

(4) Under Para 2 of Annex "A" the Royal Government has agreed to grant tax exemption on materials and equipment in transit through Cambodian territory and destined for other countries receiving military aid from the United States or for American military missions in such countries. This would amount to introduction into Cambodia of arms and equipment which are not strictly needed for the effective defence of the country. This free introduction and transit of war material through Cambodia is likely to upset the strict arrangements and limitations laid down in the Geneva Agreements for entry of war material into the three Indo-China States. Besides, in the event of war in this area, such an undertaking will not be consistent with Cambodian neutrality. In view of the above, obligations undertaken by Cambodia under Annex "A" are considered contrary to the stipulations of the Geneva Agreement.

(5) Para 7 read with Annex "B" of the agreement specifies the procedure for the disposal of surplus equipment and war material. It is apprehended that in actual practice a surplus stock may be built up in Cambodia and also that war material from Cambodia may be diverted directly to neighbouring countries.

These objections have been before the Royal Government already and to some extent they were discussed in the meeting between the Commission and the Government on May 30. From the statements and clarifications made by the Royal Government, it is our understanding that the position taken up by the Royal Government in regard to the doubts enumerated above is as follows:

(1) The Royal Government of Cambodia is not bound by the provisions of any United States legislation, particularly the Mutual Security Act. No clauses of the 1951 Agreement between Cambodia and the United States govern the present agreement, except para 1 as reproduced in the footnote.

(2) According to the Royal Government, the term "free world" includes all freedom-loving nations, and not only the Western bloc. Cambodia has declared that it would not join either the Western bloc or the Eastern bloc; that it would not enter into any military alliance with any country; and that it would not tolerate the establishment of any foreign bases on its territory. This position was known to the United States Government well before the granting of aid under the present agreement. In these circumstances, the Royal Government will not contribute to the defensive strength of the free world unless its own security is dangerously threatened. This commitment under para (c) of the footnote is therefore quite illusory so far as Cambodia is concerned until a new situation arises.

(3) The Royal Government does not consider that the placing of war material and equipment received strictly for the effective defence of Cambodia at the disposal of the United States or other countries in terms of Para 9 is contrary to the Geneva Agreement, as such aid will be given in accordance with the principles of the United Nations Charter. As regards SEATO, Cambodia is not a member of this organisation and is not bound under para 9 of the new agreement to support any action by SEATO unless it decides to do so to safeguard the defence of its territory. Again, this commitment is subject to mutual agreement and it is open to Cambodia to refuse to give such aid. The obligations under Para 9 are not therefore automatic and Cambodia cannot be compelled to extend aid on all occasions. In view of her present policy of neutrality, Cambodia does not envisage the possibility of giving such assistance unless her national security is involved.