

CAMBODIA

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For the first time in 30 years, Cambodia was not involved in a civil war in 1999. Rebuilding the economy was a tremendous task for the country. Cambodia's economic lifeblood remained donor assistance, which was expected to represent about 60% of the national budget. Major donor countries pledged \$470 million to Cambodia. In September, the International Monetary Fund resumed talks with the Government on lending \$120 million in assistance, which had been suspended in mid-1997 (Far Eastern Economic Review, 1999a). Foreign direct investment was expected to increase in 1999, reaching \$500 million. The Asian Development Bank estimated the gross domestic product growth to be 4% in 1999 (Far Eastern Economic Review, 1999b). Inflation dropped to 10% during the year. In January, the Government introduced a 10% value-added tax to improve revenue collection. The Government also planned to downsize the military because that budget accounted for about 50% of public expenditure.

Cambodia is a host to a number of mineral resources and mining ventures. Metalliferous mineral deposits include copper, gold, iron ore, lead, manganese, tin, and zinc. Nonmetallic mineral deposits include construction materials, gemstones, glass sand, phosphate rock, rock for dimension stone, and zirconium. Resources of fossil fuels exist in inland and offshore basins.

The Ministry of Industry, Mines, and Energy is responsible for the balanced management and use of all minerals in, on, or under the land, internal waters and territorial sea, continental shelf, and exclusive economic zone of Cambodia. The implementation of exploration and mining activities is based on the second generation of the mineral investment agreement between the Government and the company, in which all or the majority of its shares are owned by foreign investors. Important provisions of an agreement are standard, but the tax provisions and other financial obligations are negotiable and depend on the infrastructure of the requested area.

Commodity Review

Cement.—Yuan Wang Group of China and Thai Boon Roong Group, which was owned by a Cambodian businessman, formed a joint venture to build an \$80 million cement plant in Kampot Province in southern Cambodia. The plant, which will have the capacity to produce 50,000 metric tons per year of cement and to employ 1,000 workers, could be completed by the end of 2000. The Yuan Wang Group of China provided \$30 million, and Thai Boon Roong Group contributed \$50 million to the project (Yahoo Finance, May 5, 1999, Cambodia tycoon plans cement factory, accessed May 6, 1999, at URL http://biz.yahoo.com/apf/990505/cambodia_c_1.html).

Petroleum.—Marubeni Corp. of Japan signed a multimillion

dollar deal with a Cambodian petroleum company and was rehabilitating the port of Sihanoukville (Journal of Commerce, 1999). Sokimex Cambodia Investment Co. would supply 80% of the \$10 million financing package with the remainder coming from Marubeni International Petroleum Pte. Ltd., which was a subsidiary of Marubeni Corp. Sokimex had five petroleum depots with a total capacity of 120,000 cubic meters and imported 25,000 metric tons per month of petroleum products, which included aviation fuel, mostly from Singapore and Thailand. The aim of the project was to allow access by oil tankers with capacities up to 30,000 metric tons. Construction by Kvaerner R.J. Brown Pte. Ltd. was scheduled for completion in August 2000.

Infrastructure

Early in 1999, Cambodia and Thailand agreed to reopen an abandoned 48-kilometer (km) rail link between the northwestern Cambodian town of Sisophon and the Thai border town of Aranyaprathet. This rail line would relieve pressure on Cambodia's poor road network and help move goods faster. The country's rail system comprised two single-track mainlines carrying cargo and passengers from Phnom Penh to Sisophon and to the port of Sihanoukville, which is 224 km south of Phnom Penh.

Jupiter Power (Cambodia) Co. Ltd., which was the Cambodian operating company of Jupiter Power International Inc. of Canada, executed a power purchase agreement with the Central Power Authority of Cambodia under which Jupiter Power would build, install, and operate a 15-megawatt powerplant in Phnom Penh. Commercial operation of the powerplant was expected to begin in June 2000. In addition to the Phnom Penh facility, Jupiter Power had three other powerplants operating in the country (Yahoo Finance, November 30, 1999, Jupiter Power announces execution of 15 MW power supply agreement for Phnom Penh, Cambodia, accessed November 30, 1999, at URL <http://biz.yahoo.com/ccn/991130/j.html>).

References Cited

- Far Eastern Economic Review, 1999a, Business briefing—Cambodia: Far Eastern Economic Review, v. 162, no. 35, September 2, p. 49.
———1999b, Economic monitor—Cambodia: Far Eastern Economic Review, v. 162, no. 25, June 24, p. 67.
Journal of Commerce, 1999, Port of Sihanoukville to be upgraded to increase the flow of petroleum: Journal of Commerce, July 12, p. 22.

Major Source of Information

Ministry of Industry, Mines, and Energy
Phnom Penh, Cambodia

TABLE 1
CAMBODIA: ESTIMATED PRODUCTION OF SELECTED MINERAL COMMODITIES 1/

(Metric tons)

Commodity 2/	1995	1996	1997	1998	1999
Cement, clinker	100,000	200,000	200,000	300,000	300,000
Salt	40,000	40,000	40,000	40,000	40,000

1/ Table includes data through September 14, 2000.

2/ In addition to the commodities listed, clays, lime, phosphate rock, and crude construction materials, such as sand and gravel and varieties of stone, presumably are produced, but available information is inadequate to make reliable estimates of output levels.