

Revealed: the bitter taste of Cambodia's sugar boom

Sugar may seem innocuous enough, but sweet-toothed Western consumers could be fuelling conflict between poor farming communities and big business with every spoonful. **Sam Campbell** reports from Phnom Penh



Harvesting sugar cane in Cambodia.
PHOTO: GETTY.

Scrabbling to take advantage of the EU's Everything But Arms (EBA) treaty, which allows duty-free, quota-free access to Europe for Cambodian goods, Cambodia's agrobarrons are trampling human rights

underfoot, according to campaigners. Western companies are accused of being complicit, seeking out the cheapest sugar, whatever the consequences.

David Pred, executive director of rights organisation Bridges Across

Borders Cambodia, which has been investigating Cambodia's sugar industry, said the sugar boom is having serious consequences for rural Cambodians. 'We have documented widespread human rights abuses and environmental damage from all

Cambodia's sugar boom has led to violent protests (here, bottom)



the major sugarcane concessions, impacting more than 12,000 people in three provinces,' he said. 'The impact on local communities has been devastating. Families have been made landless and driven into destitution and severe food insecurity. Hundreds have been made homeless and haven't received any compensation.'

Bridges Across Borders Cambodia published a report in September 2010 into the situation, citing forced evictions, seizure and clearance of farmers' land and crops, destruction of forests, poisoning of local water resources and fisheries, arrests, and harassment of human rights defenders, all connected to the sugar sector.

One compelling example of the damage sugar can do are concessions linked to Ly Yong Phat, a Cambodian senator, agribusiness baron and casino-tycoon. The litany of allegations is staggering, even by Cambodian standards. Testimonials from villagers affected by a 9,400 hectare Ly Yong Phat concession in Koh Kong province's Sre Ambel district, held under a company named Koh Kong Sugar Co., speak of their desperation.

Chev Ean, 64, is one of the over 200 families from three villages now living with the consequences of the nearby sugar cultivation. She claimed that she had lived on her land since 1975, making it her legal property under Cambodian law. Nevertheless, she claims that she lost 11.5 hectares to Ly Yong Phat's concession without any compensation, encroachment that has seen her herd of around 40 cattle dwindle to five as she has been forced to sell livestock to make ends meet.

'When the companies owned by Ly Yong Phat arrived, we lost everything,' she said, lamenting that the meagre land she still farmed was insufficient to meet her family's needs. 'Sometimes, we can afford nothing to eat. We need to support five members of our family. ... I feel so depressed because I am getting older; I have no land; I don't know how to generate income to support our living; when I am sick, I don't have money for medication and our remaining land is so small that we cannot survive from farming it.'

Land grabbing

Many Cambodians are farmers and rely on their smallholdings for survival. Mostly poorly educated and often illiterate, villagers can be at the mercy of the authorities or powerful businessmen, especially if they have

never legally registered their land with the central administration. Local officials reportedly in cahoots with land grabbers can betray those they are supposed to represent, tricking the most vulnerable out of their land and leaving them with nothing, campaigners claim.

Chev Ean told a story that is all too familiar in rural Cambodia. 'Before the arrival of the companies who cleared and took our land, we tried to meet the [local] commune chief requesting for registration of our land,' she said. 'But, he said at the meeting that "It is not necessary to register it. No one will come to take your land. You must work hard on the land. Don't worry about it."'

Teng Kao, 48, says that he lost 14.5 hectares he had occupied for 20 years to the Koh Kong Sugar concession. He also claimed that residents' land had been recognised by local commune authorities, who issued documents. Instead of recognising villagers' ownership and compensating them however, the widower and father of six claimed that villagers' had been subjected to a campaign of intimidation, with cattle seized for ransom. He said that two of his cows had been shot and killed.

Complaints through official channels had been ignored, he said, leading villagers to protest as the company bulldozed their land. He claimed that 'police who work for the companies' carrying assault rifles reacted violently, shooting a local girl named Pet Nim in the leg. Appeals to the National Assembly, the Senate, Cabinet office of Prime Minister Hun Sen, Ministry





Critics say communities have been displaced by sugar plantations

of Interior, Ministry of Agriculture, Forestry and Fisheries, and the courts have reportedly come to nothing. 'I am hopeless now. Even though we are in a difficult situation, we will continue, [doing] whatever we can, to fight either locally or internationally,' Teng Kao said. 'Our land is our life. We have no job other than farming. If the land is not given back to us, we would have no choice but to die of hunger.'

Such repression of those standing in the way of the Koh Kong concession is one prong of attack in the battle for Cambodia's sugar. Another of Ly Yong Phat's sugar companies, Phnom Penh Sugar Co., uses a different tool of repression say campaigners - the law. In 2009, Phnom Penh Sugar was awarded around 8,500 hectares of land in Kampong Spue's Ormliang district. The concession is partially carved out of the ancestral farmlands of poor Cambodians: around 2,000 hectares of farmland, belonging to more than 1,000 families in Ormliang, is being cleared for planting with sugarcane.

Community members claim that many families have lived and farmed on land within the concession boundaries since the French protectorate, with the majority of residents living there for at least 20 years. Company claims that residents can take replacement land are hard to swallow, according to farmers. The new farmland is allegedly at the foot of a mountain, its rocky soil too poor to cultivate.

Protests

Clearance for the Phnom Penh Sugar concession sparked protests from farmers in Ormliang, who worried

that their only source of income and sustenance was about to be taken away. According to community representatives, clearance has already expanded beyond the concession boundaries. Once production commences in earnest, even the meagre land allocated to locals will be surrounded by sugar plantations, making further encroachment and movement restrictions likely. Registered community forests have also allegedly been cleared, although the Ecologist was unable to independently verify this.

The Phnom Penh Sugar dispute illustrates the other way Cambodian protestors are silenced—using Cambodia's partisan law courts. A standoff quietly simmered until March 2010, when around 1,000 villagers dumbfounded at the company offer of US\$200 compensation per hectare of rice farmland and just US\$100 per hectare of plantation land—far below even the lowest price for such land in Cambodia—travelled to the company offices to speak with company representatives.

One community member, who requested anonymity, claimed a company representative had told villagers that 'they would get air instead' if they declined the offer. When officials didn't show up at the meeting, frustrated villagers torched five temporary company buildings.

The Kampong Spue Provincial Governor, Kang Heang, alleged at the time that the community members had caused damage costing the company at least US\$20,000. He reportedly blamed human rights organisations and the political opposition for stoking the

unrest.

Like its sister company, rather than deal diplomatically with local communities, Phnom Penh Sugar has chosen, according to critics, to use the iron fist approach, this time intimidating through lawsuits. Since March last year, at least 16 community members have reportedly been summonsed to the Provincial Court for questioning and several have been charged.

'The company has caused many problems for the people in Ormliang,' said Seng Sokheng, a lawyer representing those affected by the Phnom Penh Sugar concession. He told the Ecologist that two people protesting the concession had been arrested, and while they had subsequently been released, community members live under the shadow of further legal action.

Since the March 2010 altercation, the area has been under military guard. Protests have quietly continued, the most recent a 200-strong demonstration outside the prime minister's home in the Cambodian capital on November 9, and hundreds of villagers staging a sit-in to stop bulldozers on December 24.

Corporate responsibility

The Ly Yong Phat group, which promises in its company brochure that it is 'harnessing and adopting internationally competitive business practices,' and is 'being an active party on corporate social responsibility,' did not respond to the Ecologist's requests for comment; a situation reported by other media outlets covering the issue.

Those affected are not completely without assistance; opposition Sam Rainsy Party (SRP) parliamentarians have called for an investigation. Ormliang community representatives have gathered over 1,300 thumbprints for a petition to be sent to the Prime Minister asking for his intervention in the case. Perhaps spooked by local media coverage of the case, the government promised to investigate. No solutions have been forthcoming at the time of writing however.

The Cambodian government has presided over a wider process of land grabbing, illegal logging and scores of evictions affecting tens of thousands, according to campaigners, so cannot be expected to investigate transparently a senator with close links to the highest echelons of government. Likewise,

the use of the police and courts to force residents off their land is unfortunately an increasingly popular tactic in Cambodia—over 300 villagers were charged in connection with land disputes last year, according to local human rights group Adhoc.

United Nations Human Rights Envoy Surya Subedi in late February said he was ‘deeply concerned about the plight of the people who are facing the threat of eviction or have been evicted from their land.’ However, some also lay blame at the door of the EU for not imposing stricter requirements of exporters wishing to take advantage of EBA duty-free EU access.

‘Cambodian sugar exports to the EU benefit from special status under the EBA preferential trade scheme, which permits goods produced in Cambodia and other least developed countries (LDCs) to be exported to the EU without import duties or quotas and, in the case of sugar, at a guaranteed minimum price,’ according to Bridges Across Borders’ David Pred. ‘EBA is clearly encouraging the rapid expansion of the Cambodian sugar industry. Ly Yong Phat’s business associates have all stated in the media and other forums that its EBA-status is what makes sugar production attractive in Cambodia.’

EU officials staunchly defended the EBA treaty as a much needed boost to underdeveloped Cambodia, saying that, as Cambodia is a sovereign country, there is little the EU can do about alleged abuses. EU Ambassador David Lipman told the Ecologist that the EU is working with Cambodian authorities to ensure that land rights, human rights and the rule of law are respected. He said that Cambodian authorities have promised ‘to look into these matters very, very carefully.’

A political issue

‘Essentially, this is a political issue,’ he said. ‘The rules do permit us to suspend [duty free access] in certain conditions, and we have done that, for example, in the case of Burma, for very, very serious human rights allegations such as child labour.’

Seth van Doorn, Political and Commercial Affairs Officer at the EC, said that the unilateral nature of the EBA means that tax-free exports could theoretically be cancelled, though he said it is a decision not to be taken lightly. ‘There is no obligation for us to offer these things so there is the

possibility that we would take into account all the repercussions. This is not something to make a quick political statement about, as obviously this would have massive implications.’

The EU has raised concerns over alleged abuses at a recent meeting with the Cambodian government. ‘During the joint committee, the Cambodian government indicated their great concern about these allegations, and that they themselves were initiating an investigation to check specifically what was happening on the ground,’ said Rafael Dochao Moreno, Chargé d’Affaires of the Delegation of the EU in Cambodia.

The Cambodian Government reportedly promised to inform the EU of the results of the investigation, although the findings of the probe have not yet been released. Cambodian Government officials declined to comment on the case.

Mr. Moreno underlined the role of the EU in the case. ‘It is the legitimate government of [Cambodia] that should initiate the investigation on any allegation of human rights abuses,’ he said.

‘They are working on it, so I can’t say whether we’re satisfied,’ said Ambassador Lipman when pressed. ‘They said they’d look into it and we’re waiting for them to inform us.’

David Pred responds: ‘A coalition of NGOs and affected communities has presented the EU with well-substantiated documentation that displays a pattern of human rights

abuses and illegal actions throughout the entire sugar industry,’ he said. ‘The EU regulations governing the EBA initiative call for an investigation when credible allegations of serious and systematic human rights abuses have been made. That would be the right thing for the EU to do, but it remains to be seen if EU Member States with economic interests in Cambodia will block the EU’s action to invoke EBA’s human rights safeguards.’

Concerned that little action on the part of the Cambodian authorities seems to be forthcoming, some campaigners talk of a boycott; European buyers refusing to deal with companies accused of such abuses.

The Western connections

In late 2009, Tate & Lyle signed a five-year contract to buy sugar from Ly Yong Phat’s concessions in Cambodia and Laos, via Thailand’s Khon Kaen Sugar Industry Plc (KSL), a company with close links to the Ly Yong Phat Group.

KSL’s CEO, Chamroon Chinthammit, has close ties to Ly Yong Phat, believed to be a dual nationality Thai citizen who also goes by the name Phat Suphapha. The two are reported to own 20,000 hectares of cane sugar concessions side-by-side in Cambodia’s eastern Koh Kong province. Ly Yong Phat reportedly holds 20 per cent in KSL’s joint venture.

After repeated requests for comment, Tate & Lyle PLC Group Vice President of Corporate Affairs, Rowan Adams would say only that Tate & Lyle had signed an agreement to sell its EU Sugar Refining



Some evictions and protests have seen shootings and violence

Powerful 'sugar barons' are blamed for controversial evictions



business (known as Tate & Lyle Sugars) to American Sugar Refining (ASR), which, according to news reports, has permission to sell the sugar under the Tate & Lyle brand name in perpetuity.

Mr. Adams did not clarify whether sugar from Phnom Penh Sugar Co. or Koh Kong Sugar Co. had been on sale in Europe, would not reveal the extent of Tate & Lyle's previous relationship with Ly Yong Phat or KSL, and did not answer queries relating to the company's code of conduct. 'Your questions relate to a business we do not own,' he stated. 'Not only would it be wholly inappropriate for us to comment on someone else's business, but also, from a practical point of view, we do not have access to this business' records or people, and so are simply not in a position to answer the questions you raise.'

ASR trades under Domino Sugar in the US. In reply to a long list of queries about Domino Sugar's business relationship with Cambodian sugar producers, a spokesman would say

only that 'Domino Sugar does not buy from or sell a single ounce of sugar to Cambodia.' Subsequent emails to Domino Sugar requesting clarification on whether the Tate & Lyle brand is used to retail Cambodian sugar in the UK were unanswered at time of press.

Whilst there is no suggestion of wrongdoing on the part of the western companies, campaigners are angry: 'There is plenty of blame to go around,' said David Pred. 'Ly Yong Phat is the primary culprit. His businesses have grabbed the land of thousands of poor people and made them poorer. The Cambodian Government is ultimately responsible for protecting the rights of its citizens, however in this case it has colluded with powerful business elites to permit and even facilitate this land-grabbing...'

He continued: 'The Koh Kong plantation illegally encroached on the land of hundreds of families, many of whom have been forcibly evicted, dispossessed and driven into

destitution during the last four years. The European Union, meanwhile, is subsidising these human rights abuses by allowing the perpetrators to get a good price for their goods on the European market.'

Outspoken Cambodian opposition politician Mu Sochua (herself the target of Cambodian government lawsuits) has appealed for EU companies to stop buying sugar produced by any company owned by Ly Yong Phat.

Teng Kao, one of those affected by the Koh Kong Sugar concession, made a similar plea. 'I hope that the ... company in England and the European Union would help finding resolution for me and the other 252 families who are almost dying of hunger,' he said. '[I] request the company in England put pressure on the companies owned by Ly Yong Phat or stop buying sugar from the companies owned by Ly Yong Phat if his companies do not find resolution for us.'

Sam Campbell is a journalist based in the UK and Cambodia