



*Cambodian National Petroleum Authority*

**CLOSING REMARK**  
delivered by  
**H.E. DEPUTY PRIME MINISTER SOK AN,**  
**CHAIRMAN of CNPA**  
during the International Conference on  
**Fuelling Poverty Reduction with Oil and Gas Revenues**  
**Comparative Country Experiences**  
**26<sup>th</sup> – 28<sup>th</sup> March 2008**  
**Intercontinental Hotel, Phnom Penh**  
**Kingdom of Cambodia**

**Phnom Penh, March 28<sup>th</sup>, 2008**

- **Honorable Members of the Cambodian National Assembly and Senate,**
- **Excellencies Ministers, Secretaries of State, Governors and Secretaries General, Directors General, Directors, Senior Officials,**
- **Excellency Ms. Merete Fjeld Brattested, Ambassador of Norway to the Kingdom of Cambodia,**
- **Dear Mr. Jo Scheur, UNDP Country Director,**
- **Distinguished Guests of Honor,**
- **Distinguished Chairs, Speakers and Penalists**
- **Excellencies, Ladies and Gentlemen,**

First of all, allow me to applause and congratulate the productive results that have been achieved through in depth discussion on several issues for the last two days and a half under this very important International Conference on Fuelling Poverty Reduction with Oil and Gas Revenues – Comparative Country Experiences!

During the course of the three days of discussion, a number of keys points and relevant conclusion emerged from the presentations and debate which are of great values of thought and actions on improving in the management for the emerging hydrocarbon sector. On behalf of the Royal Government of Cambodia, the Cambodian National Petroleum Authority and my own behalf, I would like to extend our profound thanks

and sincere appreciation for all hard work and great efforts made by the organizers and all participants to this Conference especially, the distinguished Chairs, Speakers, Panelists, interpreters and all others who have contributed their wisdom, knowledge, experiences and concrete actions for the success and fruitful results of the Conference. We, all, agree that this International Conference has provided the auspicious opportunity to share our experiences and to learn from each other. We do hope that all assistances of cooperation will be expanded by the Norwegian Agency for Development Cooperation (Norad), the Norwegian Petroleum Directorate ( NPD ) and Petrad and UNDP to CNPA and SNEC in order to maintain the momentum generated by this International Conference.

The cream and the crops of This Conference will be very useful for everybody and we would like to see the real constructive actions in support of the results emerging from this Conference !

Within the Cambodian context and in order to achieve, the win-win for all parties solution as it is clearly sighted by **Samdech Aka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia**, I would like to share my comments as follow:

The conference commenced with a global view point on petroleum most ably delivered by our keynote speaker from Norway. In this context, we realize that Cambodia's recent discovery of oil resources means that we may enter into petroleum production at a time when oil issues have global prominence.

The dramatic rise in crude oil prices is affecting the entire global economy; indeed, it is stretching many dimensions of society. As global oil consumption is at an all-time high and crude prices dance around one hundred dollars per barrel, it is hard not to think that we are in a new world order.

For Cambodia to be planning its first oil production at this time, is both very exciting and challenging. Though, I am advised that the discovered oilfields in our offshore area are modest in size, we are hopeful of their imminent development. Smaller oil fields may more easily be developed given the prevailing higher crude oil prices, but we are aware that industry costs of development and operations have also risen considerably as the higher crude oil prices have excited petroleum industry activity.

You have heard in this conference about the need to properly assess the extent of recoverable petroleum reserves, and the capacities

needed to verify and audit reserve estimates. The petroleum industry is a real business, and not a virtual business. One can only sell the oil that is produced and recovered at surface! Speculative estimates of petroleum resources and reserves serve only to mislead both Government and society alike.

You have also heard how important it is to have a good set of laws with which to manage the petroleum sector. In this context, I wish to re-assure, not only industry investors, but also the people of Cambodia that the Government is working hard to establish a comprehensive set of petroleum laws that will provide a sound framework for oil production with best practices reflected, including the principles of transparency and accountability.

As oil has become so much more valuable per unit volume – per barrel, the effect of fiscal systems has changed. Royalties that are charged on gross oil production have become much more valuable, as have taxes on profits. We realize that it is essential that best practices are utilized in the design of an effective and efficient fiscal regime that may maximize government budget revenues, while ensuring a fair rate of return to the investing companies.

The fiscal regime is augmented by our petroleum agreements with companies. These provide for other terms and condition for sector investment. I would report that we have been quite demanding in our contracts agreed to date with companies, whilst respecting the reality and need for the companies to have a fair rate of return on their investments.

On the international scene, we are hopeful of resolving terms for the overlapping claims area with the Government of Thailand. We have received good advice and examples during this conference from other nations who have successfully resolved boundary disputes in one way or another, and I hope that those attending the conference have understood the complexities of the negotiations for such resolutions.

The windfall of petroleum income is an exciting prospect for our country – all the more so, when we have so many basic needs.

There are genuine concerns founded in economic theory and observable in resource-developing nations that the sudden input of petroleum revenues can have distorting effects. We will do our best to avoid those difficulties. We recognize the limits of our economic absorption capacity, but we equally recognize our development needs.

In this respect, we will explore the establishment and use of petroleum funds for the best advantage of our economy and where appropriate consider their use. However, we are well aware that they are only a reflection of sound economic management requirements anyway.

The accountability of the investing companies is a concern, and we are hopeful that they will be mindful of the principles of corporate social responsibility and good environmental management. The stakeholders of the petroleum business are not limited to the Government and the companies: there are others that have to be accommodated and heeded. Particularly, as we consider onshore petroleum exploration, there will have to be considerable concern for and involvement of the host communities and respect for their environment.

The petroleum industry is not a large employer; it tends to be a high-tech employer of highly skilled workers. We will work diligently to acquire those skills, but recognize that it takes time. Meanwhile, we expect that as far as possible our petroleum companies will endeavour to involve Cambodian businesses and people in as many ways as possible in their operations. We do not want to be mere spectators to our petroleum industry.

In the broader context of human development, we realize the opportunity that petroleum revenues may afford us to improve the livelihood of the Cambodian people. The translation of the capital value of oil resources into the stored capital value of our people through improved health, social conditions and education is very important for the long-term prosperity of Cambodia.

In the conference, we received good advice about the rationale for establishing national oil companies and the attendant benefits and risks of such. We note the positive and negative lessons-learned by so many other nations. Similarly, we attentively listened to the discussions on the costs and benefits of establishing oil refineries.

The CNPA – the Cambodia National Petroleum Authority - has a tremendous responsibility to lead petroleum sector development. It needs the co-operation of all other stakeholders, be they other Governments Ministries or Government agencies; donors; civil society; or the media.

We have great opportunities and can do much to advance Cambodia through the development of the petroleum sector. I appeal for positive

contributions from stakeholders in the same manner that this conference has been a positive hearing of sector themes and issues. It has also been a wonderful forum for the sharing of petroleum sector knowledge and learning.

Once again, allow me to express our congratulation and sincere admiration to all our partners, the Government of Norway, including Norad, Petrad, NDP and UNDP's Insight for Action Initiative and SNEC whose hard working staff have made their great efforts jointly with CNPA Staff in organizing successfully this important International Conference.

We do highly appreciate and take note the five proposed recommendations and in due course we will set up the appropriate mechanism in order to find the best solution as advised.

Finally, on behalf of the CNPA and my own behalf, I would like to extend our sincere thanks and best wishes to all participants, Distinguished Guests of Honor, chairs, speakers, panelists, Excellencies, Ladies and Gentlemen to have good health as well as further successes in your work and business. Please take time to see the Real Cambodia by your own eyes in particular the Wonder of Angkor Wat!

**I would like to declare closing of the International Conference !**

**THANK YOU FOR YOUR KIND ATTENTION**