

Cambodian International Law Office of
BUNCHHAT, CLOUGH THURAISINGHAM* & BANG
Attorneys - At - Law & Legal Advisers

Dr. Heng Vong Bunchhat

Former Vice Minister of Justice, 1995
Law Professor, University of Toulouse,
France, 1976-1993
Former Dean, Phnom Penh
Law Faculty, 1975
Senior Council Member,
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K.B. Thuraisingham

Barrister, Lincoln's Inn 1969
Advocate, High Court, Malaya 1970
Advocate, Supreme Court Singapore, 1993

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Former Assistant U.S. Attorney
Pennsylvania Bar 1986
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Mr. Michael Hays
Publisher & Editor
Phnom Penh Post
No. 10A, Street 264
Phnom Penh, Cambodia.

Without Prejudice

Re: Defamatory Articles Published & Phnom Penh Post date
25/08/95

We refer to the above and the meeting between your goodself and our Mr. Thuraisingham on 19/03/96. As requested we send out below brief particulars for your edification.

- (a) You published articles on the front page and pages 14 & 15 of the Phnom Penh Post of 25/08 - 04/09/95 with the headings of "New logging contracts Dwarf Samling's deal" "Samling says green study in progress" and "Logging Samling Style" that carried amongst others the following words "It is not known how much the contracts are worth. Samlings payments to the Royal Government for it's concessions have never been published".
- (b) Our clients advise that concession fees under our clients contract were paid to the Kingdom of Cambodia's Treasury and not to the Royal Government. Your statement that our clients paid monies under the contract to the Royal Government is factually incorrect and, written in the context of the article as set out in pages 1, 14 & 15, is an insinuation that our clients secured a lucrative contract with concessions that benefited our clients as a result of illegal payments to the Royal Government.

- (c) You also published in the same articles what you purported to be quotations from "Cambodian Technical Experts".

Amongst the words and or phrases that our clients maintain are defamatory read alone or in the context and or tenor of the three articles are :

A. Page 1 - : New Logging Contract Dwarf Samling's deal

- (i) They say the deals breach forest management regulations.

Though Agriculture Minister Tao Seng Huor claims that logging contracts are only going to companies which will replant Cambodian forests, Technical experts say the contracts are "not reassuring."

One senior agricultural employee, a well-trained technician and former forestry employee, said he feared good policies are being ignored in the rush to sign big foreign contracts.

"Contracts now being approved by the two Prime Ministers in many respects don't follow forestry management policy, in regard to the levels of logging allowed," said the man, who requested anonymity.

"Since French occupation we have had strict forestry management policies, which were further developed in the Sangkum Rastry Niyum (Sihanouk's) regime. " he said.

"The Forestry Department has the necessary skills and knowledge to regulate forest usage if it is allowed to carry out its job, " he said.

"A second senior forestry official, who requested he not be named, agreed that important technical policies were not being adhered to in the wave of new contracts".

"Regulations also call for 70 percent of large trees to remain standing for soil conservation, regeneration and to supply seedlings. This is understood to be missing from new contracts".

"Another forestry official said that contracts should be prepared and controlled by the Forestry Department because forestry protection was a technical, not policy matter".

The officer said: "Sometimes I lose hope because there should be uniform technical protection measure for all forestry concessions so we can protect our forests".

B. Page 14 " Samling says green study in progress

"The deal - approved at Prime or senior ministerial level (Samling was approved by the Council of Ministers) - are upsetting some forestry officials".

C. "Logging Samling Style"

"Critics signaled, at the time, that the deal signed by Cambodia's First Prime Minister, Prince Ranariddh, during one of his frequent visits to the Malaysian capital, lacked environmental controls and that the logging, if it proceeded unchecked, could cause vast destruction".

"In Sarawak, the activities of Samling Corporation and other logging concerns have resulted in the following, among others, adverse environmental consequences :-

- Damage to residual land,
- Soil Erosion due to logging
- River Flow changes and water Quality
- Effects of logging on wildlife
- Effects on the Aquatic system
- Effects of logging on indigenous community"

"One needs to question, from an environmental and ethical point of view the Samling Corporation's track record when dealing with indigenous peoples and land rights issues".

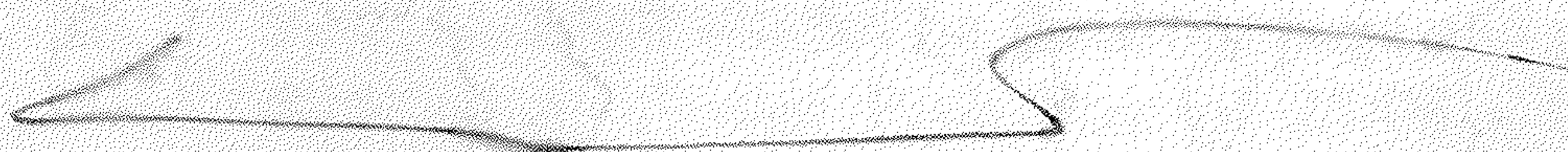
"It is through these kinds of practices that Samling has built its huge business empire which today includes concessions in Guyam and Cambodia".

"The big question confronting the Cambodian authorities that granted the logging concession to Samling is :- Will a Malaysian Company that has shown complete disregard for the environment and the well being of its own country and its own indigenous peoples behave differently with regard to the interest of the people of Cambodia ?".

- (d) The words and the Articles in totality in their literal meaning and further in their natural and ordinary inferential meaning were meant to convey and were understood to mean that our clients were involved in incorrect and or unethical practices and were consequently designed to seriously injure our clients reputation, bring it into public scandal, odium and contempt and injure their local and international standing.

Yours faithfully,

**CAMBODIA INTERNATIONAL LAW OFFICES OF
BUNCHHAT, CLOUGH THURASINGHAM & BANG**

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

cc: Client