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## Fighting the Curse of Concessions in Cambodia

The Pheapimex group is well known in Cambodia and abroad for large-scale investment deals that permit it unconstrained access to forests, land and water, and for its owners, who have been referred to as the “power couple” because of their political and financial clout. (1) The article below, first published in the WRM Bulletin in 2013, describes the Pheapimex Economic Land Concession (ELC) spread over Pursat and Kampong Chhnang provinces. The concession achieved notoriety for its massive size, ecological destruction and conflicts with local communities over farm, grazing and forest lands, and water sources.

In 2016, after 16 years of struggle, affected communities in Kampong Chhnang province won their battle against Pheapimex. The company agreed to return 170,000 hectares (out of about 176,000 hectares in the ELC) back to the rightful claimants. According to local residents, the company has been in crisis because of the drop in cassava prices, rebellion by plantation workers, and escalating tensions between company employees and affected communities. Plantation workers were not paid regularly and started sabotaging company operations by stealing machinery parts. For the most part, the province governor himself supported the land and forest claims of the affected communities.

Pheapimex has not yet pulled out of Pursat, although there too, operations appear much reduced. In contrast to past years, there are now only five worksites with about 20-30 workers, with no workers tending to the cassava that has already been planted. In 2016, workers started demanding back wages from the company and recent reports indicate that sabotage against company operations seems to have started here as well. The ELC in Pursat covers 130,000 hectares, out of which about 30,000 hectares have been cleared. It is not known as yet whether the company will retain all the land in the concession area for the full concession period, or return disputed lands to affected communities as it agreed to do in Kampong Chhnang province.

The situation regarding the Pheapimex concession in Kampong Chhnang is a decisive victory for local communities and could turn out to be so in Pursat as well. However, the company and its owners are far from defeated in the country. Pheapimex has joint venture operations in Monduliri province with Wuzhishan LS, a Chinese plantation firm, and the Cambodia International Investment Development Group (CIIDG), a Chinese mining company. (2) Pheapimex owners also own Shukaku Inc., the corporation developing real estate on the Beung Kak lake, and have significant involvement in a mining concession granted to Alex Corporation in Monduliri. (3) They are also linked to Sinohydro (Cambodia) United Ltd, the company that took over the contract for the now cancelled hydropower project in Areng Valley in the Cardamom mountains. The CIIDG mining concession includes the traditional lands of the *Phnong* indigenous group, who have expressed concerns about impacts to their sacred forests and burial sites. The *Phnong* - who make up about half the province's population - have already faced such violations in the Wuzhishan LS concession areas, when their traditional lands were desecrated by company operations. Supported by a growing network of community rights activists, they are preparing to stop company operations before their ancestral

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domains are disturbed or violated.

In 2017, the curse of concessions continues in Cambodia. But so also do peoples' struggles. Like the shoots and the bamboo a resident from Krang Skea in Kampong Chhnang province mentions in the 2013 WRM bulletin article re-published below, on the communities' struggle against the Pheapimex concession, their struggles to end this curse, reclaim land, forest and water, and restore damaged eco-systems are becoming stronger.

## **The Curse of Concessions in Cambodia**

*Article first published in WRM Bulletin 193, September 2013.*

"The company promised to increase forest cover but they planted cassava; cassava is not a tree; a cassava plantation is not a forest." Resident from Ansar Chambor, Pursat, Cambodia

Since 2000, residents in more than 111 villages have been struggling against a mammoth land concession that spans 315,028 hectares across the provinces of Pursat and Kampong Chhnang in Cambodia. The concession agreement allows Pheapimex - a powerful Cambodian company--to seize farm, forest and common lands to grow acacia and cassava in monoculture plantations. Owned by Choeung Sopheap and her husband Lao Meng Khin, a senator from the ruling Cambodian Peoples Party (CPP), the Pheapimex Group is considered by many Cambodians to be virtually untouchable because of the close relations between its owners and Cambodian Prime Minister Hun Sen, and the large donations that Pheapimex makes to the CPP.

Although current law limits the size of each land concession to 10,000 hectares, Pheapimex secured its agreement in 1997, before laws regulating economic land concessions (ELCs) were established. Its initial plans were to establish a eucalyptus plantation and pulp and paper mills, for which it partnered with the Chinese Farm Cooperation Group and arranged financing from the Export-Import Bank of China. Pheapimex is also the Cambodian partner of the Chinese plantation company Wuzhishan. Since passage of the ELC law, Pheapimex collaborates with middlemen and other companies who acquire land within the legal limit but are part of Pheapimex's massive operation.

By 2002, the company started clearing forest and farm lands, building roads and canals, and preparing a nursery in Ansar Chambor commune, Krakor district in Pursat. In protest, village residents blocked roads and filed complaints at the royal cabinet in Phnom Penh, the nation's capital. Although the national government did not respond favourably, local protests halted operations in Ansar Chambor for a short period. However, the company continued to claim, fence and clear lands in other areas. By 2008, the nursery in Ansar Chambor was fully operational and Pheapimex had started evicting residents from their lands in other areas in the concession, blocking local peoples' access to forests, planting cassava and acacia, and building work camps.

Since then, company operations have expanded and speeded up, and heavy machinery such as bulldozers and excavators are being moved across the entire concession area. The expansion is clearly phased, but affected communities have no prior information of the company's plans and are often caught unaware. The company uses various means to secure local "cooperation," from bribery and trickery to intimidation, violence and incarceration. In 2010, Pheapimex organized a "gift giving" ceremony in Ansar Chambor in which residents were given rice, instant noodles and krumahs (traditional scarf) as evidence of the company's good intentions. Government officials then praised Pheapimex's efforts to bring prosperity to the area and instructed communities to cooperate now that they were recipients of the company's largesse.

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District and commune officials have told affected communities that Pheapimex cannot be challenged or stopped, and that village residents should accept whatever settlements the company is willing to provide. Pheapimex routinely uses its own armed private security, as well as armed commune police and military police to “protect” company property in the face of local protests. Although local police empathise with affected communities, their orders are to protect the company, not communities.

## **Impoverishing People**

"Before the plantation, even 100 hectares of farmland and forest sustained hundreds of families; but now thousands of hectares are given to just one company and [this arrangement] does not feed even one family fully." Resident from Psach Latt, Pursat, Cambodia.

Testimonies from affected communities show that the Pheapimex concession is robbing Cambodian people of natural heritage and wealth, impoverishing communities in and around the concession areas, and closing off livelihood options for future generations. The areas granted to Pheapimex include farmlands, grazing lands, wetlands, forests, woods, lakes and watersheds, all of which constitute a system of natural infrastructure that rural people depend on and nurture for daily survival and wellbeing. In some areas, the plantation blocks access between villages and to forests and pastures. Because of loss of grazing lands, affected families have started to sell their cows and buffaloes, which are important traditional forms of wealth rural Cambodia.

Forest clearing for the concession is destroying local bio-diversity and ecosystems, including precious primary forest, water sources, fish and wildlife. Economically valuable trees (such as Knyung Beng, Neang Nun, Chheu Krom, Khnong and Phchek) are being depleted, wildlife habitat has been lost and watersheds severely shrunk. The company has filled up ponds, blocked streams and redirected water to their nurseries and plantations through canals. Some streams have dried up altogether. Residents worry that this will harm local fisheries, especially in the Tonle Sap Lake. Streams bring nutrition to the lake for fish and many fish travel upstream to spawn; if streams and ponds blocked, the overall health and quality of fisheries will decline. Farming has also become more difficult: residents are unable to grow vegetables and cash crops in gardens since the company dominates access to water. Without forest cover, rainwater drains away quicker, soil erosion is not checked, and the few remaining streams are becoming shallower.

Forests and woods are important food and medicine ‘cupboards’ for affected communities, as well sources of fuel, housing materials and non-timber forest products (NTFPs) such as mushrooms, bamboo and rattan shoots, honey, vines, resin, roots, wild herbs and fruit. Forests also have important cultural and religious values for affected communities: the company has cleared sacred, spirit forests where traditional rituals are conducted for peace, good harvests, prosperity and health. Over 6000 hectares of forest identified as community forests have been lost in Ansar Chambor and Kbal Trach communes (Pursat). Kbal Trach residents assess that the loss of income from NTFPs alone for each family exceeds one million riel (US\$ 245) per season.

As families expand in size, younger generations need land to farm, which is now no longer available to them. An initiative to title village land holdings in and around ELCs launched by Prime Minister Hun Sen in 2012 (called Directive 01BB) fixed a ceiling of 5 hectares of paddy and garden lands respectively for each adult, although the actual amount titled is much less in most villages affected by the Pheapimex concession. But even the 5 hectare limit ignores the future land needs of those who are not adults at present but will reach adulthood in a matter of years.

Out of desperation, many residents have sought employment at the plantation where they are faced

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with low wages - 600, 000 riel or US \$147 for 30 days - irregular payments and poor working conditions. Many families now have to survive on the plantation wages of one family member, which cannot sustain an entire family that had previously lived off the food and income from paddy, gardens, forests and streams. As a result, local indebtedness has increased, outmigration is rising and families are breaking up as family members go to cities or neighbouring Thailand to find work.

## **Keeping Up the Struggle**

Since learning about the concession, people in affected communities have tried to defend their lands, forests, livelihoods and lives through several means. They have protested at commune, district and provincial offices; blocked traffic on Highway 5 to build public support; stopped machines from clearing farmlands and forests; and filed complaints with authorities at all levels. They have held prayer ceremonies for justice in villages, pagodas and in front of government offices. They have ordained trees in their sacred sites and in one place ceremony at least a 1000 trees were ordained, but the company still cut them down

Mobilizing and organizing people in the eight districts covered by the concession are huge challenges for residents who are simultaneously trying to feed their families and make ends meet. The concession is massive not only in size but also in money and political power. Those who protest are branded "inciters," arrested on false charges, jailed and fined large sums of money. While many are exhausted and discouraged, others see hope for change in the longer term. The recently concluded national elections show decreasing overall support for the CPP and it is likely that the CPP mass base is weakening where land-forest conflicts are the highest.

In the words of a resident from Krang Skea (Kampong Chhnang): "We are like the bamboo that starts out with one shoot; we have to wait till there are more shoots and the bamboo gets bigger."

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(1) Cambodia's Top 10 Tycoons. <http://investvine.com/cambodias-top-10-tycoons/>

(2) Miner Encroaches on Ancestral Lands.

<http://www.rfa.org/english/news/cambodia/bauxite-06222011171620.html>

(3) Pheapimex ties 'cause for

concern'. <http://www.phnompenhpost.com/national/pheapimex-ties-cause-concern> and

<https://sahrika.com/2016/12/20/villagers-wary-of-mkiri-mine-project/#more-27000>.