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Asia, the Pacific, and the Global Environment
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Mr. Chairman, Members of the subcommittee, I am here today to discuss Cambodia's P.L. 480, Title I debt obligation to the United States and the U.S. Department of Agriculture's (USDA) policies and programs to strengthen U.S. and Cambodian trade relations.

History and Where We Are Today

Between January 1972 and August 1974, the United States provided more than \$200 million of assistance to Cambodia's government through P.L. 480, Title I financing agreements. Under three separate agreements of \$17 million, \$168 million, and \$89 million, the United States provided U.S. agricultural commodities to Cambodia on credit terms allowing for up to 40 years for repayment and a principal grace period of up to 16 years.

The P.L. 480, Title I program provides for the sale of U.S. agricultural commodities on concessional credit terms to developing countries and private entities. Priority is given to countries with the greatest need for food that are making efforts to improve food security and agricultural development; alleviate poverty; and promote broad-based, equitable, and sustainable development.

Over time, Cambodia realized it was unable to repay the United States and other nations for the debts it had accumulated. Cambodia requested assistance from the Paris Club, a group of 19 creditor nations that work together to provide coordinated solutions for debtor countries with repayment problems. In January 1995, Cambodia negotiated a multilateral debt agreement with the Paris Club.

All debt owed by Cambodia to the United States consists of P.L. 480, Title I debt. Negotiations between the United States and Cambodia over implementing the 1995 Paris Club agreement stalled for several years over the amount owed to the United States. During the 2001-2005 period, representatives from USDA, the U.S. Department of State, and the U.S. Department of the Treasury met with Cambodian Embassy officials in an effort to reach an agreement.

In a December 30, 2005 letter from the U.S. Treasury Department to Cambodia's Ministry of Economy and Finance, it was proposed that a bilateral agreement be signed based on a calculation that Cambodia's total debt to the United States was \$317 million (principal and interest). In today's dollars, this debt now totals \$339 million (principal and interest), of which \$154 million consists of arrears and is due immediately.

In February 2006, Cambodian officials confirmed in writing that Cambodia owed the United States \$162 million in principal, but they questioned the exact value of the interest. In the letter, Cambodia committed to moving forward toward completing the bilateral agreement on resolving the debt to the United States. Cambodia has not signed the bilateral agreement and has not made any payments on the debt since 1975.

USDA Programs and Activities with Cambodia

Given Cambodia's growing importance in Southeast Asia, USDA has provided a variety of food assistance, technical assistance, trade capacity building, and training programs to Cambodia over the past seven years to help it develop economically and participate in world trade markets.

Since fiscal year 2001, USDA has provided more than 66,000 metric tons of agricultural commodities, valued at more than \$48 million, to private voluntary organizations and the World Food Program (WFP) for school feeding, health and education, rural development, and agricultural training activities in Cambodia.

For example, USDA provided assistance under the McGovern-Dole International Food for Education and Child Nutrition Program in Cambodia through the WFP and a private voluntary organization in fiscal years 2003, 2006, and 2007. For fiscal year 2008, USDA has designated Cambodia as a priority country for the McGovern-Dole program due to malnutrition, low income, and low literacy. USDA has received three proposals under the McGovern-Dole program for fiscal year 2008, requesting 6,670 metric tons of commodities with a total program value of \$14.2 million. These proposals are under consideration, and awards may be announced later this month. The McGovern-Dole program, which supports school feeding and maternal and child nutrition activities, is estimated to reach 107,000 beneficiaries in Cambodia each school day.

USDA also provided assistance under the Food for Progress program in Cambodia between fiscal years 2002 and 2005 through several agreements that supported numerous agricultural development efforts, including micro-credit financing, private sector initiatives, rural entrepreneurship, infrastructure projects, and farmer training.

In addition to providing food assistance, USDA has supported Cambodia's efforts to control and combat highly pathogenic avian influenza (HPAI), which is endemic in Cambodia. USDA has conducted a wide variety of technical assistance and capacity building activities related to HPAI. Specifically, USDA provided training to more than 65 Cambodians, primarily field-level Ministry of Agriculture, Forests, and Fisheries (MAFF) personnel, in a series of workshops on surveillance, laboratory diagnostics, information management, and the risk HPAI poses to wild birds, poultry, and humans.

In 2006, USDA's Cochran Fellowship Program provided the opportunity for two MAFF officials to visit USDA facilities and observe U.S. HPAI programs as part of a U.S. study tour. The Cochran Fellowship Program provides middle-income countries and emerging democracies with short-term, market-oriented agricultural training in the United States. The training targets senior and mid-level specialists and administrators

from the public and private sectors who are concerned with agricultural trade, agribusiness development, management, policy, and marketing.

In addition, USDA has supported numerous activities for MAFF personnel in laboratory diagnostics, including training at USDA's National Veterinary Services Laboratory in Ames, Iowa, regional events in Taiwan and Vietnam, and a two-week course at MAFF's laboratories in August 2007. This training was aimed at providing an overview of the science of the virus, available HPAI tests, information management, and biosafety measures. USDA has also supported Cambodian participation in veterinary epidemiology training outside of the country and employs an agricultural scientist in Cambodia to monitor the situation and coordinate HPAI activities.

Thank you for allowing me to provide an overview of Cambodia's debt to the United States and USDA's policies and programs to strengthen U.S. and Cambodian trade relations. I will be happy to answer any questions you may have. Thank you.

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