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## [Mono-crop trees find more room over the borders in the Mekong region](#)

The inter-meshing of the six economies in the Mekong Basin since the 1990s has been fostered under the Greater Mekong Sub-region economic cooperation programme. This was aimed at increasing the flow of cross-border investment from countries with considerable economic might such as China, Thailand and Vietnam into neighbouring countries such as Laos PDR and Cambodia, which have a 'doors wide open' approach calling for foreign companies to come to invest. Extensive land and cheap labour have been used as an incentive for drawing in investors to develop commercial tree plantations in the form of hundreds of large-scale land concessions in the period of the last 4-5 years.

We can distinguish four forms of investment in monoculture tree plantations in the Mekong: investment of foreign capital from outside the Mekong region, cross-border investment of capital from within the Mekong region, domestic investment by major capital groups, and household investment by small-holder farmers on their own land. In this article we will emphasise the first two types, since these tend to involve the greatest concentration of land use and have brought the most serious impacts for local communities. We can identify the main actors in the different countries as follows.

### **Laos**

Investments in plantations in Laos are mostly in the form of large-scale state land concessions, particularly for growing eucalyptus and rubber. These draw on investment from countries outside as well as within the Mekong region. Major investing companies include Oji from Japan, with extensive plantations underway and seeking a total of 50,000 ha of eucalyptus in Bolikhamxay and Khammouane provinces. Another is Birla Laos (Birla Grasim) from India who have a concession of 30,000 ha to grow eucalyptus in Savannakhet province. Actors within the region include the Vietnamese rubber companies, Viet-Lao, DacLac and Dau Tieng, which have agreements to invest in rubber over an area of more than 30,000 ha in the southern part of Laos or Champassak and Salavane provinces. Reports indicate that, in total, Vietnamese companies are seeking to expand rubber investments in Laos to 100,000 ha within the next twelve years. The two largest pulp companies in Thailand, Advance Agro and Phoenix Pulp and Paper, are also seeking to use Laos's land to grow eucalyptus as a raw material to supply their factories back in Thailand.

So far, the Lao government has authorized an area of around 167,000 ha to foreign companies to invest in monoculture economic trees and crops throughout the country. Of this area, 80,000 ha is allocated for eucalyptus and around 46,600 ha for rubber. Most land concessions are located in the central region down towards the southern part of the country.

The Lao government resolved on May 2008 to suspend the issuing of land concessions throughout the country. Despite this, continued pressure from foreign investors and keenness to encourage investment within certain sections of the government have apparently led the Committee for Planning and Investment (CPI) of Lao PDR to continue to issue investment licenses, even for

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commercial plantations which require access to large areas of land. While the concession moratorium stands, companies cannot legally gain access to more than 100 ha of land. However it is clear that some companies are being given local authority permission to access land, based on investment authorisation from the CPI amongst other things. The present convoluted legal framework, with rules that are inconsistently applied, creates confusion amongst investors, government officials and locals alike. In this context, villagers are insufficiently protected against loss of their land to powerful and influential wealthy concessionaries.

## **Cambodia**

The extent of land alienation in Cambodia is much greater. Information from the Council of Ministers in February 2003 specified that the government of Cambodia authorized 40 economic concessions covering an area of 809,296 ha. Since then, official figures have been hard to come by, but recent reports indicate that during the global economic boom since the turn of the century up to half the land area of the country had been assigned to foreign investors either through land concessions or long leases.

The major investors in Cambodia tend to have strong links with senior politicians in government. The law states that economic land concessions cannot extend beyond 10,000 ha, and that larger pre-existing concessions must be reduced accordingly. Nevertheless the government has not taken action to recover land from powerful companies who hold much bigger areas of land under concession (link to Fast-wood Plantation Economic Concessions and Local Livelihoods in Cambodia, 2006; Land concession and forest concession map in Stung Treng province, 2006). The Wuzhishan L.S. Group from China have a 199,999 ha concession to grow pine trees in Mondolkiri province. Initial exploitation of 10,000 ha has been authorised, but the status of the rest of the land is unclear. Other foreign owned plantation companies with large concessions include the Green Rich Company growing acacia and oil palm over 18,300 ha in Koh Kong province, the Cambodia Haining Group which has acquired 21,250 ha in Kampong Speu province to grow cassava, palm oil, and raise livestock, and three companies -Asia World Agricultural Development Co, Global Agricultural Development Co and Great Wonder Ag Dev Co- have been granted around 10,000 ha each to grow teak in the same district of Kratie province, with most of their various permits granted on the same days.

In March 2006, the representatives of the Hainan Natural Rubber Industry Group Corp which is the largest rubber producer in China and the Suigang Investment Development Co Ltd in Cambodia signed an agreement for a rubber investment project covering an area of over 60,000 ha and including the establishment of a processing factory in Cambodia. There are additional reports that two companies from Vietnam received authorization for a rubber plantation in around 16,000 ha of Mondolkiri province. As in Laos, the Vietnamese rubber industry has set a target of obtaining 100,000 ha for extensive plantations in Cambodia. News reports from November 2007 (Manager online 28 November 2007) specified that three government rubber plantations over 22,000 ha were 'sold' to 3 private companies from China on 99 year leases.

Not all foreign companies access land directly via state authorities. Over 200,000 ha of land in Stung Treng province has been acquired by 11 local companies, which have invited foreign companies to invest as secondary investors.

## **Burma**

Accurate reporting of plantations development is very difficult to come by in Burma. Sporadic news reports often indicate planned targets and very little data is published on the actors involved. Xinhua

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News Agency reported in May 2007 that according to the Myanmar Ministry of Agriculture and Irrigation, up to 3.24 million hectares of agrofuel crops will be grown to realize the projected increase of the agrofuel up to 20 million tons a year. Official statistics appear to show that there were 302,000 ha of land under rubber plantation in 2007 (Myanmar Times, 2007).

### **China Vietnam and Thailand: New actors**

These three countries are increasingly taking on the role of investors in their neighbouring countries. Private companies in these countries have increasing capacity for investment. It will not be necessary in future for them to rely on grant money or loans from international financial institutions, such as the ADB. Owing to the limited scope for expansive plantation development in their own country, groups of investors from China, Vietnam, and Thailand are scrambling to invest in large plantations in Laos and Cambodia.

But behind the scenes of large scale land concessions are the loss of farmland, orchards and community areas for food collection and animal grazing. In Laos and Cambodia, over 80% of the people live and rely on such resources for their livelihood. In the midst of the increase in prices of food crops recently, villagers who have lost their rice growing land experience suffering and poverty. Those who lose their land often become dependent on obtaining work with the plantation companies, but full time jobs tend to be available only for a tiny minority, particularly the able-bodied young, leaving the rest of the family unemployed. Income from labouring with the companies is rarely enough to feed the landless families.

In the context of complex economic and political differences among the countries in the Mekong watershed, civil society actors hardly have any spaces in which to play their public role. Political and communications limitations in countries like Laos and Cambodia, make public discussion difficult, and harsh repression in Burma stifles public comment. Of the countries which have superior economic and political power, like China, Vietnam and Thailand, it looks as though countries such as Thailand opens the most amount of space for civil society. However, many civil society leaders, and people in wider society, still do not have sufficient interest in or awareness of the cross-border impacts of the profit seeking of national investors on neighbouring countries.

By Pornpana Kuaycharoen, TERRA, email: [pornpana@terraper.org](mailto:pornpana@terraper.org)

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