

JBIC Signs ODA Loan Agreement with the Royal Government of Cambodia

--Supporting Expansion of the Country's Only Open Sea International Port--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) today signed an ODA loan agreement totaling 4.313 billion yen for the Sihanoukville Port Urgent Expansion Project with the Royal Government of Cambodia. The loan had been pledged by Prime Minister Junichiro Koizumi to Cambodian Prime Minister Hun Sen at the ASEAN-Japan Commemorative Summit in December 2003.
2. The Sihanoukville port is the country's only open sea international port located in Sihanoukville City, 240 kilometers south of the capital city of Phnom Penh. The loan will finance the improvement and expansion of the container berth, installation of large cargo handling machinery in the port and related consulting services to deal with sharply rising cargo demand, and thereby increase the efficiency of cargo transport.
3. After years of turmoil since the 1960s, the 1991 Paris Peace Accords paved the way for the establishment of the Royal Government of Cambodia in 1993. Following the factional fighting in 1997, Prime Minister Hun Sen formed a new government in 1998, which has since taken steady steps toward transition to democracy, bringing about stable political and economic conditions. As a result, Cambodia formally acceded to the Association of Southeast Asian Nations (ASEAN) in April 1999 and to the World Trade Organization (WTO) in October this year. Despite Cambodia's return to the international community, the country's per capita GDP remains low at US\$314 (2003), compared with the ASEAN average of US\$1,278 (2003). Thus, there is still a substantial disparity with the more advanced ASEAN member countries. If Cambodia is to sustain stable economic growth in the years to come, it is crucial to promote private investment activities by improving its investment climate, including infrastructure development, and to further invigorate the economy by acquiring means to secure foreign currencies.
4. The central region of Cambodia, extending between Phnom Penh and Sihanoukville, is the center of economic activities, inhabited by about a half of the national population. The region is thus expected to become the "growth corridor" that will drive economic growth. In 1999, JBIC provided an ODA loan for the Sihanoukville Urgent Rehabilitation Project. The loan will support the expansion of the port to deal with projected growth in container cargo volume. More efficient cargo transport in this region through this Project will serve to improve Cambodia's investment climate and stimulate its economy.

(See Reference for details.)

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period (Years)	Procurement Status
Sihanoukville Port Urgent Expansion Project	4,313	0.9	30/10	General Untied

* Lending terms under the MIRAI Initiative[1].

**International competitive bidding among companies of participating countries and member countries as defined by the agreement on the establishment of the African Development Fund (AfDF).

2. Outline of the Project

(1) Background and Necessity

Years of civil war and political turmoil since the second half of the 1960s devastated Cambodia and inflicted serious damage on such economic infrastructure as transport, power and agricultural facilities. Even today, the country is still in urgent need of rehabilitation and improvement.

Sihanoukville Port plays an important role for the country's economic development as the only open sea international port. Its importance as an international gateway further increased after Cambodia formally joined the Association of Southeast Asian Nations (ASEAN) in April 1999. However, even though the volume of container cargo has been growing at a rate beyond the initial demand projection, its port facilities are aging and the lack of large cargo handling machinery is hindering efficient processing of container cargo. It is thus essential to expand and improve the port facilities to maintain and expand the function of the port and thereby deal with the growing volume of container cargo.

(2) Project Objective and Description

The Project aims at increasing the cargo handling capacity of Sihanoukville Port by improving and expanding the container cargo berth and yard, and installing large cargo handling machinery, which will increase the efficiency of the country's cargo transport and contribute to national economic development. The proceeds of this loan will be used for improving and expanding the container cargo berth and yard, dredging the mooring zone, installing large cargo handling machinery (including gantry cranes) and consulting services (detailed design, assistance in bidding, construction supervision and environmental monitoring).

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