
[Laos: Chinese company Sun Paper plans eucalyptus monocultures](#)

A Chinese company called Shandong Sun Paper is planning to establish 100,000 hectares of eucalyptus plantations in Savannakhet province in central Laos. Of this area, the government has granted a 50 year land concession to Sun Paper for 30,000 hectares. The remaining 70,000 hectares is to be planted by farmers on their own land, under contract to Sun Paper. The US\$15 million project is planned to start in early 2010.

“We also plan to build wood pulp mills in Xepon or Phin district,” Sun Paper's Deputy General Manager, Ying Guang Dong, told the Vientiane Times. Sun Paper plans to invest US\$300-500 million to build a pulp mill with a capacity of 300,000 tonnes. “Then we will invest about US\$1.8 billion for the second phase,” Ying said.

Ying claims that the pulp mill will employ 10,000 people. If true, it would be either the largest or the most labour intensive pulp mill on the planet. Sun Paper is China's largest private paper company, with an annual capacity of more than 2.2 million tonnes of paper and paperboard. It employs a total of about 7,000 people. Botnia's US\$1.2 billion pulp mill in Uruguay, which has a capacity of one million tonnes of pulp a year, employs a grand total of 300 people.

While Sun Paper exaggerates the number of people it will employ, it is at least honest about how much money it will provide to local communities: US\$200,000. This money is supposed to build schools and health dispensaries, and to construct and maintain roads. There are 44 villages in the concession area. That works out at about US\$4,500 per village, which may be better than nothing, but not by much.

Sun Paper does not even plan to employ local people in its plantations. “Currently, we aim to use labor from Vietnam to cut the wood in the plantations,” Ying told the forestry industry information company RISI in February 2009.

Before the pulp mill is built, the wood will be exported via the port of Da Nang in Vietnam. In March 2009, Sun Paper announced that it would invest US\$15 million in a wood chip mill in Vietnam to process the wood from Laos. From Vietnam, the wood chips will be shipped to Sun Paper's plant in Yanzhou city in China. Part of Sun Paper's operations in Yanzhou are run as a joint venture with International Paper.

One problem that Sun Paper will run into is that there is not sufficient land available for large scale concessions in Savannakhet province. In October 2007, the Vientiane Times reported that “Savannakhet authorities are facing difficulties in supplying land for foreign investors, who have requested thousands of hectares over the past years for their projects.” An Indian company, Birla Lao Pulp & Plantations Company Limited, is reported to be running into serious difficulties finding enough land for its proposed 50,000 hectares of eucalyptus plantations in Savannakhet province.

Sun Paper has carried out environmental impact studies and claims it will involve people living in the concession area in the decision-making and monitoring process. It claims it is going to “employ”

50,000 people as tree growers. But there is a history of this sort of project in Laos, the most notorious being the Asian Development Bank's Industrial Tree Plantation Project. In December 2005, the ADB's Operations Evaluation Department concluded that the ADB project had "failed to improve the socioeconomic conditions of intended beneficiaries, as people were driven further into poverty by having to repay loans that financed failed plantations." Put another way, the farmers that Sun Paper hopes will grow its trees for them need their land to grow food on.

In 2007, the Lao government suspended the issuance of new land concessions "after learning such arrangements were negatively affecting local communities", as the Vientiane Times put it. In May 2009, the government announced a Prime Minister's decree on state land leases and concessions, which once again allows large scale land concessions. Yet little has changed in Savannakhet. No new land has appeared in the province. So the questions remain. Where will Sun Paper find the land? Who will benefit? And why on earth did the Lao government agree to this project?

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