
Cambodia: The unfulfilled promises of an oil palm plantation

Since 1997, the Mong Reththy Investment Cambodia Oil Palm Company has planted an area of 3,800 hectares with oil palm trees. The company, with the help of the Phnom Penh authorities, moved 99 families from a squat in Phnom Penh to work on the plantation adjacent to Route 4, 150 kilometres south of Phnom Penh. However, few of the people moved from Phnom Penh have actually found work on the plantations, the processing factory is still to be built, and many people are simply moving back to Phnom Penh to look for work there. (See WRM Bulletin no. 39.)

The company behind the project, Mong Reththy Investment Cambodia Oil Palm is owned by Cambodian businessman Mong Reththy (60 per cent), Borim Universal (South Korea, 30 per cent), and Lavanaland (Malaysia, 10 per cent).

When people were moved from Phnom Penh in early 1999, the company promised to give them two hectare oil palm plots in order that they could earn some money from the oil palm kernels produced. In July 2000, Mong Reththy, one of Cambodia's richest businessmen, told the Phnom Penh Post that his company "is still waiting on a loan from the Rural Development bank to pay for preparing the land and providing villagers with seedling and fertilizer."

Six months later, Mong Reththy wrote to Watershed magazine, explaining, "The promise of two hectares of planted palm oil plantation is still on the Company top priority agenda. The company is sourcing every possible way to secure a loan from local and international banks." Mong Reththy claimed that this was proof that his company is "more than willing to commit".

After more than two years, the villagers are still waiting for the promised two hectare plots. In June 2001, Bok Chhiv Tor, Project Coordinator for Mong Reththy, dismissed the problem, saying "The villagers can freely do whatever they please to earn their living. If they choose to work for the company we will give them employment." He added, "We really don't know how many of the villagers are currently employed by the company."

The land used for the oil palm plantation was either forest or farmland according to villagers in the area. In Tanei village, almost all the 300 families lost land to the company's plantations. Many have received no compensation from the company. Bok Chhiv Tor claims that before the company arrived, the land was "empty land, and it was a concession granted by the Royal Government."

In February 2001, more than 6,500 oil palm trees on Mong Reththy's plantation burned down. Mong Reththy told the Cambodian newspaper, Rasmey Kampuchea, that the fire was deliberately started, arguing that the fire started simultaneously in two different places. The oil palm trees burnt were planted in 1997, and were beginning to fruit. The company estimated the cost of the damage at around US\$70,000.

So far, the oil palm venture doesn't even make a profit. The first fruits have begun to be harvested, but without a factory to process the kernels, the first year's harvest was simply left to rot.

The US\$5 million factory is due to be completed in 2002 but it is not clear where the money will come from. Mong Reththy is currently negotiating with the government in an attempt to gain help in funding the factory. In May 2001, Mong Reththy told the Cambodia Daily, "If there is no factory, I will lose another US\$1.5 million in 2002." He said so far the plantation project has cost US\$10 million in overheads, and this year it lost US\$1 million.

In March 2001, the Rasmey Kampuchea newspaper reported that the Ministry of Agriculture did not encourage the oil palm plantations project, on the grounds that "it would not give a positive result". In the meantime, Mong Reththy is focussing on his 1,800-hectare cassava plantation.

The company has failed to benefit either the local population or the people moved from Phnom Penh. People living in the area of the plantations have lost their land and forests to the company, without compensation. Of the people moved from Phnom Penh, supposedly to work for the company, few have received jobs and none have received the land the company promised them. They have even lost the precarious livelihoods they had in Phnom Penh. Who will compensate all of these people? Will the company be "more than willing to commit" to this?

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