

CHINA GAMBLES ON CAMBODIA'S SHRINKING FORESTS

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IT WAS ONCE the unspoiled jungle home for tigers, elephants, bears and gibbons. But today Botum Sakor National Park in southwest Cambodia is fast disappearing to accommodate a much less endangered species: the Chinese gambler.

"This was all forest once," says Chut Wutty, director of the Natural Resource Protection Group, an environmental watchdog based in the capital, Phnom Penh, gesturing across a near-treeless landscape.

"But then the government sold the land to rich men."

He means Tianjin Union Development Group, a real-estate company from northern China, which is transforming 340 sq km (130 sq miles) of Botum Sakor into a city-sized gambling resort for "extravagant feasting and revelry," its website says. A 64-km (40-mile) highway, now almost complete, will cut a four-lane swathe through mostly virgin forest.

National parks and wildlife sanctuaries in Cambodia, an impoverished country known for its ancient temples and genocidal

Khmer Rouge regime of the 1970s, could soon vanish entirely as deep-pocketed Chinese investors accelerate a secretive sell-off of protected areas to private companies, warns Chut Wutty and other activists.

The land sales also point to another trend: the expansion of Chinese economic interests in Southeast Asia's undeveloped frontiers, which comes at a delicate time as tensions simmer over China's sovereignty claims in the disputed South China Sea and the United States vows to re-engage with the region.

CAMBODIA'S FORESTS

Last year, the Cambodian government granted so-called economic land concessions to scores of companies to develop 7,631 sq km (2,946 sq miles) of land, most of it in national parks and wildlife sanctuaries, according to research by the respected Cambodia Human Rights and Development Organization (ADHOC).

The area of concessions granted has risen six-fold between 2010 and 2011, partly a reflection of booming

Cambodia, where China is both the largest foreign investor and source of foreign aid. That aid, often in the form of no-strings-attached infrastructure projects, has made Hun Sen less reliant on Western donors, who generally demand greater transparency and respect for human rights.

It has also eroded the influence of foreign conservation groups in Cambodia, many of whom work in the same protected areas now being

Companies from Cambodia, Vietnam and other countries are also exploiting the land sell-off, mainly to develop rubber plantations and other agribusinesses. But the most lucrative projects — mining for gold and other minerals — are dominated by the Chinese, says the Cambodian Center for Human Rights.

“THIS IS CHINA”

Cambodia's 2001 land law forbids economic land concessions greater than 10,000 hectares (24,700 acres). But China's Union Group won a 99-year lease thanks to a 2008 royal decree which carved out 36,000 hectares (89,000 acres) from Botum Sakor and redefined it.

In the same year, a contract was signed by Minister of Environment Mok Mareth and the chief of Union Group's board of directors Li Zhi Xuan. The company was granted a further 9,100 adjoining hectares last year to build a hydroelectric dam.

Union Group has big ambitions for the area, including a network of roads, an international airport, a port for large cruise ships, two reservoirs, condominiums, hotels, hospitals, golf courses and a casino called “Angkor Wat on Sea,” according to the contract and its website.

It will sink \$3.8 billion into its Botum Sakor resort, a figure quoted to rights groups in February by Bun Leut, governor of coastal Koh Kong province. It covers an area almost half the size of Singapore. People in the area say it will be called either “Seven-headed Dragon” or “Hong Kong II.”

“Those are just rumors. It hasn't been named yet,” says Cheang Sivling, a Chinese-speaking Cambodian manager for Union Group's road-building operations.

“It has been my land since my grandparents' generation. I lived peacefully there until Union Group **THREATENED THE VILLAGERS** and told them to remove their belongings.”

Indochina trade as China's economic influence spreads deeper into Southeast Asia.

Foreign conservation groups in the country have remained silent about the sell-off for fear of wrecking their relationship with the government of mercurial Prime Minister Hun Sen. But Cambodians dislodged from concession areas are starting to find their voices.

ANTI-CHINESE SENTIMENT

Fishing families in Botum Sakor say that Union Group is using strongarm tactics to relocate them deep inland.

“It's been my land since my grandparents' generation,” says Srey Khmao, 68, from Thmar Sar. “I lived peacefully there until Union Group threatened the villagers and told them to remove their belongings.”

Such protests could ratchet up anti-Chinese sentiment in

sold off. Their criticism has remained muted for fear Hun Sen will do what he did to British environmental watchdog Global Witness in 2005, and kick them out.

“The days of donor-dependency are over,” says a foreign conservationist working in Cambodia, who asked not to be identified. “Much more money is coming into this country through direct investment, especially from Chinese companies, so the carrot-and-stick incentive that NGOs (non-governmental groups) might have had 10 years ago isn't as powerful these days.”

Land-grabbing, illegal logging and forced evictions have long been common in Cambodia. But by granting land concessions, the government has effectively legalized these practices in the country's last remaining wilderness, say activists.

CAMBODIA'S FORESTS

The four-lane highway, built at a cost of about \$1.1 million a mile, is part of a system of roads Union Group will run across Botum Sakor, adds Cheang Sivling.

This alarms Mathieu Pellerin, a researcher with the Cambodian human rights group Licadho, who notes that newly built roads give logging operators greater access and could accelerate the destruction of forests.

"Botum Sakor is melting away," he says.

The worksites along the highway house a number of Chinese engineers, and are guarded by Cambodian soldiers.

Access to the resort area itself is blocked by a provincial park ranger who, when *Reuters* tried to pass, threatened to radio for back-up from military police, who along with the police routinely provide security for big concessionaires.

"This is China," he says firmly.

Nearby, at the picturesque seaside village of Poy Jopon, people were preparing to leave after signing away their property to Union Group — under duress, they say.

"I'm upset, but there is nothing I can do about it," says Chey Pheap, 42, a grocery store owner. "This is the way society works." He and the remaining villagers will soon be moved to houses some 10 km (six miles) inland. When asked to describe the new area, one of Chey Pheap's neighbors says: "No work, no water, no school, no temple. Just malaria."

Nhorn Saroen, 52, was among hundreds of families who have already been moved from another fishing village, called Kom Saoi. "We were told it was Chinese land and we

couldn't cut down a single tree," he says. "Some people refused to leave. Their land was taken and now they have nothing."

He was provided with a house in a purpose-built village far inland, robbing him of his main livelihood: fishing. The houses surrounding Nhorn Saroen's are deserted. Many families cannot make ends meet in the remote area and have moved away, he says.

Passing just behind his house was a moat which delineated Union Group's land. It was three meters deep (10 ft) and twice as wide, and ran for many kilometers. For the villagers, it symbolized China's power and remoteness.

"Even though we hate the Chinese, what can we do?" says Nhorn Saroen.

Union Group's website praises Cambodia for its "sound public order"

"No work, no water, no school, no temple.
JUST MALARIA."

and "simple and honest" people. Allegations of forced evictions are "a problem between the Cambodian government and its people," says a company spokeswoman, who declined to be identified.

Union Group obeyed Cambodian laws and worked closely with the Chinese government, she adds. Its road network was welcomed by people in the area. "Residents said they finally saw real roads and cars," she says. "In this regard, I think we have contributed to Cambodia."

She confirmed that Union Group is spending "billions" of dollars on the project.

CORE AREAS

The government granted a record number of economic land concessions in 2011, says Pellerin, but keeping track of them is impossible. Information on hard-to-reach concessions or the firms leasing them is not systematically maintained.

The government's contract with Union Group is "shocking," says Pellerin. "Cambodia is giving away 36,000 hectares to a foreign entity with little if any oversight or obvious benefit to the people."

As part of that contract, Union Group deposited \$1 million with the Council for the Development of Cambodia, but pays no fees for the first decade of its lease.

Leasing protected areas generates minimal money, insisted Sem Saroeun, director general of finance and administration at the Ministry

of Environment. The government charged even deep-pocketed Chinese firms a mere \$1 per hectare per year.

"This is a voluntary price and the funds go to the protection and conservation of the environment," he says. New anti-graft laws prevent additional under-the-table payments, he adds.

But Seng Sok Heng of Community Peace Network, a group which helps track land concessions for the pro-transparency website Open Development Cambodia, says the government is charging up to \$10 per hectare per year, and that additional bribes were common.

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Environment official Sem Saroeun said he didn't know the total area leased out by the government, but added that concessions were only granted on land surrounding protected areas. "The core areas are still protected," he says.

But this claim is upended not only by *Reuters'* trip to fast-shrinking Botum Sakor, but also by satellite images and research by groups. Maps produced by Licadho show huge leaseholds at the heart of wildlife sanctuaries such as Boeng Per and Phnom Aural, while 19 concessions have swallowed up almost all of Virachey national park on Cambodia's remote border with Laos and Vietnam.



Once an unspoiled jungle, the Botum Sakor National Park in southwest Cambodia is fast disappearing to accommodate a Chinese casino. Photo by Pring Samrang

GROWING RESENTMENT

With Chinese investors fanning out across fast-growing Southeast Asia, festering resentment over land-hungry projects could spell trouble for Beijing, especially after the United States signaled last year that it would strengthen economic and diplomatic influence in the region.

A new generation of Chinese multinationals is facing pockets of resistance in a region they once dominated without question.

Myanmar's reformist government apparently bowed to popular discontent by cancelling a \$3.6 billion Chinese-led dam project in September, marking a turning point in relations with its giant neighbor. A similar movement opposes trans-Myanmar pipelines that will transport oil and gas to China.

Through all this, Cambodia has been a reliable ally for China. Foreign direct investment from China was \$1.19 billion in 2011, almost 10 times

that of the United States, estimated the government's Council for the Development of Cambodia, which Hun Sen chairs.

China has also been generous with aid, pledging more than \$2 billion since 1992, mostly in soft loans, according to Finance Minister Keat Chhon in February.

This "blank cheque diplomacy" threatened to "erode donor efforts to use assistance to promote improved governance and respect for human rights," a U.S. diplomat said in a cable released last year by the anti-secrecy group Wikileaks.

"There is a growing sense — and this is not unique to Cambodia — that Chinese investors and employers are problematic," says Sophie Richardson, Asia Advocacy Director for Human Rights Watch. "At the same time, it's not as if the Cambodian government is stepping up to defend its own citizens."

Hun Sen has publicly praised China for placing no conditions on

its aid, but the U.S. diplomat noted in the cable that Chinese companies had been rewarded with non-transparent "access to mineral and resource wealth."

And land: leaseholds offer potentially strategic locations for expanding Chinese interests. Union Group's vast concession has easy access to both the Gulf of Thailand — the traditional backyard of U.S. military ally Thailand — and the hotly contested South China Sea.

For activist Chut Wutty, Union Group's activities smack of colonisation. "You think after 99 years that this land will be returned to Cambodia? You think they'll kick the Chinese out? No way. It's forever." **R**

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