

Comment on Agriculture and Forestry
By Ambassador of Japan on behalf of the Government of Japan
On the Occasion of the 8th Consultative Group Meeting in Cambodia
March 2-3, 2006

Mr. Chairman, please allow me to make some comments on Agriculture and Forestry on behalf of my Government,

Importance of Agriculture was already stressed by many previous speakers and also in NSDP.

The promotion of irrigation is considered to be a significant contributory factor for long term improvement of farmland productivity, as described by the NSDP, though there still remains fluctuation in the manner of its improvement due to the high reliance of the agriculture upon climatic conditions. On behalf of the Government of Japan, I would like to commend great efforts made by the Royal Government of Cambodia in its promotion of irrigation as one of the highest priorities for poverty reduction. For assisting such efforts, Japan will continue its assistance to the irrigation sector. However, the past increase of agricultural production was achieved mainly by the expansion of farmland following the increase of farmer's population, thus the effects of building irrigation facilities are yet to be tested. Since further expansion of farmland per farmers will not be expected in years to come, the improvement of income generations, and thus reduction of poverty, in rural areas can not be achieved only by the promotion of irrigation systems.

In addressing this issue, the Royal Government of Cambodia is encouraged to comprehensively develop agricultural and rural development policy and specific projects under such policy. From this point of views, Japan strongly desire that an "Agriculture and Water Resources Strategy" will be properly developed in the TWG through close collaboration by Ministries concerned and Donors. I would like to elaborate, based upon the NSDP, several points which, I think, crucial for achieving the goals.

According to the report released by the World Bank last month, small farms achieve higher land productivity than large farms do. We are convinced that organized agricultural activities cooperatively carried out by such small farmers, whether you call such organization "farmers' association" or "farmers' cooperative", enable the reduction of costs relating to transactions, production and labor, such as the purchase of agricultural inputs, the packaging and sale of products as well as the use of machines and livestock realized in cooperative manner, thus contributing to the increase of income. Farmers' cooperative is also useful and effective for capacity building of farmers and carrying out of extension activities. It can also enjoy the economy of scale and enable small farmers to enlarge their markets such as hotels and restaurants to which it is difficult to sell at present. Moreover, it will increase the reliability and capacity of small farmers to borrow micro-credit and other financial support as well as to receive investment and carry out various industrial and economic activities. And without organizing themselves in such a manner small, poor and compartmentalized farmers can not survive in an open global economy with which Cambodian farmers have to live.

We recognize that there are some negative views against if not the promotion of farmers' cooperatives, at least using of the term "cooperative", saying that it reminds Cambodian of the tragic experiences during the Pol Pot regime. We think that the difficulty can be overcome. In order to do so, we suggest that, first, the Royal Government of Cambodia support some pilot and model cases at the field level for cooperative activities with accompanying comprehensive rural development policy measures, and demonstrates such cases to farmers broadly for encouraging their better understanding of how farmers' cooperatives are of their benefit and, secondly, that the Royal Government of Cambodia as a whole recognize the importance of promoting farmers' cooperatives, and under the leadership of the supreme decision maker of the government, carry out a nation-wide campaign for its promotion.

However, these measures can not be implemented by responsible Ministries in current limited budget scale. It will be inevitable that the Ministry of Economy and Finance allocate necessary budget to Implementing Ministries.

Moreover, since a part of imported agricultural products with substantially non-tax, and thus low prices, are circulating in the Cambodian market, it will be difficult to improve the market access for domestic agricultural products for reducing the reliance upon imported food. This situation will not contribute to the favor of income generations and thus poverty reduction in rural areas. Therefore, the import of food products subject to taxation should be carefully monitored, and tax collection should be appropriately implemented, taking into account the supply and distribution of locally produced food in the local market.

Next, I refer to Economic Land Concessions. The items of planned crops and the location of large Economic Land Concessions obviously imply that products are mainly designated for exportation. In this regard, the use of Concessions in such a manner will only make limited contribution to stable food supply in the domestic market, and to reduction of the reliance upon imported food, though it can have some positive effects by creating new jobs for rural people. Therefore, a comprehensive policy is required, including both agriculture and land usage, in order to produce consistent outcomes.

Now let me move to the Forestry sector.

In the forestry sector, the sustainable utilization of the forest should be advanced in a concrete manner and with political resolve.

Although logging activities have been suspended by the "Logging and Transportation Moratorium" for more than four years, there has been no effective monitoring of illegal encroachment committed by impoverished farmers, due to the absence of persons responsible for the management of the forest. These farmers are destructively exploiting forest resources, and this situation can lead to a worst-case scenario that only low productive bare land will remain, leaving no rich forest which needs protecting.

For tackling such problems, land productivity should be enhanced through motivated forest management, which will contribute to securing necessary human resource for protecting the forest.

This also enables the Royal Government of Cambodia to implement monitoring of forest under the ownership of the Royal Government of Cambodia, and thus resolves the question of the lack of financing for monitoring illegal loggings raised by Prime Minister yesterday morning.

More specifically, the Royal Government is advised to address the issues by implementing the following measures: First, to figure out clear demarcations between the forests for active use on one hand and protected areas on the other, as a step to lift the moratorium, by the supreme decision maker of the government; Secondly, in order to preempt or circumvent the incentives for destructive loggings on the remaining natural forest, to promote urgently artificial forests so that the domestic demand for construction materials will be satisfied; and, thirdly, to formulate forest management plans and to secure the management cycle so that the Government can utilize the benefits accrued from loggings for reforestation of the next generations.

As for the Community Forestry, a Prakas on the Community Forestry should be promptly enacted for establishing a series of procedures for the operation of the Community Forestry. Along with this, the implementation of the community forestry should be carried out through close interactions with other sectors relating to rural development. Such sectors may include agriculture, fisheries, public health and education.

Finally, the existing Economic Land Concession areas mainly consist of forests; in our estimation, 80% of such areas are forests. Responsible Ministries are encouraged to strictly monitor, so as to protect variable forest resources from excessive exploitation by those Concessions whose sole objective is to log forests in the name of achieving economic growth through promotion of plantation agriculture.

And regarding the proposition to redistributes Economic Land Concessions with no production activities to poor farmers as Social Land Concessions, among those Economic Land Concessions, only the agricultural area which consists a mere 8% of Economic Land Concessions, should be granted to the poor since there are still considerable extension of arable lands in the country, otherwise Social Land Concessions might only bring about destruction of forests.

Thank you very much for your patience.