality, there is no reason for questions to be raised on this matter now," he said.

Hun Sen said that besides the development benefits arising from the contract, the government and the people will benefit from a total of US103 million royalty which will be paid by Ariston over the agreement period.

"This money will be used as a counter fund for projects financed by the Asian Development Bank and World Bank. Another US4 million from Ariston has been used to buy a Fokker aircraft for the government use," he said.

Hun Sen said that press reports have wrongly portrayed the government

negatively with regards to the investments by Ariston and thus wrong signals were sent to its neighbours, friends, and investors.

"I foresee that there will be other minor problems. But as far as the Royal government's commitment to adhering to the agreement, I would like to assure you that we shall abide by our collective decision to ensure the project goes through."

"I sincerely hope that this will clear up matters. On my part, I shall seek to ensure that the concept of collective responsibility and honouring the word of the contract remains a principle which the Royal Government and its Council of Ministers will stick to," he said.

In his letter to Dr Mahathir, the Cambodian leader also touched on his country's relation with Asean and expressed appreciation for Malaysia's support for the country to be accepted into Asean and the proposed development of the Mekong Basin.

"Cambodia has sought and is seeking the assistance it can get to re-construct. Being a retarded developing country and having had a good portion of our skilled human resources wiped out through two decades of strife, we realise that foreign investments are a major ingredient for our future success," he added. -- BERNAMA

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