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Southeast Asia

The death of Cambodia's forests

Keith Andrew Bettinger

Newspapers in Cambodia are always flush with stories directly and indirectly related to the logging industry in that country. In one region there has been massive flooding, blamed by most experts on massive deforestation, while in Ratanakiri and Kandal provinces there has been a drought, as the dry season has come early and is threatening the rice crop. The toll of such environmental peculiarities is especially harsh on the people of Cambodia, where more than 80% of the population lives in rural areas and 36% lives in extreme poverty, earning less than 50 US cents per day. Yet deforestation is such a part of the politics and economy in Cambodia that it will be difficult, if not impossible, to reverse these trends. Pressures on the forests come from every direction: displaced villagers, corrupt government officials lining their pockets with proceeds from illegal logging, other countries that have banned logging within their own borders and demand that Cambodia do the same and land speculators.

The stories have appeared with increased frequency of late. But with a new government and a concession system endorsed by the World Bank in place, there is no immediate imperative to do anything about the problem, especially since those most affected have the least say in deal making. The Cambodia Daily, the largest English-language paper in Phnom Penh, routinely reports on conflicts between villagers and logging companies. Recently the paper detailed the plight of villagers whose livelihoods were threatened by a land concession to the giant firm Pheapimex for a paper-pulp plantation. One farmer was quoted as saying, "If we lose that land, it means we lose our jobs."

Local and state authorities pay lip-service to the needs of the poorest of the poor, which number so many in Cambodia. Governors promise to address concerns, but often fail to appear for scheduled meetings. In the above instance, villagers were upset that the governor of Pursat province didn't show up as promised to listen to their complaints and broker a compromise between the villagers and Pheapimex. Later on an unidentified assailant lobbed a grenade into a crowd of villagers assembled to protest against the logging company, injuring at least 10, three severely. Police have indicated that they intend to arrest a suspect soon, suggesting that the attack was orchestrated by the villagers themselves to draw sympathy for their plight.

Other conflicts include the exploitation of villagers by speculating land grabbers. Many who work the land and forests in Cambodia do not have a proper title to the land, which, on occasion, is sold by corrupt officials to "investors" who then evict those occupying the land. The collusion between land grabbers and local and provincial officials makes it next to impossible for those affected to seek redress for their grievances. This is especially severe in Ratanakiri and Mondolkiri provinces, where communities are forced to clear land further into the forests to compensate for land lost to speculators through illegal channels. It is also the subject of ongoing disputes in Sihanoukville and Siem Reap, as squatters and poor residents are evicted and forced from their homes, by both legal and illegal means, and forced to settle elsewhere. In both cases, owners claiming title to land that the poor relocate to have appeared and demanded that the squatters move on. In these cases, the legality of the title is questionable, as titles can be purchased by those with money to spend.

Another recent development is the granting of concessions to log and develop protected areas. This week construction began on a golf course and theme park within the Oran Wildlife Sanctuary in Kompong Speu province. This project entails deforestation for development, a common excuse for logging. Kampong Speu is one of the most drought-affected provinces in Cambodia, and Environmental Minister Mok Mareth had earlier this year mentioned the possibility of

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water shortages associated with the project. Still, work goes on. In another case, Green Rich, a Taiwanese firm, broke ground on a large plantation in Botum Sakor National Park earlier this year. Environmental groups and local non-governmental organizations (NGOs) contend that the approval process was illegal, arguing that it violates the 1993 royal decree on protected areas. Green Rich, along with another company, currently are lobbying for a huge concession in an ecologically fragile area in southwest Cambodia. Green Rich maintains that its plantation is ecologically sound and that it is committed to reforestation through plantations.

But according to Dr Glen Barry, president of US-based Forests.org, a conservation organization that closely tracks forestry developments in Cambodia, "Plantations are not forests. There is no biodiversity and you lose all the other services that are provided by natural forests," he explained. Creating plantations also exacerbates the existing problem of illegal logging in protected areas, but, as Barry pointed out, "even the legal logging is questionable legally." For example, Global Witness, a UK-based NGO that was officially tapped by the Cambodian government and donor community to monitor logging until it was fired by Prime Minister Hun Sen in 2002, has documented large piles of illegal logs in Virachey National Park in Ratanakiri. The park was supposed to be under close supervision; the World Bank and World Wildlife Fund (WWF) gave the Ministry of Environment nearly US\$5 million to manage and protect the park over the period from 2002-05.

Hun Sen, who promised in early 2000, "If I cannot put an end to the illegal cutting of trees, I will resign from my position of prime minister in the first quarter of 2001", has moved in fits and starts on the issue. On the one hand, he ambivalently questions the veracity of the claims that deforestation is responsible for the environmental calamities. He was quoted in the Rasmei Kampuchea newspaper last week as saying, "Those who criticize me have said that the floods were caused by deforestation. Now they say that the current drought is also a result of deforestation. How come?" But despite this, he seems to understand the seriousness of the problem. He's called illegal loggers "traitors who want to destroy the government", and has promised to punish those involved. Last month he indicated in a very public speech that it was time to do something about the inequities and abuses in the land-concession system, including the fact that many concessions are illegal and result in serious conflicts between local people and powerful companies. Thus trying to divine the prime minister's attitude toward the problem is a challenging task.

The reality probably lies somewhere between ignoring the problem and passive complicity. While Hun Sen understands the consequences of logging in Cambodia, he also knows that it is an integral part of the political system upon which his position depends. Over the past 20 years warring factions and political parties have used Cambodia's forest wealth to fund their activities. In the early days after the UN-brokered peace in the early 1990s, the army, forced to live off the land and working for very scant wages from an all but insolvent government, relied on proceeds from logging to survive. The relationships that were formed between army officers and logging companies still exist today. The industry therefore is a part of the political landscape and must be handled delicately. "The government has done, and will continue to do the minimum necessary to keep the World Bank money coming in," said Barry. "The interests are so entrenched that those who benefit are intimately tied to the power system." At the heart of the logging industry is the concession system.

Contention over concessions

The concession system remains the preferred method of managing forests in Cambodia, despite widespread criticism. It began in the mid-1990s, when Hun Sen's Cambodian People's Party and Prince Norodom Ranariddh's Funcinpec were in control of the government. At that time, the government approved concessions to two large firms, one from Malaysia and the other from Indonesia, to log out approximately 20% of the entire country. The concessions were for 50 and 60 years respectively. Both companies had been widely accused of illegal logging and abusing the rights of indigenous people in Borneo. Proceeds were supposed to help develop the economy, but several years passed and the "forest dividend" never materialized. Global Witness derided the arrangement as rife with corruption.

Although an Asian Development Bank report in 2000 called the concessions practice "a total system failure" and periodic NGO reports decry the continued adherence to the system, it persists. Periodic moratoriums aim to give the government and NGOs room to assess the state of Cambodia's forests, but in practice the void in supply is filled by illegal logging, both by concessionaires themselves and independent loggers.

Simon Taylor, director and co-founder of Global Witness, asserts that "the military is essentially a vast, organized crime network devoted to illegal logging, smuggling and other black economy interests". Other groups are equally concerned. The US Agency for International Development (USAID) has said the forest and land-concession system has failed to meet the needs of rural people and the country as a whole: "They have instead diminished the livelihood options for the rural poor and degraded natural resources while failing to capture economic benefits for the nation." Global Witness said "the concessionaires have seriously degraded one of the country's few natural resources while abusing the rights of the forest-dependent communities".

Pointing to a pattern of timber theft, tax evasion, and collusion with corrupt officials, Global Witness asserts that the system is "the biggest obstacle for sound forest management ... [and] continues to fuel the system of corruption, secrecy, and fear". Taylor told Asia Times Online that so far none of the 13 companies has produced adequate sustainable forest-management plans or environmental and social impact assessments. Each logging concessionaire is required by law to submit reports detailing the environmental and social impacts of the concession. In practice, though, the Forestry Administration has been commissioned to compile the reports for at least two of the firms, creating a conflict of interest in which the organization responsible for assessing the reports is also the organization that compiled the reports.

'Cambodian Corruption Assessment'

Estimates vary as to the extent of the corruption in Cambodia, but it is safe to say that the revenue from illegal forestry activities is several times that derived from legitimate enterprises and that a significant number of bureaucrats, civil servants, and politicians are getting a piece of the action. A recent USAID report titled "Cambodian Corruption Assessment" stated that "grand corruption involving illegal grants of logging concessions coexist with the nearly universal practice of small facilitation payments to speed or simply secure service delivery".

"Forestry and mining concessions are signed behind closed doors ... no one outside the system knows what proportion of earnings go to pay taxes, what proportion go to international businesses as excessive profits, and what proportion are transferred to foreign bank accounts." The report alleges that the Agriculture Ministry, responsible for forest concessions, is among the most corrupt institutions in the Cambodian government.

"At best, [the Ministry of Environment is] thoroughly complicit and, at worst, guilty of treating protected areas as their own slice of real estate to dispose of for personal profit," said Global Witness's Taylor. Although Hun Sen in September declared a "war on corruption", the USAID report suggests that this kind of pronouncement is "little more than a studied attempt to tell donors what they want to hear".

"While the government is capable of running rings around the international community with finely worded statements on reform, the reality is that the country's natural resources are treated as a playground for crony companies," said Taylor. Another report prepared by the Vermont-based research organization ARD Incorporated for USAID, indicated that the political elite has little reason to observe existing laws because doing so would eliminate an important source of funds and political patronage. There is a well-established pattern of senior officials providing loggers with permits and licenses that are used as a cover for illegal logging and export activities. These "foot in the door" tactics include concessions to remove stumps and fallen wood. Once the firm has secured such a concession, weak enforcement and easily bribed officials make it a small step to full-on illegal logging.

It is also difficult to know how high the corruption goes. In a nation in which government salaries are meager at best, many civil servants seek to enrich themselves through bribes or by taking part in illegal activities. In a case typical of the gulf between promulgated law and practice, three forestry officials in Pursat province were beaten last week by a police officer when they tried to seize a cargo of illegal timber. The police officer, who claimed to own the logs, filed a lawsuit against the forestry officials for the seizure. The provincial court prosecutor of Pursat province was quoted in the Cambodia Daily as saying, "It is strange that the illegal logger sued the law enforcer."

USAID's corruption assessment indicates that graft is a part of everyday life and is pervasive in every aspect of society, so much so that the line between legal and illegal is blurred. Taylor asserts that these types of episodes are simply the antics of the lowest on the totem pole, and that the tentacles

of graft reach up to the highest levels, where senior officials, including the prime minister, maintain their positions thanks to control of patronage systems that substitute for a system of government in Cambodia. The aforementioned Pheapimex, which owns more than 5% of the country's total land area under a concession, is run by Choeung Sopheap, "a crony of Prime Minister Hun Sen". Global Witness told Asia Times Online that the organization had documented ties from logging companies operating under illegal concessions to friends and family of the prime minister. The government did not respond to this statement.

Outside pressures

There are external pressures on Cambodia as well. When the Thai government halted logging in 1989, loggers simply went over the border to Cambodia. The rate of deforestation increased with the demand. Last year China banned logging as well, and so Cambodia's trees are fueling an insatiable demand for timber in Sichuan province that can no longer be met locally. Safeguards such as country-of-origin stamping, intended to prevent logs being smuggled into Vietnam, are meaningless; loggers simply ship the wood to Laos where it is stamped as a product of Laos and then shipped on to Vietnam.

At the same time, the impacts of deforestation are felt throughout the Mekong basin. It is a regional problem that is complicated by national boundaries. Removing forest cover increases erosion, which results in more landslides and the siltation of the Mekong River and the Tonle Sap. This siltation increases the rate of eutrophication - where waters rich in mineral and organic nutrients produce plant life, especially algae, that reduces the oxygen content and causes the extinction of other organisms - in lakes and causes rivers to flood faster in the rainy season, inundating areas not normally flooded. Furthermore, in the dry season shallower lakes and rivers dry up quicker. The effects are felt by fisherman and subsistence farmers as their livelihoods are threatened with each passing season.

Some of the greatest pressure on the Cambodian government comes from the World Bank, which has asserted that \$100 million worth of timber can be utilized on a sustainable basis. Forests.org president Barry, a former consultant to the World Bank in Papua New Guinea, suggested that the philosophy of the bank "is to divide up the world's remaining forests, and then manage them sustainably". The bank funds schemes to utilize forest products and sustainably cut trees, but in many countries that lack the institutional capacity to enforce regulations as well as the political will to do so, this is like the fox guarding the henhouse. "The bank tries to be the financier on the one hand and the regulator on the other hand," said Barry. In July, the World Bank urged the Cambodian government to approve the forest concessions of six companies. Global Witness alleges that the companies are fronted by relatives of Cambodia's senior politicians. Global Witness, which is still active in Cambodia, has been tracking the firms and has documented abuses by the current concessionaires ranging from timber laundering and bribery to the murder of an activist by a company security guard. "These entities, which are more mafia than corporate," explained Taylor, "suppress efforts to halt their plunder by use of violence against the poor."

For its part, the World Bank maintains that its way is the best way to develop the forest resources of Cambodia sustainably, though the bank admits that its involvement has been "difficult and frustrating". It also admits that severe challenges remain with illegal logging, corruption, and the exclusion of local people in the decision-making process. Peter Stephens, World Bank communications manager for the East Asia and Pacific region, said that the bank's programs aim to achieve three goals: "To improve the ways forests are managed in Cambodia ... [to encourage] the government to confront [corruption] issues and take further credible steps to improve the governance of forest resources ... [and] to be more transparent so that we can equip people with the information they need to contribute to the solution." The bank maintains that it backs the concession system because it was the best game going in the 1990s and thinks that it can be successful. But it is up-front about the fact that transparency and a strong government commitment are integral parts. A World Bank press release also asserts that the bank did not call for the acceptance of the six concessionaires, but rather "supports a process in which concession companies had to prepare and disclose their plans for operating the concessions". The press release did not mention the transparency of that process or the abuses alleged by Global Witness, Barry, and others.

More snouts in the trough

One might hope that with the formation of a new government, the Ministry of Environment would begin to tackle the problems of irresponsible concessions, illegal

logging, and unsustainable timber harvesting in protected areas. Though when one considers that the new government features the largest cabinet in the world, the situation might appear hopeless. More ministers, deputy ministers, and secretaries of state mean more open hands extended, more corrupt bureaucrats looking to use their positions to enrich themselves, more party cadres seeking a return on the investment that bought them their position.

"Extra tiers of officials will doubtless equate to more snouts in the trough," said Taylor, adding that there is little chance of the new government acting on its own. "Much depends on the extent to which the donor community is prepared to hold the government to account for its actions and demand these and other reforms be enacted as a condition for further disbursements of non-humanitarian aid."

Yang Phirom, national coordinator for the Community Forestry Alliance of Cambodia, said the results of the cabinet expansion have not manifested themselves yet because questions still loom over power sharing. But according to Taylor, recent history is not encouraging, as "donors have consistently settled for empty rhetoric from the government instead of action".

So the \$64,000 question now is: Will anything happen? The answer is probably no - especially when one factors in the damage that has already been done and the entrenchedness of the interests involved, and the types of reforms that would have to be made to alleviate the problems. "We need to get beyond the illusion that we can enforce and monitor the concessionaires," said Barry, adding that "the country is just not able to stop allocating forests to the big companies".

Global Witness expresses a similar sentiment. "The World Bank should be funding small-scale community development initiatives, focusing on small- and medium-scale production activities," it said. There are laws on the books that could serve as a foundation for a comprehensive system of regulations, most notably the 2002 Forestry Law and the 2001 Land Law. However, these are currently just writing on paper, and the political will doesn't seem to exist to address loopholes and construct more specific points.

Both Barry and Global Witness advocate community forestry approaches, which decentralize control over forest resources and aim to develop the nation from the ground up. An important feature of these programs is that they emphasize community participation and local skills development. The approach has a great deal of support from NGOs and local communities, and was also favored in a recent Independent Forest Sector Review on Cambodia, which was paid for by international donors and jointly commissioned by donors and the government of Cambodia.

The national coordinator, Yang, discussed the state of community forestry in an interview with Asia Times Online. He described various conflicts between villagers and logging companies, including disputes over the right to tap resin and collect non-timber forest products. "Villagers always complain that many resin trees have been cut down by the logging companies," Yang said. "The government is always on the logging concessions' side. There is no good solution yet."

Yang also described the aforementioned grenade attack in Pursat and stated that there is no information yet as to who was behind the plot. When asked about recent trends, Yang explained that "poverty is getting worse and worse. Due to deforestation, farmers are facing droughts which are severely impacting rice cultivation." He was hopeful, though, that new legislative initiatives relating to community forestry would bear fruit and said the Forestry Administration was helpful in his organization's efforts. But community forestry programs threaten the lucrative channels of graft that run from the local levels all the way up to the central government.

Estimates vary as to the amount of forest cover remaining in Cambodia. In 1970, about 70% of the country was covered by primary forest. The most reliable estimates suggest that half has been logged out, with the majority being taken over the past 10 years. It is not clear how the government accounts for its forest stock, and repeated requests to the Environmental Ministry and the Department of Nature Conservation for comment and information were unsuccessful. All experts agree that time is running out. "The timber bloom has finished in Cambodia," said Barry, explaining that the most profitable timber is gone, causing companies to go after protected areas and begin developing plantations. "What has happened there is a real tragedy," he continued.

Cambodia is in a state of flux right now. Further exacerbating the problem is the expiration of the Multi-Fiber Agreement, a system of preferences on garment exports that ensures

nations such as Cambodia will have a market for their products. The agreement is set to expire at the end of this year and most analysts expect Cambodia to be hit hard as manufacturers shift to suppliers in China. This could have the dual effect of increasing the number of people that rely on forests for their livelihood, both commercially and in subsistence terms, while increasing the pressure on forests themselves to provide foreign exchange and the corrupt greasing of the wheels that keeps Cambodia running.

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