

Farmers' Forests and Crop Land for Wood Pulp Factories? – The mean business practices of InnovGreen in Vietnam

Background

On March 9, 2010, the Prime Minister of Vietnam instructed the Ministry of Planning and Investment to lead a working group to inspect the licensing of foreign-invested projects in the field of forestry and aquaculture and the actual implementation of those projects. During this time of inspection, local governments are to refrain from granting new investment licences or signing contracts with foreign investors in these areas. This is obviously a response to the increased chorus of critiques from scientists and some members of the National Assembly on the issue of watershed forests, usually classified as 'Protection Forest', to foreign investors for industrial monocropping of mainly acacia and eucalyptus trees.

In a mid-February interview¹, retired Lieutenant General Dong Sy Nguyen, former cabinet member and member of the Communist Party's Politburo, went public with his critique that environmentally critical watershed areas are cleared and leased to foreign companies for paper pulp production abroad. In addition to environmental worries, as a military man he raised security concerns and criticized local governments for allowing foreign investors to operate in areas considered to be geopolitical strategic border areas. He informed the press to have been confirmed by MARD that in 10 provinces some 305,000 ha of watershed forests have been leased to foreign companies from Hong Kong, China and Taiwan, and that in some provinces local people's land has been confiscated to be handed over to foreign firms.

The case of InnovGreen Corporation Ltd.

InnovGreen Corporation Ltd., established in 2006, shares, in its own words, the '*vision to create a successful social enterprise, a "five-beneficiary"*' (1. shareholder, 2. environment, 3. Government of Vietnam, 4. Vietnamese people, 5. own employees) *enterprise that transforms bare hills and vast unproductive land into green, productive forest. We provide quality forestry and agriculture products and contribute to a greener earth, a wealthier, better life for the people.*' InnovGreen feels '*committed to employing green, advanced technology, and to utilizing international best practices for sustainable forest management. We also look at innovative and sustainable directions such as bio-fuel products, improved forestry ecosystems, bio-diversity and agriculture economy zone. We assign leading regional scientists to Vietnam to conduct field research towards this end. We work closely with the Government, the local communities and other stakeholders, to seek win-win solutions that bring mutual benefits to the corporation, the communities and the environment.* For its acacia and eucalyptus plantation InnovGreen expects to meet Forest Steward Council standards.

(Cf. <http://www.innovgreen.vn>)

Co-founded by Taiwanese entrepreneur Steve Chang and based in Hong Kong, InnovGreen has been granted 50-years concessions in 6 provinces for a total of 349,000 ha of forest land to grow acacia and eucalyptus for their wood mills, that produce wood chips for export. Provinces with major concession areas are:

1.	Lang Son	36,000 ha
2.	Nghe An	70,000 ha
3.	Quang Ninh	100,000 ha
4.	Thanh Hoa	21,000 ha
5.	Kon Tum	65,000 ha

¹ Published on March 11 in the Vietnamese Tuoi Tree Newspaper, and on March 12 on the English website of VietNamNet (<http://english.vietnamnet.vn>)

6.	Quang Nam	30,000 ha
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In recent years, at a first look the GoV appears to have given much attention to arresting the trend of previous years and decades of deforestation and forest degradation through its two countrywide programs

- a) Re-greening of barren hills and mountains from 1992 – 1998 (Program 327), and
- b) Five million hectares reforestation program from 1999 – 2010 (Program 661)

According to recent statistics of the Forest Inventory and Planning Institute (FIPI) under MARD, between 1999 and 2005 the area of natural forest classified as rich forest decreased by 10.2% and medium forest by 13.4%.² At the same time, plantation 'forest' areas increased by 50.8%. A 2008 report by the UK-based Environmental Investigation Agency (EIA) and Telapak, revealed that between 2000 and 2005 Vietnam lost 51% of its remaining primary forests, ranked second worst in the world³.

As a result of these programs, eagerly supported by a number of foreign aid agencies, MARD statistics indicate that the total forest area in Vietnam increased by 30% from 1990 (9.2 million ha) to 2006 (12.8 million ha). However, at a second look it becomes clear that this trend is mainly due to a rapid increase in plantation forests with industrial, fast-growing monocrop trees, mainly Acacia for paper pulp production for domestic and international markets (Japan, Taiwan, and South Korea, among others)⁴.

Sources close to the Vietnam Conservation Fund, a World Bank / GEF supported project (2004-2010) for capacity building of protected area Management Board staff members have concluded after carrying out Threat Analysis in 20 National Parks and Nature Reserves in the Central Region that, apart from ongoing illegal logging and wildlife hunting, the present acacia boom poses another major threat to biodiversity conservation of protected areas in the region. They pointed out that the expansion of Acacia plantation, which has spread like a bushfire in recent years along the rolling hills in coastal areas along National Road No. 1 (Linking Hanoi with Saigon) as well as along the Ho Chi Minh Highway and road links between these two highway are considered (apart from the adverse social and environmental controversies that surround them) as a major threat to almost all Special-use Forests (SUF = National Parks and Nature Reserves) in the Central Region as a result of:

- conversion of natural forest into Acacia plantations, thus increasing the pressure on SUFs through forest-product dependent, poor local households;
- conversion of community-used forest land, upland cropland and grazing areas into Acacia plantations, likewise compelling local people to turn increasingly to SUFs for much needed food items;
- creeping conversion of state-classified Protected Forest (= natural forest) first into Production Forest and then into Acacia plantations, resulting in SUF becoming more isolated and fragmented.

In Xieng Village, Binh Chuan Commune, Con Cuong District, Nghe An Province, located in the buffer zone of Pu Huong Nature Reserve, for example, it was reported that InnovGreen plans to provide support to 30 households to grow Acacia on what is still officially classified as 'Protected Forest', but has been allocated to farmers for protection and limited use. Farmers, who did not agree with these plans, were threatened by company representatives to lose their forest land titles. Their Red Book land title certificates were collected and returned only after months-long protests. This information was confirmed by local authority leaders during a subsequent commune meeting.

² FCPF R-PIN Template, 2009, <http://www.forestcarbonpartnership.org/fcp/VN>

³ EIA/Telapak, March 2008. Borderlines, Vietnam's Booming Furniture Industry and Timber Smuggling in the Mekong Region. www.eia-international.org. This report also found that Vietnam's flourishing furniture industry is mainly fed by undocumented timber imports from neighbouring Laos.

⁴ FCPF R-PIN Template, 2009, <http://www.forestcarbonpartnership.org/fcp/VN>

These practices of InnovGreen, ranging from teaming up with local authorities to outright cheating of farmers, were not single incidents in some remote villages, as a recent team of reporters from the *VietNamNet* news network found when they travelled to different parts of the country.

Example 1: Nghe An province

VietNamNet reports from this province the following:

*'At this moment, InnovGreen company in Nghe An province is clearing vegetation for tree plantation on leased forest land of Cam village, Cam Muon commune (Que Phong district). However, most of local residents who are mainly Thai and Kho Mu ethnic minorities have no clear idea where the company is from, what it intends, and how their subsistence livelihoods will be affected when no forest land is left for them to collect forest products, to cultivate on fallow upland areas, to make a living and to maintain their long standing traditional lifestyle and customary practices.'*⁵

Their reporters paid a visit to Cam Muon commune in Que Phong district, Nghe An province. A total of 5,600 people from the Thai and Kho Mu ethnic minority live in that area, where they make a living from swidden (rotational) cultivation on upland areas, growing rice, maize and cassava, and collecting forest products. Facing chronic food shortage, forest land is their major means of subsistence to balance their lack of staple. Then, out of the sudden, in 2007 InnovGreen arrived and started to take possession of villagers' forest land with land certificates in hand for a duration of 50 years to grow acacia and eucalyptus trees for their paper pulp mills. The Cam Muon commune authorities were obliged by higher levels to hand over so far 669 ha of forest land to InnovGreen. The allocated land covers forest and upland fallow crop land of 3 villages with the result that more than 300 households had to cut this size of land out of their upland land to make place for the paper pulp project without any compensation. The Vice-Chairman of Cam Muon Commune Mr. Lo Van Vinh comments these events as follows:

'InnovGreen representatives conducted village meetings with the promise to villagers in 3 Cam Muon villages saying that: "Because the commune is in a remote mountainous area, we will give you support to build welfare facilities such as road, culture houses and help poor children to attend school", however hitherto we did not receive any support from InnovGreen. Ethnic minority people in our villages live on forest and forest land. From now on, if we are not allowed to enter the forests, and no land for rice and cassava growing is available for us, we will definitely have nothing to do and hunger is unavoidable,' (VietNamNet, 26th March, 2010, Vietnamese version)

Another villagers from the same village added:

'Since InnovGreen appeared in our village, I have seen no benefits. The only thing I see is that no land and no job is now available to us. My family used to have a palm garden which was destroyed by the company when they constructed the road without compensation and advanced notice. Before handing over 669 ha of forest land to InnovGreen, villagers in this commune harvested more than 20 tons of upland rice per year on that area, not to mention maize and cassava.'

In Huoi May, a small Kho Mu ethnic minority village of the same commune, the 175 residents depending very much on forest resources due to lack of access to fertile lowland paddy fields. After InnovGreen has received a license for their forest land, residents have now just to sit down doing nothing, watching forest fires burning down their former farm land. It took the *VietNamNet* reporters a 4-hours walk to witness with their own eyes the gridlock Kho Mu people are facing after they have been expropriated from their farming land, and to witness appalling scenes of InnovGreen workers clearing farmers' crop fields, burning community forests, and digging pits to prepare for their tree growing business. Kho Mu people were used to face rice shortage every year, which they balanced through wild products they gather from the forests. Today, their situation has got desperate after they

⁵ All following quotations of this chapter are taken from VietNamNet website, 26th March, 2010, (in Vietnamese language)

have lost their forest together with their upland fields. Mr. Vi Van Que, a leader of the village's production team in Huoi May village said:

'Local people have been living on upland rice and cassava for many generations. Today InnovGreen takes our forest land. Villagers do not know what to do. If the company does not provide us with any support, we will starve to death, because we have nothing to eat. In brief, we just wait for death.'

Mr. Lu Van Du, the Village Headman of Huoi May Village added:

'Since the company came to our village, there are no upland fields anymore, the whole village is living in idleness from dawn till dusk. Today, you came to our village and can you see by yourself that we are doing nothing. Tomorrow we will still be idle and do the same.'

Many villagers also reported that InnovGreen outrightly cheated them, annexed much more land than previously announced, and did not pay compensation for trees and land as they promised before with the excuse that the company holds the land right certificates, while the farmers do not have anything in hand. Other villagers, who were hired for land clearing operations, did not receive payments for several months.

Thus explains Mr. Lu Van Toan, Headman from Cam Noc Village:

'The company contracted villagers to clear 10 ha of land, but when that area was cleared, only 5-6 ha was counted. The company cheats farmers, cheats government officials alike. When investigating land, they said their area stretches to the border of Huoi May village only. Therefore residents did not protest. However, when the agreement was signed, the company encroached for hundreds of ha, even going through Huoi May village''.

Mr. Lu Van Toan confirmed that InnovGreen annexed some upland areas on which residents were presently growing crops:

'The forest land has been granted to the company with Red Book certificates. So farmers who do not hand over their land will be charged for break the law and will be sent to jail. Therefore, we have to relinquish our land. Other households may resist. Therefore, disputes will be inevitable.'

The Village Headman Mr. Toan raised the very legitimate question to the reporters of *VietNamNet*:

'Before, we were not allowed to clear the forest and grow food crops. Any farmer practicing slash-and-burn would be arrested by forest rangers, because this activity was considered to be destructive to the 'Special Use Forests' (SUF) and the 'Protection Forests'. However, at this moment InnovGreen destroys and burns down thick, valuable, natural forests, why no one arrests the company staff and its workers?'

Example 2: Quang Ninh province

Quang Ninh province has provided InnovGreen Company with a license to plant acacia and eucalyptus trees on 100,000 hectares, which is nearly one fourth of the province's total forest land area. 3,300 hectares of forest land has so far been allocated. The company is carrying out its projects in the six districts of Hoanh Bo, Ba Che, Tien Yen, Binh Lieu, Dam Ha, Hai Ha, and in Mong Cai City. Among these districts, Binh Lieu and Mong Cai border China. Tien Yen district borders Dinh Lap district in Lang Son province, which also hosts a project of InnovGreen.

From Ha Lau town, Tien Yen district, Quang Ninh province, it took *VietNamNet* reporters over one hour on motorbikes to reach Ban Danh village. The village is considered a 'hot spot' in Quang Ninh province, because local people have been resolutely protesting the lease of forest land to foreign investors. Weaving a bamboo basket in front of his tattered house, Mr. Tang A Tai said that his family lives in very difficult circumstances. because it doesn't own upland cropping land, so his family makes its living from harvesting forest products only.

*'We collect bamboo from the natural forest to weave baskets and collect reeds to dry for making brooms. Now foreigners have come. If they lease all the forest land here to grow eucalyptus, what will my family do to live from?'*⁶

All the 17 families in Ban Danh village depend on the forest. Says Mr. Pun Tai, 65 year of age:

'Thanks to the forest I can earn some money from chopping down reeds and drying them to sell. If foreigners cut down all bamboos and reeds to grow eucalyptus, how can we make a living then? We have been living from the forest for a long time and we cannot give it to them (foreigners).'

Ban Danh villagers also worry that they may lose their only pasture land. Mr. Tang Phuc Henh, who has the biggest herd of cattle in the village, said:

'Our village has over 100 buffaloes and cows. The Ban Danh hill is our only grass pasture. If foreigners lease it to grow eucalyptus, where will our cattle graze? We will try to keep the pasture at any cost!'

Like people in Ban Danh village, Mr. La Van Vi, Secretary of the Youth Association of Ha Lau commune, doesn't agree to yield forests to foreign investors.

'Why should we lease our forest to foreigners and become their hired workers? Women can give birth but land cannot. If they keep the forest for 50 years, not only I but also my children and grandchildren will not know what to do for their living. Many things will change in 50 years, but one thing is sure: Without forest land, we will starve to death!'

Leasing forest in Ha Lau commune, InnovGreen promised to build roads and create jobs for local people, but until now the ten kilometer road to Ban Danh village is still a rough dirt road. Ha Lau commune Vice Chairman Giap Hong Hanh emphasizes that

'InnovGreen has not built the road or anything else for local people. This half-finished road is funded by a local budget.'

Since forests were licensed for planting in Ha Lau in 2006, the InnovGreen Company has planted 96 hectares of eucalyptus in Ban Khuong village. Initially, it hired local people to look after this plantation, but many of them have quit because the pay is low and the work is hard. Mr. Vi said InnovGreen paid only 70,000 dong (US\$ 4) per day but workers had to cut down trees, carry fertilizer bags and transport seedlings to hill peaks. Local people don't accept such hard work for such low payment.

At present, the Ha Lau forest has many acacia trees (planted by villagers on their own initiative) which are growing very well. The reporters from *VietNamNet* asked the question why the local government doesn't let local people to continue developing acacia plantations on their own, but instead assigns InnovGreen, the Hong Kong firm, to grow eucalyptus. Vice-Chairman Mr. Thang responded by saying that this is the policy of Quang Ninh province and his district has to follow by it.

Example 3: Lang Son province

From Long Son province, the reporters from *VietNamNet* report the following:

'At first, believing in their promises of high compensation, improved roads, electricity, and more jobs for local people, many local people in Dong Quan commune in the northern mountain province of Lang Son agreed to hand over their forest land to InnovGreen, the Hong Kong-based Company. However, they now have realized that they made a blunder. They haven't seen any benefits from the project so far. Even their wages have not been paid. Others are more fortunate. They refused to sign-

⁶ All following quotations of this chapter are taken from VietNamNet website, 31st of March, 2010, (in Vietnamese language)

over their forest land to this foreign investor, because they were afraid that their families would lose all the resources that support their livelihoods.’⁷

Dong Quan is a poor mountain commune in Loc Binh district, Lang Son province. Its residents grow some rice on upland fields, but mainly live on products they gather from the nearby forests. In 2007, InnovGreen came to lease forest land for 50 years to grow eucalyptus trees. The Company promised to build social facilities for the village and to offer jobs. Many families, but not all, handed over their land to this firm, said Mr. Vi Van Mai, Chief of Song Sai village in Dong Quan commune.

Reporters of *VietNamNet* visited Ms. Ly Thi Thiet, who turned over 3.8 hectares of forest land to InnovGreen. ‘Yes, I gave them my land to grow eucalyptus and by now I know that I was cheated,’ she said. According to Ms. Thiet, InnovGreen officers and local officials from Dong Quan commune visited her family and promised to pay her compensation for land and trees, and to recruit her family members as their workers with a good salary. Believing in their promises, Ms. Thiet transferred her pine forest to InnovGreen, and they planted eucalyptus on her land paying daily wages of 100,000 VND (US\$ 5.26) in the beginning. But only five months later after she has passed her forest land on to the Company, they stopped paying wages for her and her family, let alone compensation for her land and her chopped down pine trees.

Ms. Thiet led *VietNamNet* reporters to a hill planted with eucalyptus. She planted the trees herself for InnovGreen with the support of other Song Sai villagers

‘They (InnovGreen) pledged to pay wages on January 28, but they didn’t. [...] And we have not received any compensation for our land yet because local officials say that although my family cultivated that land for many years, we don’t have a land use right certificate,’ Ms. Thiet said.

Similarly, Ms. Be Thi Cau gave 3 hectares of pine forest to InnovGreen and planted eucalyptus on their request, but she has neither been paid wages nor compensation.

‘We gave them our land and we became hired labourers for them. But after we planted eucalyptus, they did not pay us wages. When we asked them about compensation for land and trees, local officials told us that we will not be compensated because we don’t have land use rights certificates. Now we don’t know how to make a living,’ Cau said.

The *VietNamNet* reporters concluded that this is a typical situation for dozens of families in Song Sai village: ‘Meanwhile’, says *VietNamNet* in its report, ‘some families were more cautious and refuse to hand over their land to InnovGreen. They reasoned that every inch of land is an inch of gold and that losing land is losing a livelihood. Mr. Lanh Van Nga, also from Song Sai village, said that in the winter of 2007-2008, InnovGreen’s representatives and local officials visited him at his home. They asked his family to give 3.1 hectares of forest land to InnovGreen but his family didn’t agree.’

‘I didn’t agree because if that company leases land for 50 years, my children will not have land to work on. Without forest land we will starve to death because apart from several hundred square meters of rice paddy, we mainly live on forest land’ Mr. Nga said.

Mr. Vy Van Y, another Song Sai villager, said that his forest land is where he grazes cattle. The pine trees there will be an asset for his children in future. Other families shared Mr. Nga and Mr. Y’s opinion, and they didn’t render over their land to InnovGreen.

Conclusions

The opening up of Vietnam’s economy in the 1980s and 1990s has reduced poverty levels and increased personal freedom for much of the population, but ethnic minorities in the country’s mountainous areas have little benefited from these changes. They still suffer from untreated diseases,

⁷ All the following quotes of this chapter are taken from the VietNamNet website, April 5, 2010 (in English language)

lack of clean water, low literacy rates and, in recent years, increasingly from irregular weather patterns. In addition, they suffer under ill-guided policies, being pushed further into marginal areas by in-migrating Kinh people (the Vietnamese majority) and seeing their forest disappearing by legal (State Forest Enterprises) and illegal logging. Under the pretext of forest protection and reforestation, and restriction imposed on their traditional upland cultivation practices, they have been resettled or have lost their productive land. Being denied their traditional land rights as 'indigenous people', they are now under new pressure to lose their upland and forest resources to plantation investors, hydropower operators and mining projects by national and international financiers under a policy that considers the forested mountains as an areas of untapped resources with little regard for environmental and social consequences. However, as the examples from the 3 provinces show, despite only little public space for voicing dissent, some farmers have started to rally behind their village and local leaders to protect and defend their ancestral land, their forests, their livelihoods and their culture.

Ernesto Cavallo,
Hanoi, 10 April, 2010