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A Chinese colony takes shape in Cambodia

China-backed US$3.8 billion project at Koh Kong is emerging as a closed economy exclusively for Chinese workers, capitalists and visitors

By ANDREW NACHEMSON
JUNE 5, 2018

An aerial view of Tianjin Union Development Corporation's Koh Kong project in Cambodia. Image: Cambodia Constructor's Association

While Prime Minister Hun Sen often portrays himself as sole protector of Cambodia's sovereignty, China is at work building a port, airport and virtual city on 45,000 hectares of Cambodian land with the premier's express permission.

In 2008, China's Tianjin Union Development Group (UDG) was granted a 99-year lease to around 20% of the kingdom's total coastline at the modest price of US$30 per hectare.

Cambodia's Constructors Association has estimated the so-called "Pilot Zone" project's total cost at US$3.8 billion and that a yet-to-be-built airport will be designed to handle 10 million visitors per year.

Ostensibly a tourism venture known as Dara Sakor Beachside Resort, the project in many aspects already resembles a Chinese colony. Portrayed by the government as an economic boon for Cambodians, critics say the project is shaping into a closed economy exclusively for Chinese workers, capitalists and visitors.

The amount of land leased is more than three times the legal limit under Cambodian land law, which caps land concessions at 10,000 hectares. The concession also includes land that was previously

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protected from development within the Botum Sakor National Park but was made available for private purchase by a royal decree.

Local villagers and environmental activists have come into frequent dispute with the Chinese company, claiming UDG has made use of Cambodian military police to enforce its claim. Some locals say they have been violently forced off their land by security forces, with homes dismantled and burned to the ground, according to a report by Licadho, a local human rights group.

UDG did not respond to Asia Times' requests for comment on the project and nongovernmental organizations' (NGOs) allegations of abuses.

Hun Sen often touts Chinese investment as key to Cambodia's development. His recent crackdown on political dissidents, culminating with the dissolution of the main opposition party, led many Western nations to either withdraw or threaten to withhold aid that previously contributed the lion's share of Cambodia's national budget.

Chinese President Xi Jinping with Cambodian Prime Minister Hun Sen at the Peace Palace in Phnom Penh, October 13, 2016. Photo: AFP / Tang Chhin Sothy

As much of the international community condemns his lurch towards full-blown authoritarianism, Hun Sen has countered that he can always rely on China's financial support even if the West imposes sanctions or withdraws its aid and investments.

But if the Koh Kong project is a model, Cambodia could be sacrificing its long-term economic interests – and perhaps even its sovereignty – while Beijing leverages its strong influence to use Cambodia as a base for its wider strategic objectives in Southeast Asia and beyond.

A recent report by American nonprofit analysis outfit C4ADS warned that the Koh Kong port is seemingly part of a wider Chinese scheme to eventually establish naval strongholds throughout the region.

The report, entitled "Harbored Ambitions", examined Koh Kong as one of its three prime examples of the plan due to the project's remarkable size.

While UDG is ostensibly a private firm, the report notes that Chinese Communist Party members have taken a vested interest in the project, with cadres periodically visiting the site for progress reports.

Zhang Gaoli, chairman of the Leading Group for China's Belt and Road Initiative (BRI), sponsored the project from its inception. But while it's clear that the Koh Kong project is important to Beijing, it's less clear how it will benefit Cambodia.

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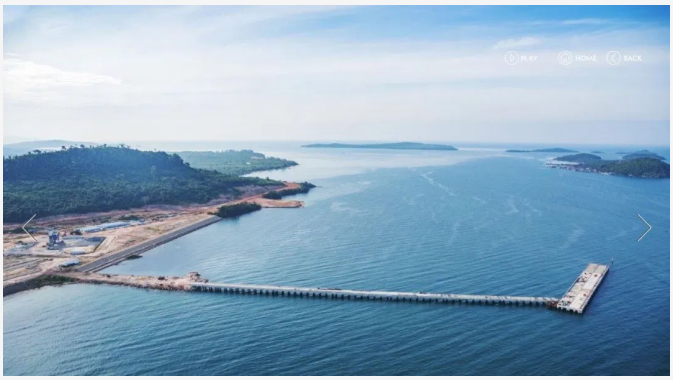
"While the development in Koh Kong province has the potential to advance China's domestic and international interests, it has come at the expense of the local population, the environment and potential future income for Cambodia," the C4ADS report states.



The Koh Kong project's emerging deep-sea port facility. Source: C4ADS' 'Harbored Ambitions' Report

Bates Gill, a professor of Asia-Pacific security studies at Macquarie University in Sydney, said the Koh Kong case has "very familiar echoes of other projects in the region and around the world."

He said that because Chinese entities generally employ Chinese labor, rather than a win-win for the host country of big infrastructure projects, "Chinese entities profit the most."

Gill said China could be pursuing both economic gain and strategic influence with the Koh Kong project, saying the two motives "are not necessarily mutually exclusive."

"Given how influential China is already in Cambodia, I am not sure this particular project is going to add all that much more or make all that much difference," he added.

Critics of the project say UDG shape-shifted between being a Cambodian and Chinese company to secure its land rights. UDG was originally registered as a foreign entity before remaking itself as Cambodia UDG in order to secure the lease. It then reverted back to being a Chinese-owned company shortly thereafter, according to reports.

Security analyst Carl Thayer said the project was in line with other BRI projects such as the Hambantota port in Sri Lanka, military facilities in Djibouti and a 99-year lease over a port facility at Darwin, northern Australia.

He said the Koh Kong port is of marginal significance at present, but its influence would be greatly enhanced if a proposed canal in Thailand is built that would significantly shorten and reroute Middle East to Asia shipping routes.

China has long been trying to resolve its so-called "Malacca dilemma", a potential strategic chokepoint between Malaysia and Indonesia the US Navy or other hostile power could potentially block in a conflict scenario.

A massive amount of China's exports and imports, including as much as 80% of its fuel imports, currently pass through the narrow strait. One proposed solution to China's Malacca dilemma is a canal in Thailand, which if ever built the Koh Kong port would strategically sit across from.

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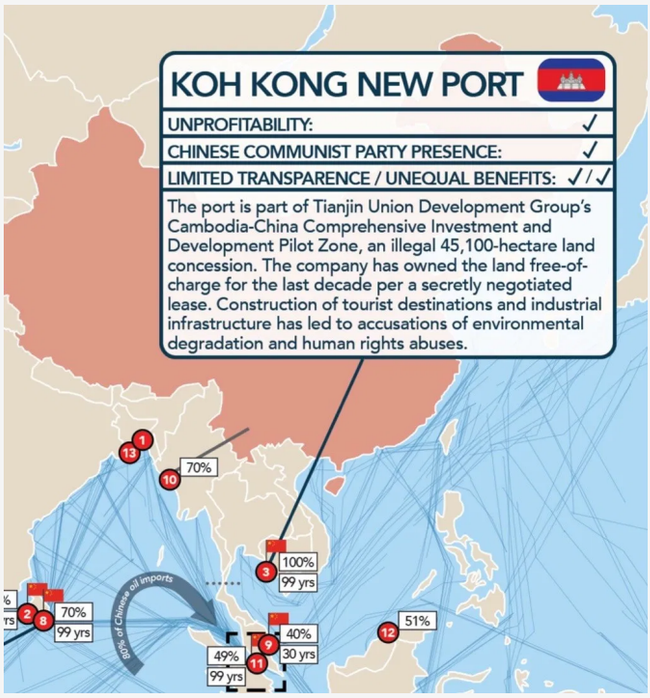

Koh Kong port project in geographical context. Dotted line represents location of possible Thai canal. Source: C4ADS' 'Harbored Ambitions' Report

While the Thai canal, first broached in the 16th century, is still a pipe dream, Thayer noted that "China has so much money to throw around" and the terms of the agreement with Cambodia were so favorable that it made sense to establish a potential future stronghold in the area anyway.

"Chinese money is flowing wherever it can [in the region]," he said. "Having a military base [at Koh Kong] doesn't make sense," Thayer said, while adding it "bears watching."

The most provocative suggestion in the C4ADS report is that the Koh Kong port, which will be deep enough to house frigates and destroyers, could be used in future as a military base.

The report acknowledges that there is no evidence of this yet, but that the "tourism" component of the project seems to be giving rise to more of a self-sustained Chinese city than a resort.

"Today, the Pilot Zone's master plan imagines building a nearly complete economy, with medical treatment centers, condominiums, resorts and hotels, manufacturing facilities, a deep-water port, and an international airport," the report says.

Bonnie Glaser, a Southeast Asia expert with the Washington-based Center for Strategic and International Studies, suggests China would likely use any opportunity it can to gain strategic advantages in the region.

"China is investing in many ports, and most are likely for commercial purposes. If there are opportunities to use them for military purposes, then I think China will do so. But that doesn't prove it has a strategic plan," she said.

Exiled former opposition leader Sam Rainsy has seized on the Koh Kong deal as proof that Hun Sen is selling out national interests.

Self-exiled former opposition leader Sam Rainsy in a file photo. Photo: AFP/Kimlong Meng/NurPhoto

"He is also violating the Constitution and the 1991 Paris Accords with his secretive policy in giving control of Cambodia's territories to a foreign power," Rainsy said in an email to Asia Times.

While China and Cambodia have attempted to present the Koh Kong development and investment as a "win-win" for both sides, Rainsy said it's really a "win-win-lose" – whereby Chinese investors and Cambodian officials "win" and the Cambodian people are "the big loser."

Alejandro Gonzalez-Davidson, head of the environmental NGO Mother Nature, concurs that the project has not benefitted grass roots Cambodians.

Mother Nature works extensively in Koh Kong in areas where local officials have allegedly pillaged previously protected natural resources.

Two activists were arrested for exposing damaging sand-dredging in the province in 2017, while Gonzalez-Davidson, a Spanish national with a decade of experience of environmental activism in Cambodia, was forcibly deported in 2015 after Hun Sen ordered he leave or be removed.

Gonzalez-Davidson said the government originally presented the investment – which he refers to as a "scam" – as a project that would bring thousands of local jobs and turn Koh Kong into Cambodia's version of Hong Kong. Instead, many of the local people have been evicted and their livelihoods destroyed, he said.

"It could very well mean that Cambodia's future sovereignty and independence is jeopardized, but for the local communities who were forcibly evicted off their land it is more straightforward: their land and surrounding resources were stolen from them through deceit, violence and fraud."

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4 replies on "A Chinese colony takes shape in Cambodia"

Drew Price

June 11, 2018 at 5:16 PM

Oh, come on man. Cambodia doesn't have to turn to China.

Waldemar Figueroa

June 30, 2018 at 7:27 PM

It's so funny how the Westeners complain and whine so much about the Chinese for their supposed bullying of smaller countries when they're DOING IT ALL OVER THE WORLD! I know, I'M FROM PUERTO RICO where USA HAS forcibly evicted the people of Vieques off their land, and, more straightforward, their land and surrounding resources were stolen from them through deceit, violence and fraud.

Waldemar Figueroa

June 30, 2018 at 7:28 PM

It's so funny how the Westeners complain and whine so much about the Chinese for their supposed bullying of smaller countries when they're DOING IT ALL OVER THE WORLD! I know, I'M FROM PUERTO RICO where USA HAS forcibly evicted the people of Vieques off their land, and, more straightforward, their land and surrounding resources were stolen from them through deceit, violence and fraud.

Mark K Weston

July 9, 2018 at 1:00 PM

You consider The government of Cambodia to be legit . Just a Dictatorship in disguise as a Democracy .. Hun Sen cares only about makeing himself and his family the only power in excistence for decades to come .

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