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Eni F.H. Faleomavaega
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The Subcommittee on Asia, the Pacific and the Global Environment

FOR IMMEDIATE RELEASE

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**FALEOMAVAEGA CALLS UPON SECRETARY
CLINTON TO SUPPORT DEBT RELIEF FOR
CAMBODIA**

The Chairman of the House Foreign Affairs Subcommittee on Asia, the Pacific and the Global Environment, Eni F.H. Faleomavaega, followed up with recent discussions he had with U.S. Secretary of State Hillary Clinton regarding debt relief for Cambodia during her stopover in American Samoa on November 7, 2010.

In a letter dated December 14, 2010, Faleomavaega thanked Secretary Clinton for her commitment to thoroughly review this matter and consider his request to help those who have extended a hand of friendship to us.

“During my tenure as the Chairman of the Subcommittee on Asia, the Pacific and the Global Environment, I held two hearings calling for debt forgiveness,” Faleomavaega stated in his letter to Secretary Clinton. “These hearings were held on February 14, 2008 and on September 30, 2010.”

“I also had the privilege of visiting Cambodia twice and met with Prime Minister Hun Sen, Deputy Prime Minister Hor Namhong, Secretary of State Ouch Borith, and Minister of Commerce Cham Prasidh. Each raised this issue. In Washington, I also have a very close

working relationship with Ambassador Hem Heng who has worked tirelessly to make debt forgiveness a top priority.”

“As you know,” Faleomavaega stated, “between 1972 and 1975, Cambodia incurred a \$276 million debt to the United States through the provision of agricultural commodities. General Lon Nol incurred this debt to support his chaotic and dictatorial regime, which seized power through a coup, making his an illegitimate government in the eyes of many of today’s Cambodians. Lon Nol did nothing to address the debt.”

“In 1975, the Khmer Rouge came to power. This regime also failed to service the loan. In addition, it killed or starved at least 20% of Cambodians, neglected infrastructure and factories, and reverted to ancient agricultural techniques, all of which decimated the Cambodian economy and any ability to repay debt. Vietnam occupied Cambodia for 10 years after the Khmer Rouge lost control of Cambodia and also ignored the debt. Consequently, Cambodia now owes the US \$444.4 million including interest as of December 31, 2009.”

“Cambodia has asked the U.S. to forgive its debt or use a portion of the payments towards U.S. assistance programs which include health care, economic competitiveness, civil society, and land mine removal, among others. However, the U.S. Departments of Treasury and State, across Administrations, have shown remarkable inflexibility and lack of cooperation.”

“Considering Cambodia’s status as a least developed country and acknowledging that the Khmer Rouge’s brutal genocide continues to economically afflict the country today, other nations and organizations have shown considerably more flexibility in addressing Cambodia’s debt. Hungary forgave Cambodia’s debt of \$216 million in 2009. Russia forgave approximately \$1 billion of Cambodian debt in 2008. In 1995, Japan forgave all claims against Cambodia incurred before 1975 which totaled \$270 million. Additionally, the International Monetary Fund granted Cambodia \$82 million in debt relief in 2005, acknowledging that Cambodia needed the funding to reach its Millennium Development Goals.”

“While denying forgiveness to Cambodia, in November 2004 the U.S. forgave \$4.1 billion of Iraqi debt accumulated under Saddam Hussein’s leadership so as not to cripple the new government. Bosnia-Herzegovina’s debt of \$24 million and Yugoslavia’s \$538.4 million debt, both likely incurred under the dictator Josip Tito, were forgiven in 1999 and 2002 respectively.”

“Should the U.S. fail to forgive or recycle Cambodia’s debt, Cambodia may turn to other countries for financial assistance. Already, China has forgiven at least \$60 million of debt and extended loans to Cambodia for infrastructure and historical preservation. Such Chinese assistance often comes without conditions for political, economic, or environmental reform, weakening the position of the U.S. and other democracies to influence Cambodia.”

“Greater engagement with Cambodia would help the U.S. achieve our foreign policy goals in the region but requiring payment of a debt incurred by an illegitimate government more than three decades ago, without consideration of Cambodia’s historical trauma, runs counter to our need for greater engagement. This is why I have called upon the U.S. Department of Treasury to end its opposition to Cambodian debt forgiveness and support efforts to give this country a brighter economic future. But the Department’s refusal to send a witness to testify before the Subcommittee in 2008 and 2010 speaks volumes about its lack of commitment for advancing American interests in Southeast Asia.”

Faleomavaega concluded his letter to Secretary Clinton by stating that, as a result of her leadership and personal intervention, he remains hopeful that change will come as they work together on this important and historic initiative.

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