Destructive Investments in Laos and Cambodia

What kind of development is this? If the government cares about development, they should take the people along so that we can own the development and what comes out of it. But in this type of development, people lose everything.

(From a discussion with village residents affected by the Pheapimex concession in Krakor district in Pursat, Cambodia. March, 2010)

In Cambodia and the Lao PDR (Laos), rapid and intense exploitation of land and natural resources by state and private investors is increasing land insecurity, landlessness, environmental destruction, distress migration and poverty.

Over 70 % of the population in both countries reside in rural areas and are engaged in subsistence agricultural production and artisanal fisheries. Laos is rich in natural resources and biodiversity, and boasts stunning landscapes of rivers, mountains, forests, plateaus and alluvial plains. It is home to about 10,000 species of animals, plants, insects and fish, many of which are disappearing because of habitat loss. Laos is also one of the world's hotspots in rice biodiversity with an astounding variety of traditional seeds and indigenous knowledge about rice cultivation and resilience. Cambodia contains approximately 10.7 million hectares of tropical forests of various types which are fast falling to chainsaws and bulldozers. Its landscapes are shaped by numerous streams, lakes, wetlands and rivers which spawn a large variety of fish and molluscs. The country is home to the famous Tonle Sap lake, the largest freshwater lake in Southeast Asia that expands almost three times in size during the monsoon season.

But in both countries, development is becoming increasingly synonymous with private investment. As in many countries in Asia, the dominant development model prioritizes integration with regional and global markets, and rapid economic growth regardless of the ecological and social consequences. Private investment is sought in virtually every sector of the economy from energy, oil, minerals, agriculture and food processing to education, health, tourism, manufacturing, pharmaceuticals, transportation and urban infrastructure. Both countries depend greatly on foreign aid, which generally comes tied to investment opportunities for firms from donor countries. National development plans are augmented by economic arrangements promoted by multilateral institutions and groupings such as the Asian Development Bank (ADB), the World Bank Group and the Association of Southeast Asian Nations (ASEAN).

At the heart of most large-scale investment projects is the exploitation of land, water, minerals and agricultural potential. The Lao Government promotes Laos as a desirable investment destination citing among its advantages an abundance of natural resources, large areas of fertile land, a, flourishing tourism industry, reliable power supply, low risk of natural disasters, political stability, and privileged access to European Union (EU) and several other markets. The Royal Government of Cambodia (RGC) offers generous incentives to foreign investors with long term land leases at throw away prices, tax holidays, few restrictions on imports from abroad and repatriation of profits.

Agro-industrial plantations have become scourges in Cambodia and Laos. Millions of hectares of agricultural, forest and common lands have been transferred to state and private companies to grow rubber, pine, acacia, eucalyptus, hard-woods, corn, cassava and sugarcane. The latest mapping by LICADHO, a human rights organization in Cambodia, shows that 3,936,481 hectares of land have been given to mining and economic land concessions (ELC)s, of which, 2,036,170 hectares are ELCs for agro-industrial plantations for crops such as rubber, cassava and sugarcane. ELCs cover almost 53 % of the country's arable land and 346,000 hectares are located in conservation areas. In Laos, an inventory in 2010 by the National Land Management Authority showed that the area covered by ELCs in the country amounts to 1,400,000 hectares, counting over 760 projects of which, over 375,000 hectares are for agro-industrial plantations for mostly rubber and eucalyptus.

The investors come from India, Vietnam, China, Thailand and also further afield, from Singapore, South Korea and Australia. Such investments have been promoted by many bilateral donors, the ADB, World Bank, and private consulting firms as a strategy to maximize economic revenues from “degraded” forests, “idle” or “under-utilized” lands, increase reforestation and alleviate poverty. Recently, new forms of revenue extraction from natural resources are being proposed through the “green economy” framework.

At the end of March, Cambodia, Laos, Burma, Thailand and China signed a pact to increase trade among them, with sale of rubber to China as a centerpiece. Cambodia already has 204,800 hectares of rubber plantations, which are expected to expand to 300,000 hectares by 2020 largely for export to China, with concessions to operate plantations for 70 years. In Laos the agreement is part of the government's national agricultural development plan and the contract will cover approximately 270,000 hectares of rubber plantations.

The evidence that is accumulating shows that these ELCs offer few or no benefits to the national economy, but result in many major impacts for the livelihoods and economies of local communities, compounded by human rights abuses and destruction of diverse landscapes, forests and native ecosystems. Plantation agriculture requires intensive use of chemical fertilizers, pesticides and herbicides which create aridity, degrade soils, and poison aquifers and surface water sources. Many plantations are accompanied by processing plants close at hand, which consume huge amounts of energy and water that are denied to local communities.

ELCs have displaced local peoples from their villages, fields, forests and traditional occupations. In many cases, local communities are forced to relocate altogether. In cases where people can remain in their villages, they are not permitted to use the surrounding forests and commons for foraging and grazing since these now belong to investors, although encroachment by investors onto village, forest and public lands is common. Communities in southern Laos report that companies have fenced their grazing lands and claim them as part of the concessions. Communities in the Pheapimex plantation area in Pursat and Kampong Chnang provinces in Cambodia report the loss of community forests, wild food sources, sanctuaries for rare wildlife, sacred spirit sites, streams and water sources, grazing lands, rice fields and even their homes and villages. According to a woman from a village affected by the ELC,

The forests that the company is clearing are not degraded; they are forests from which we get food, roots, medicinal plants and things for our life. We have protected these forests for decades. Now the company will pull these forests out from their roots, they will take everything; they will sell the hardwood and take out all the plants. Nothing will grow there naturally. What the company will plant in this area will not be a forest; they will plant trees that we cannot even eat the leaves of. Woman community resident.(Resident from Ansar Chambok Commune (Krakor District, Pursat Province,

Cambodia, on April 9, 2010).

Investing companies frequently violate written agreements but rarely face state censure or punitive action. Companies promise jobs, schools, health centres, roads and other infrastructure but generally do not deliver. Promises of employment and better standards of living are belied by actual experiences. According to villagers struggling against the Pheapimex company in Kampong Chnang, Cambodia, *People who work on plantations work under very bad conditions: their sources of food are destroyed, they have no money to buy food and only get a few cups of watery rice for long, hard days of work. They are not paid for several months. Workers come home sick, tired, weak and without any money.*

For people dispossessed and displaced by investment-driven-development, survival is a daily struggle. Language by policy makers, donors and financiers about encouraging “high quality and environmentally and socially responsible investment,” ring hollow in the absence of appropriate regulatory frameworks that protect the land, resource, food and livelihood rights of rural populations, and discipline investors who violate these rights. The high levels of economic growth that Cambodia and Laos seek through agro-industrial investment projects will come at ever increasing costs to their rural populations, who create real value for society by producing food, nurturing fragile eco-systems and regenerating biodiversity and environmental wealth. A genuinely responsible approach to development would be for governments to recognize the importance of, and support the investments that rural communities make to sustain food security, livelihoods and the economy.

By: Shalmali Guttal, Focus on the Global South. April 2012.