



**សមាគមឧស្សាហកម្មឥន្ធនៈព្រៃឈើកម្ពុជា**

**Cambodia Timber Industry Association**

No. 265, St. Mao Tse Toung, Sangkat Toul Svay Prey 2, Khan Chamkamon,  
Phnom Penh, Cambodia.

Tel: (855) 23 218015 / 12 875822 Fax: (855-23) 218015

E-mail: ctia@everyday.com.kh

Reference No.: CTIA/TWG-F&E/0023/05

Date: 04<sup>th</sup> February, 2005

To: -H.E. Ty Sokhun  
Director of the Forestry Administration, and  
Chairman of the Technical Working Group on Forestry and Environment (TWG-F&E)  
Phnom Penh

-H.E. Mogens L. Christensen

Re: Domestic timber supply and demand

Dear Your Excellencies,

I have much concern and attention on the "domestic timber supply and demand". Since the suspension of harvesting operation in concession forest, there has been insufficient timber for local use at the time of increasing domestic demand day by day. The rising price of the current under-supply of sawn timber in the local market has also been badly affecting the living of the general Cambodian people who need wood. I am positive to see the meeting today to place this agenda of domestic timber supply and demand for discussion.

If this issue were solved and agreed for implementation, I hope that there will be enough timber for domestic use, price will decrease to a fair rate that can uphold the living of mostly poor Cambodian people for poverty reduction, illegal logging in the conservation/protected forest or wildlife sanctuary will be reduced/eliminated, and the Royal Government of Cambodia (RGC) could also earn so much amount of revenue from Royalty and other related levied in the local supply timber industry.

I, as Chairman of CTIA, on behalf of CTIA members, and as a concessionaire who is a legal investor; strongly support decision to begin the domestic timber supply and demand now, and concessionaires are willing to participate in this work. Please let me propose/suggest that:

- (1). Allow concessionaire to join in the supply of domestic timber with log harvested from a certain area each year from its existing concession forest. As you know, over the past operation, some concessionaires have logged only a few volumes in the inventoried coup under the previous cutting license during their past operation due to reduced production from unfavorable export market at the time. The remaining inventoried volume would be able to supply the local demand. These logs harvested by concessionaires will be paid Royalty to the RGC, however, it should be at feasible rate that would be lower than \$54/M<sup>3</sup>.

We must see it as a win/win solution, (i) the RGC will generate revenue from Royalty fee and production/sales VAT fee as well as other levies (ii) local community will benefit from the renovation of broken infrastructures recently abandoned by concessionaires during suspension of operation and potential employment (iii) with

the existence of concessionaires harvesting activities there, protection of the whole concession forest from illegal logging will be better, expanded and more effective.

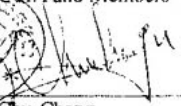
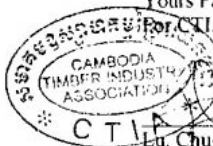
- (2). Regarding the concessionaires legal investment and rights, CTIA understand that the TWG-F&E is significant element of the donor community to Cambodia, and also is a key decision-maker in the forestry sector.

Concessionaires have been working very hard, honest and follow all the forestry guidelines to prepare the Strategic Forest Management Plan (SFMP & ESIA) since its inception from year 2000. Now the SFMP were submitted to FA and have already been reviewed/recommended for approval by the Technical Review Team (TRT)/FA. But, now there has been no any move/action by the FA yet. We are legal and honest investor, our investments need accountability, consistency, stability, full guarantee and security. Our companies are also liable to business loan and debt obligations to other financial institutions. Our investments cannot be and must not be suspended indefinitely for so many years like this.

We, therefore and at this moment, would like to humbly request Your Excellencies and TWG-F&E to immediately intervene in this matter and take all possible and favorable measures/actions to make the approval of the SFMP as quick as possible, and push for the ongoing planning to move fast. Concessionaires have sincere commitment to sustainable forest management, and have already been pledging and doing its best to manage the forest sustainably. There must be no further doubt against concessionaires.

With assurance of our highest considerations,

Yours Faithfully,  
For CTIA and Members

Lu, Chu-Chang  
Chairman of CTIA