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GLOBAL MARKETS

	AUGUST 10		AUGUST 3
EUR	$1.3692	↓	$1.3775
USD	¥118.37	↑	¥118.02
GOLD	$668.50	↓	$670.50
OIL	$70.68	↓	$76.67
DOW	13,239.54	↑	13,181.91
RUBBER	212.95 ¢	↓	214.35 ¢
COFFEE	119.00 ¢	↑	117.70 ¢

Source: latest AFP market reports from Tokyo, New York, London and Kuala Lumpur

Photo: Khem Sovannara

CURBING TRAFFIC CRASHES
Eight new traffic lights are being installed in Phnom Penh in an effort to reduce conjestion and make roads safer for motorists page 5

Photo: Khem Sovannara

AROUND THE WORLD
A couple of German pilots touched down in Cambodia on their way around the world page 8

Photo: AFP

NEW RADIO STATION AIRS
Radio Southeast Asia targets young listeners page 8

BOOMING BAHT
The strong Thai currency is bad for Battambang business page 7

US home loan crisis sparks global turmoil

Photo: AFP

A businessman walks past a share prices board in Tokyo Thursday (Aug. 9).

BY RORY MULHOLLAND

PARIS—US home loan woes caused more turmoil on world markets Friday despite the tens of billions of dollars released by central banks to stop the problem turning into a global economic crisis.

In the United States, the Dow Jones Industrial Average plunged more than 200 points in the morning but rallied late in the day to end down just 30.32 points (0.23 percent) at 13,240.36. The tech-rich Nasdaq composite fell 11.60 points (0.45 percent) to 2,544.89.

London's FTSE stock market closed a whopping 3.71 percent lower and European and Asian shares slumped after losses tied to US subprime mortgages—high-risk home loans to people with poor credit histories—spread.

The growing crisis caused the price of oil to fall for the third straight day as speculators rushed to bank profits on concerns that subprime fears might weaken energy demand.

Central banks across the world responded by pumping tens of billions of dollars into the banking system, offering loans at lower rates to commercial banks to forestall a credit crunch that could damage economic growth.

SEE *'GLOBAL MARKETS'* PAGE 9

DEVELOP A DISTINCTIVE "GLOBAL BRAND," WORLD BANK PRESIDENT URGES CAMBODIA

BY ALANNA JORDE

PHNOM PENH—During his first visit to a developing country since taking over as World Bank president in July, Robert Zoellick urged Cambodia to expand on recent robust economic growth by developing a distinctive "global brand."

Zoellick said it was heartening to see the strength of the garment sector, Cambodia's largest industry which employs close to 330,000 people in more than 200 factories, accounts for 80 percent of export earnings and was worth $2.5 billion in 2006,

He stressed that the success of the nation's garment industry contained lessons about the important role of adhering to internationally acceptable standards in building confidence with foreign

SEE *'GARMENT SECTOR'* PAGE 3

Photo: AFP

GARMENT SECTOR SUCCESS OFFERS LESSONS TO 'STAY IN THE GAME AND GROW'

CONTINUED FROM FRONT

buyers and investors. If Cambodia hopes to broaden the base of economic growth and "stay in the game and grow" it must build on its reputation for being a socially responsible place to do business, added Zoellick.

The lessons of the Cambodia's garment industry apply more broadly, suggested Zoellick, who as US trade representative assisted with Cambodia's accession to the World Trade Organization in 2004 and extended a program of support to Cambodian manufacturers in 2001 that provided incentives for compliance with labor standards established by the International Labor Organization.

"They can be put into action so that not only the garment sector thrives, but other sectors as well and Cambodia can develop an international brand for socially responsible production, resource development and tourism. That reputation would help Cambodia to sustain high growth and overcome poverty in the face of tough global competition," he noted.

Speaking at a press conference at the conclusion of a two-day visit that was punctuated by a visit to the Tuol Sleng Genocide Museum, Zoellick said Cambodia faces unique challenges as a "post-conflict, fragile state."

Zoellick's involvement with the country dates back to the 1991 Paris Peace Accords, which he helped broker as an employee of the US State Department. He said his tour of the museum would not only "haunt him for some considerable time," it was also a stark reminder of Cambodia's "incredible challenge to rebuild after the destruction of human capacity and the cruelty that existed here."

Photo: AFP

Minister of Economy and Finance Keat Chhon (right) welcomes World Bank president Robert Zoellick upon his arrival at Phnom Penh International Airport Aug. 4.

MOVING FROM ENVIRONMENT OF SYMPATHY TO SUPPORT

Still, he suggested Cambodia must mark its first decade of peace and stability after many years of shattering conflict and suffering by "moving from an environment of global sympathy to one of support because of the high standards applied here."

"Cambodia needs to be distinctive to get on the map and I believe it can be distinctive by emphasizing its heritage, better labor practices, better transparency, fighting corruption," he said.

He pointed out the World Bank wants to assist the government to enact reforms to reduce rural poverty, encourage social development, improve the business and investment climate and strengthen the rule of law.

"These next, essential steps would help the government earn the respect of entrepreneurs and investors and more importantly the appreciation of Cambodians, who have suffered much and seek the full benefits of peace, growth and opportunity."

Zoellick packed a great deal into his two-day visit, meeting with top government officials who included Prime Minister Hun Sen, Minister of Economy and Finance Keat Chhon, Minister of Education Kol Pheng, Minister of Land Management, Urban Planning and Construction Im Chun Lim and Minister of Women's Affairs Dr. Ing Kantha Phavi.

He also met with garment workers, a small-scale manufacturer, representatives from the rapidly-expanding ACLEDA Bank as well as other members of the private sector and donor community and the NGO Forum.

He said he was "delighted by efforts to strengthen the private sector" and praised the efforts of the private sector arm of the World Bank Group, the International Finance Corporation (IFC), to help parlay modest investments into significant gains for the country.

He singled out the IFC's support of ACLEDA Bank, which in eight years has transformed itself from an NGO to Cambodia's second-largest bank, reaching 181,000 people through 166 branches in all 24 provinces. The licensed financial institution provides working capital to small business owners, more than two-thirds of them women, Zoellick pointed out.

Zoellick credited Cambodia's microfinance industry with transforming the young and undeveloped finance sector and, in the process, providing important financial services to small businesses, reaching almost a fifth of all households in the country.

"The success of the microfinance industry in Cambodia is remarkable given the challenging business environment and the difficulty reaching rural and remote areas," he noted.

LANDTITLING 'AT THE HEART' OF POVERTY REDUCTION

Zoellick said one of the highlights of his visit was handing out new land titles to Prey Speu villagers.

With support from the World Bank-financed Land Management and Administration Project, the government is issuing more than 20,000 titles a month, mostly in rural areas with 80 percent of the titles registered jointly by wife and husband or by female-headed households.

"The land titling process enables poorer Cambodians to own a stake in both their future and that of their country. Yet, too many poor people, (particularly indigenous and ethnic minority groups in northern Cambodia) remain landless. Some of the powerful are seeking to dominate large tracts," he pointed out in a press release.

"We want to work to accelerate this titling of land and to ensure that efforts are being made to reach the poorest and those most likely to be dispossessed of their productive land and clearing the millions of mines laid during the decades of conflict."

He said land titling is "at the heart of a strategy to overcome poverty and spread the benefits of a growing economy" because property rights enable people to invest in their farms, small businesses and houses to improve their financial security and their lives.

HARMONIZE AID, TACKLE CORRUPTION

Cambodia receives nearly $690 million in aid each year and while donors and development partners have made great strides in harmonizing their policies with the Cambodian government's funding priorities, the program delivery side is still too fragmented and wasteful, Zoellick pointed out.

> "Cambodia can develop an international brand for socially responsible production, resource development and tourism. That reputation would help Cambodia to sustain high growth and overcome poverty in the face of tough global competition."

"More needs to be done to deliver aid through common programs rather than seeing it dissipated through small, unconnected projects," he said in a statement released at the end of his visit. "The World Bank is committed to providing support through sector-wide programs led by the government and delivered through the government's own systems. We are also committed to doing all we can to ensure the money we provide is used only for the intended purposes."

Last year Cambodia ranked 151 out of 163 nations in Transparency International's Corruption Perceptions Index, which orders the nations of the world according to the degree to which corruption is perceived to exist among public officials and politicians.

Zoellick said he underscored the need to improve governance and overcome corruption particularly in the wake of the recent discovery of oil and gas during his visit.

"The revenue from oil and gas could provide the basis for spreading rural electrification and eradicating poverty in Cambodia. In too many countries, resource income has fueled corruption and been squandered, often making the country worse off and its people more destitute," he said, adding that he encouraged Cambodia to manage these and other natural resources transparently by adhering to the Extractive Industries Transparency Initiative.

Zoellick pointed out that the government officials he met "weren't afraid to talk about" corruption and acknowledged that it is a problem. But they "need to press ahead" with reforms, including the much-anticipated anti-corruption law.

The World Bank in Cambodia has established an independent procurement agency in response to a graft scandal that prompted the suspension of three key aid projects last year. The programs have since been reinstated but the bank has demanded Cambodia repay $2.9 million after contractual irregularities were uncovered.