



Taking the land, impoverishing the people: The pulp industry in the Mekong Region

Throughout the Mekong countries, the pulp and paper industry's continued expansion is resulting in the destruction of forests and undermining local livelihoods as companies replace villagers' forests and common lands with monoculture plantations. Chris Lang examines how the granting of large scale economic land concessions for industrial tree plantations, often through illicit means, is benefiting private companies and well-connected politicians to the detriment of local people. Far from bringing "development" to local communities or "alleviating poverty", the pulp and paper industry in the Mekong is dispossessing people of their lands and means of livelihood.

To foresters, the difference between a forest and a plantation is not necessarily obvious. After all, both consist of trees, and both produce timber. For villagers, plantations and forest are two completely different things. Sa-ad Koonchat, a villager from Nong Yak in northeast Thailand's Surin province, explained to *Watershed* in 1998 (Vol. 3 No. 3) how the Forest Industry Organisation had planted trees around the village since 1979. Villagers were promised work, development, income, roads, schools and electricity. Fifteen years later, the villagers cut down part of the eucalyptus plantations and allowed their community forest to regrow. "We began to protest when we realised that a eucalyptus plantation is not a forest," Sa-ad explained. "Before, the natural forest

was very important for us. We gathered mushrooms, bamboo shoots, insects and herbs for food. There was water, and there were animals and birds. The forest was cool and peaceful. Eucalyptus plantations gave us no benefit, there was nothing to eat."

Sa-ad took us past the rice fields near the village and through a eucalyptus plantation. The baked, dry earth between the rows of young trees reflected the heat from the sun. We walked in silence. We got to an area where the villagers had cleared the eucalyptus trees a few years previously. A wide range of tree species had regrown. "Kin dai [you can eat this]," Sa-ad said, pointing to one after another of what looked to me to be completely inedible plants and bushes.

Chris Lang works with the World Rainforest Movement, researching and campaigning on the impacts of industrial tree plantations and the pulp and paper industry. He is based in Frankfurt, Germany. <http://chrislang.org>



Lao World Group Coconut Plantation Concession. Pak Kading district, Borikhamxay province, Lao PDR. March 2006.

Photo: Keith Barney.

Because villagers in rural Thailand were well aware of the impacts of monoculture eucalyptus plantations on their environment and livelihoods, it became almost impossible for the pulp and paper industry to increase its area of industrial tree plantations. Thailand's two largest pulp and paper companies both shelved plans to expand. Advance Agro abandoned plans to build a new 700,000 tonnes per year pulp mill in a joint venture with the Chinese government. Phoenix Pulp and Paper dropped plans to add up to 300,000 tonnes per year new capacity.

But now, the industry is expanding again. The Siam Cement Group (SCG), the owner of Phoenix since 2001, is building a 200,000 tonnes per year paper mill in Khon Kaen in north-eastern Thailand. The paper mill will use pulp from the Phoenix Pulp mill and is due to start operations at the end of 2008. Advance Agro is planning to build a 500,000 tonnes per year pulp mill and a 420,000 tonnes per year paper mill. Production at the paper mill is planned to start in 2009.

Thailand's pulp and paper industry got a boost in February 2008, when Thailand's recently elected prime minister, Samak Sundaravej, announced that he supported growing more eucalyptus trees. He described criticisms of the impact of eucalyptus on soils as a "misunderstanding" and recommended planting the trees near rice fields. "The roots will also act as fertilizer for the rice," Samak told the *Bangkok Post*.

Sa-ad, from Nong Yak village tells a different story. "We saw that no other plants would grow within a distance of 10 metres from the edge of the plantation," he said. "The ground in the plantation was very dry. Our wells began to go dry - wells four to five metres deep - and we had no water to drink."

Researchers at Duke University in the USA and the Universidad Nacional de San Luis in Argentina have also

recorded evidence of the impacts of eucalyptus plantations on water flows. They analysed data from 26 catchment data sets and found that planting trees reduced water runoff by an average of 44 per cent. "Eucalypts had a larger impact than other tree species on afforested grasslands," they found, reducing runoff by 75 per cent.¹

Yet Prime Minister Samak says he held talks with "experts" who convinced him that the impacts of eucalyptus plantations are overstated. Thailand's Minister of Science and Technology, Wutipong Chaisang, said that eucalyptus planting should cover five million hectares in Thailand.



"Eucalypts had a larger impact than other tree species on afforested grasslands."

Siam Cement Group (SCG) has an expansion strategy that it calls "Go Regional". In 2006, the company set up its first paper baling centre in Laos, to collect recycled paper. In the Philippines, SCG owns United Pulp and Paper, which produces recycled packaging paper. SCG Paper has set up a joint venture with Japan's Rengo Company Limited to build a 220,000 tonnes per year paper packaging plant in southern Vietnam. SCG Paper has other packaging plants in Thailand, Malaysia and Singapore, also in partnership with Rengo.

In February 2008, Japan's Nippon Paper announced that it had signed a memorandum on a "comprehensive tie-up" with SCG Paper "in order to jointly expand their operations in countries including Thailand, Malaysia and Vietnam".

Currently, Advance Agro has two pulp mills with a total capacity of 580,000 tonnes per year and three paper

plants with a total capacity of 600,000 tonnes per year. The company was formed in 1989 by Thailand's Dumnerchanvanit family which controls a group of companies under the name Soon Hua Seng. Advance Agro was listed on the Thai Stock Exchange in 1995 and delisted in 2007. Yothin Dumnerchanvanit bought up all the shares in the company and plans to restructure the company, after which he may re-list it, either in Thailand or overseas.



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million baht (US\$2.4 million) debt guarantee with Bangkok Bank. Yothin was also one of three members of the Dumnerchanvanit family who were included in a bankruptcy suit over a debt of more than 100 million baht (US\$2.2 million) by the Thai institution National Finance.

Laos: plantations creating poverty

Both Advance Agro and Stora Enso are attempting to expand their operations into Laos. Sayo AA, a subsidiary of Advance Agro, has requested 200,000 hectares for tree plantations. According to a survey in 2006 by the German Agency for Technical Cooperation (GTZ), provincial authorities offered 12,000 hectares to the company. GTZ reports that in November 2005, Sayo AA transferred this land to Indian pulp giant Grasim, which is developing a

plantation and pulp project in Laos. Sayo AA has applied for permission to plant a further 10,000 hectares in Laos. Meanwhile, Advance Agro trucks are reported to be carrying eucalyptus from Laos, to feed the company's pulp operations in eastern Thailand.

Stora Enso is planning to establish 35,000 hectares of eucalyptus plantations in the east of Savannakhet and Saravan provinces in Laos. The wood produced is to be exported via Vietnam to Stora Enso's pulp mill at Guangxi in the south of China.

While the company claims that it will plant to Forest Stewardship Council standards and bring "development" to poor rural communities, the real reason for the project is that Stora Enso failed to find sufficient areas of land for industrial tree plantations to feed its pulp mill project in China.

A Stora Enso presentation about the project states that "Possible disputes about the borders should be solved by the involved parties, i.e. the village, neighbor villages and the district. The company can support the parties if needed." But as York University researcher Keith Barney explains, land "ownership" in rural Laos is complex and not necessarily something that outsiders can simply draw on maps. For example, he found that villagers from one village collect molluscs on another village's land. The arrangement is temporary, reciprocal and governed by a series of unwritten rules. "Property formations," Barney points out, are "informal, locally-negotiated, contingent, and responsive to rapidly changing ecological conditions. Rarely did they reflect official inter or intra village spatial boundaries" (see *Watershed* Vol. 12 No. 2).

Another indication of Stora Enso's failure to grasp reality is its approach to unexploded ordnance. Between 1964 and 1973, the US dropped more than two million tonnes of bombs on Laos. The bombing was in violation of the Geneva Accords and carried out without the knowledge of the US Congress. More than 30 years later, the area that Stora Enso wants to plant with eucalyptus is littered with unexploded ordnance. The company's solution is to hire villagers to cut the trees and bushes on the land, to make way for the company's eucalyptus trees. Clearing of unexploded ordnance is to take place only after villagers have cleared the land. "During the bush clearing an UXO (unexploded ordnance) technician will be present at all times for the safety of the workers," states Stora Enso.

Apart from the dangers to villagers of removing trees

and bushes from land littered with unexploded ordnance, Stora Enso will hire villagers to clear only the areas that the company needs to be cleared. With tens of thousands of hectares taken over by eucalyptus trees, some villagers will have little option but to clear more land elsewhere – land that is not cleared of unexploded bombs.

The company anticipates allowing farmers to grow rice between widely spaced rows of eucalyptus trees (“10 meters or 6 meters between the rows of trees,” according to a company presentation), for the first two years of the plantations. The company acknowledges that there is a “strong seasonal water deficit” in the area. Planting eucalyptus will make the situation worse. It seems likely that it will be difficult or impossible to grow rice between rows of eucalyptus, as Mr Sa-ad and thousands of fellow farmers in Thailand have found.

Among the issues to be considered in the Environmental and Social Impact Assessment of Stora Enso’s proposed project in Laos is the “long-term storage of carbon” and “carbon as a marketable product from regenerated protective forests”. Stora Enso will be studying the possibility of creating carbon sinks out of any forest not cleared to make way for eucalyptus trees. This would place such forest areas out of bounds for the local people, putting further pressure on local livelihoods. Meanwhile Stora Enso would be able to sell carbon credits allowing pollution to continue elsewhere.

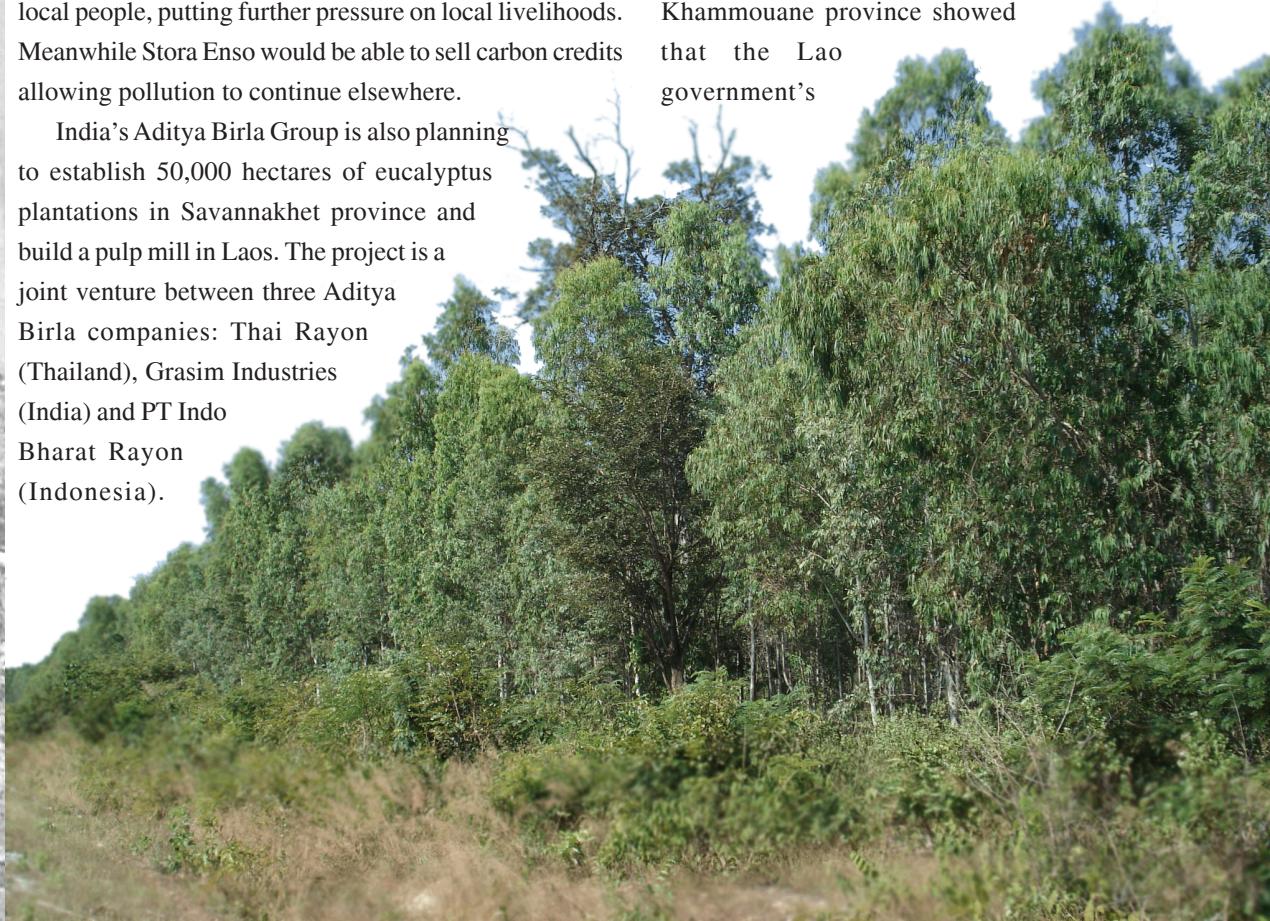
India’s Aditya Birla Group is also planning to establish 50,000 hectares of eucalyptus plantations in Savannakhet province and build a pulp mill in Laos. The project is a joint venture between three Aditya Birla companies: Thai Rayon (Thailand), Grasim Industries (India) and PT Indo Bharat Rayon (Indonesia).

The company plans to start up a 200,000 tonnes per year pulp mill by 2014.

Aditya Birla Group is the world’s largest manufacturer of viscose staple fibre, which is used as a substitute for cotton to make clothes. The company has pulp mills in Canada and viscose staple fibre factories in India, Thailand and Indonesia. Birla plans to export the wood pulp to its rayon fibre manufacturing plants in India, Thailand and Indonesia. Planting started in 2006. By the end of the year, villagers had already complained to district officials that they had lost land without compensation.

In 2005, Japan’s Oji Paper took over a 150,000 hectare concession area in Khammouane and Bolikhamxay provinces. One-third (50,000 hectares) of the concession area has been designated as “degraded forest land” available for planting. But the company is struggling to find sufficient land for its plantations in this concession and several villages have refused to allow Oji Paper to plant on their land. The company has requested an increase in its concession area in Laos, and is seeking further access to land in Attapeu province, and the Lak Xao area of Bolikhamxay province.

Villagers in the area of the plantations have already noticed the impacts. Research by Keith Barney in Khammouane province showed that the Lao government’s





Land was cleared for Oji's eucalyptus plantations in Bholikhamsay province, central Lao PDR.

plans to build hydropower dams and set up industrial tree plantations is undermining livelihoods and driving young people to Thailand to look for work. "Work with Oji is not a real job," one of the villagers told Barney. "The work is available just a few days at a time. It is not sustainable work."

Each year, a small army of foreign forestry experts passes through Vientiane. One such expert is Stephen Midgley, a forester who worked for many years at Australia's Commonwealth Scientific and Research Organisation (CSIRO) and has now set up a consulting firm called Salwood Asia Pacific Pty Ltd to cash in on the expansion of industrial monocultures in countries like Laos. Midgley has the dubious honour of being awarded citizenship of Zhanjiang City, Guangdong province, China, in recognition of his work with the China Eucalypt Research Centre in promoting a eucalyptus-based plantation industry.

At a seminar in Vientiane in September 2006, Midgley explained that industrial tree plantations are expanding worldwide at the rate of 2.5 million hectares per year. "The world needs more fibre," he said. He explained that the price of eucalyptus and acacia pulp increased between 2002 and 2006, from about US\$400 a tonne to over US\$600. "Eucalypts in Laos are no accident!" he said. Midgley should know. He once described himself as feeling "paternal" towards eucalyptus in Laos. In 1989, after a visit to Cambodia, Laos and Vietnam, Midgley recommended research into planting Australian tree species, including eucalyptus, in these countries because they "offer chances of future development of industrial plantations".

In his presentation in September 2006, Midgley talked

about "sustainable plantation management" and showed slides of Veracel's and Aracruz's industrial tree plantations in Brazil. He didn't show any slides of the Tupinikim and Guarani indigenous people who have been protesting for decades against Aracruz. Neither did he show photographs of the land occupations by Brazil's Movement of Landless Peasants, nor the destruction of one of Aracruz's nurseries during a protest by 1,500 women farmers from Via Campesina in May 2006. Via Campesina described the protest as "an outcry so that society could comprehend something that it is not seeing, but which is destroying our rivers and our animals, the diversity of nature, and even our lives."²²

Instead, Midgley said that "Plantations play an important role in meeting the needs of modern societies" and that they lead to "economic growth and poverty alleviation". He talked about a "Lao Vision" of "A world class sustainably managed plantation sector".

Salwood, Midgley's consulting firm, subsequently won a contract from Stora Enso to carry out an Environmental and Social Impact Assessment (together with Lao consulting firm Burapha and IUCN Laos) for the company's proposed plantation project in Laos.

Little of Midgley's presentation had anything to do with what is happening in Laos, of course. For ten years, starting in 1993, the Asian Development Bank (ADB) ran an Industrial Tree Plantations Project in Laos. Under the project, loans were given to farmers to plant eucalyptus trees on their land. On completion, the ADB reported that the project was a failure and had led to increased poverty. "Thousands of inexperienced farmers and individuals were misled by prospects of unattainable gains, leaving the majority of farmers with onerous debts, with no prospect

of repaying their loans, and with failing plantations.”³

Oji Paper, Stora Enso and Aditya Birla did not start operations in Laos because they wanted to bring development to poor rural communities. Instead, the companies are planting trees to provide raw material for their pulp mills. In doing so, they are supporting the Lao government’s aim of stopping shifting cultivation. Stora Enso claims that “stopping ‘slash and burn’” will be one of the benefits of its proposed plantations. Similarly, Oji Paper’s Gemmei Shimamura says that his company aims to “make long-term use of un-utilised lands such as former swidden cultivation lands that are consolidated for plantation land.” Yet shifting cultivation is a crucial part of rural communities’ livelihoods, tradition and culture (see *Watershed* Vol. 5 No. 1).

In addition to pulpwood plantation companies, a series of Vietnamese and Chinese companies have established rubber tree plantation projects in Laos – the Vietnamese in the south of the country and the Chinese in the north. Vast areas have been deforested to make way for the plantations. In addition, several Lao companies have received land concessions for plantation projects which are often little more than a pretext for logging the forest. For example, a project by the Lao World Group was supposed to plant coconut trees on 5,000 hectares of forested land in Bolikhamxay province. The trees were cut and sold, a few coconut trees planted and the land was abandoned.

In May 2007, Prime Minister Bouasone Bouphavanh announced that no more large-scale land concessions would be approved “on an indefinite basis, or until a more comprehensive strategy could be devised,” the *Vientiane Times* reported. While new contracts may now be stalled, reports of expansion of industrial tree plantations around the country continue to emerge.

Cambodia: forest crimes continue

A similar pattern of destructive, concession-based land management has emerged in Cambodia. Between 1994 and 1997, the Cambodian government handed out thirty logging concessions covering 6.5 million hectares – more than half of the country’s forests. Under pressure from nongovernmental organisations (NGOs) and international aid agencies, in 1999, at an aid agency “Consultative Group” meeting in Tokyo, Prime Minister Hun Sen promised that he would put an end to “anarchic logging”

in Cambodia within two years. He promised to step down as prime minister if he failed to honour his commitment. The NGO Global Witness was hired as “Independent Monitor” as part of an international aid-funded Forest Crimes Monitoring and Reporting Project.

In December 2001, Hun Sen announced the suspension of all logging operations in the country. “I will put my life on the line,” Hun Sen said. “I’ll put my political life on the line in forestry reform.” But the logging did not stop. Companies continued to log despite the logging ban. The concession system also continued, allowing companies to take out economic land concessions, with the aim of establishing industrial plantations of rubber, oil palm, sugar, acacia, pines or eucalyptus. As in Laos, many of the concessions were simply a pretext for companies to log the forest.

One of the companies, Pheapimex, is infamous for its destructive logging in Cambodia. In 1999, the government awarded the company a 300,000 hectare land concession in Pursat and Kompong Chhnang provinces. When it started logging in 2000, it faced protests from villagers in Ansar Chambok commune. The company stopped its work, but started again towards the end of 2004, this time in association with a Chinese company called Wuzhishan. Once again villagers protested. Once again, the company stopped operations. The company abandoned its tree nurseries, leaving the eucalyptus and acacia seedlings to grow wild in the nursery seedling beds. Ancient looking ploughs were left to rust behind the wooden sheds of the nurseries.

In August 2004, the Cambodian government awarded permission in principle for Wuzhishan to establish a 199,999 hectare land concession in Mondulkiri province. An area of 10,000 hectares was approved immediately for trial and commercial planting of pine trees. “The company cut down all the trees on our land, including the spirit trees,” a villager in Dak Dam commune in Mondulkiri told a group



A petition by villagers affected by the Pheapimex concession demanding the government to stop the project.

of international NGOs who visited the area in November 2006. “Our people are suffering as a result. The company also destroyed the land we use for burying our ancestors. The company came to cut the big trees. We never cut these trees. On the top of the hill we grew fruit trees. The company cut all the trees and now we have no fruit. We used to sell the fruit in the market to buy food.”

Villagers protested, but were met with repression. Villagers were not allowed to leave the province to attend workshops in Phnom Penh. Water cannons were used

when villagers walked into the provincial capital, Sen Monorom, to ask the district governor to address their problems.

Global Witness provided detailed evidence of abuses associated with the logging and plantation industry in Cambodia. Rather than investigating the reports, in 2003, Hun Sen sacked Global Witness from its position as International Monitor. Global Witness was replaced by the industry-friendly Société Générale de Surveillance (SGS).

Global Witness describes

SGS’s activities as “see no evil” monitoring. SGS failed, for example, to monitor illegal logging around the Tumring Rubber Plantation in Kompong Thom province carried out by the Seng Keang Company. Global Witness reports that the illegal logging generated about US\$13 million per year for the company, which is controlled by relatives of Hun Sen. The Seng Keang Company “used the rubber plantation to launder vast quantities of timber cut illegally in the surrounding forest at enormous environmental and social cost to the local population,” notes Global Witness. Thousands of resin trees belonging to local residents were illegally logged by the company. When villagers attempted to stop the company, a Seng Keang Company representative attempted to shoot a community forest activist in the local Forest Administration building. SGS dismissed the shooting as a “drunken incident”, as if this somehow makes it no longer worthy of consideration.⁴



A World Bank Inspection Panel report in 2006 found that the Bank’s five-year forestry project in Cambodia had broken six Bank safeguard policies, ignored local communities and failed to address poverty.

Meanwhile, in July 2003, Hun Sen declared that Cambodia’s forest area was increasing. Government data revealed that the area of forest in 2002 had increased by 500,000 hectares since 1997. The data came from a study carried out by the Department of Forestry and Wildlife, which failed to define “forest” and therefore included plantations and logged over forest in the area of forest.

SGS’s operations fizzled out at the end of 2005, when the World Bank decided that no more funding was available. Back in 1999, the hiring of an independent monitor had been a condition of a US\$30 million World Bank Structural Adjustment Credit programme. By 2006, the World Bank seemed no longer to care. Since then there has been no independent monitor in Cambodia. Global Witness has continued to investigate illegal and destructive practices and to report on the close links between the government and the logging companies. Its most recent report, published in May 2007, was banned in Cambodia.⁵

The World Bank has consistently sided with the government and the logging companies, and against local people. In a 2003 letter to then-Bank president, James Wolfensohn, NGO Forum on Cambodia wrote, “[the Bank’s] interventions have added a veneer of legitimacy to a system of forest resource exploitation that was, and remains, clearly flawed”. The Bank recommended reforming the concession system, rather than scrapping it. A Bank Inspection Panel report in 2006 found that the Bank’s five-year forestry project in Cambodia had broken six Bank safeguard policies, ignored local communities and failed to address poverty.⁶

In 2007, Yash Ghai, the UN’s Special Representative of the Secretary General for Human Rights in Cambodia, wrote, “It is clear that economic land concessions have not had tangible benefits in rural areas but instead have deprived communities of vital sources of livelihoods, thus aggravating and worsening their already difficult situation. It is also clear that the grant[ing] of economic land concessions has increased the accumulation of property and wealth in the hands of those with political or economic influence.”⁷

Perhaps the most egregious example of a plantation concession as a pretext to log the forests took place inside Botum Sakor National Park in Koh Kong province. In 2003 and 2004, officials approved an 18,000 hectare plantation project inside Botum Sakor National Park. The concessionaire, Green Rich, logged several hundred



Wuzhishan's pine plantations in Mondulkiri province have dispossessed the Phnong people of their traditional lands.

hectares of melaleuca and evergreen forest in the national park. The company held a workforce of about 300 people, in appalling, slave-like conditions, with inadequate food and poor access to medical facilities.⁸

In September 2004, the *Cambodia Daily* reported that Indonesia's Asia Pulp and Paper (APP) was behind Green Rich's operations in Cambodia. The company had imported thousands of acacia seedlings from APP's plantation operations in Sumatra. APP is notorious for its destructive impact on the rainforests of Sumatra, where thousands of hectares have been clear-cut to feed the company's Indah Kiat pulp and paper mill. Yet, a Green Elite consultant, John Adams, told the *Cambodia Daily* that Green Rich was carrying out ecologically sound reforesting of what foresters call "degraded forest".

The *Cambodia Daily* reported that Green Elite, another company with links to APP (and which shares the same address as Green Rich), was lobbying for a 300,000 hectare concession in southwest Cambodia.

Tragedy turned to farce when SmartWood announced that it would be visiting Cambodia to evaluate APP's logging operations. SmartWood accepted a contract from APP to carry out a preliminary assessment of High Conservation Value Forests in the Botum Sakor concession area. SmartWood's Asia Pacific Regional Manager, Jeff Hayward, wrote to NGOs in Cambodia requesting a meeting. He admitted that he didn't have much experience in the country, especially with the

conservation of protected areas. Several NGOs declined to meet with Hayward given that the concession was inside a national park and therefore illegal, facts that Hayward said he did not dispute. Hayward cut short his visit to Cambodia when the Ministry of Environment issued a law suit against Green Rich for failing to stop operations after the Ministry demanded a suspension pending an environmental impact assessment. APP later denied that it had ever had any involvement in Cambodia.

Vietnam's expanding paper industry

Paper production in Vietnam has increased from 220,000 tonnes in 1995 to more than one million tonnes in 2007. The country imports both pulp and paper to meet demand within the country. Vietnam has big plans for its pulp and paper industry. In 2007, Vietnam's Ministry of Industry and Trade launched a development programme for the paper industry, which aims to produce 600,000 tonnes of pulp by 2010 (double the current production) and 1.8 million tonnes by 2020.

The government keeps the price of books and magazines low and the Vietnam Paper Corporation exports paper because it can get higher prices overseas. Meanwhile the government has reduced import taxes to zero on almost all pulp and paper imports, meaning that the country's paper producers have to compete with cheap imports.

Much of the expansion in Vietnam's pulp and paper

sector is by foreign companies producing packaging to meet the demand created by Vietnam's booming export economy. The trend in Vietnam, as elsewhere in the global South, is towards bigger and bigger pulp and paper mills.

In addition to Thailand's Siam Cement Group building a 220,000 tonnes per year packaging plant (mentioned above), there are several other large-scale pulp and paper projects in the pipeline in Vietnam.

Hong Kong's Lee & Man Paper Manufacturing is building a pulp and paper mill in southern Hau Giang province. The plant will produce 330,000 tonnes of pulp and 420,000 tonnes of paper when it starts its operations in October 2008. Lee & Man's mill is one of three currently under construction in the Mekong Delta. In September 2007, the Vietnam News Agency (VNA) reported that Lee & Man's pulp and paper mill will need about 270,000 hectares of "productive forests". However, VNA reports that the Mekong Delta has only 182,000 hectares of "productive forests". The demand for raw material will increase pressure on protected forests in the Mekong Delta.

In September 2007, a Taiwanese company called InnovGreen reached an agreement with the Kon Tum provincial authorities to invest US\$90 million to plant 85,000 hectares of industrial tree plantations in the province. The company is also reported to be planning to build a US\$1 billion pulp mill in Kon Tum. InnovGreen is carrying out three other plantations projects in Vietnam: a US\$5 million project in Thanh Hoa, a US\$45 million project in Quang Ninh and a US\$60 million project in Nghe An. It is also reported to be waiting for a license to start a US\$100 million plantation project in Lang Son.

In March 2007, Japan's Sojitz Corporation announced plans for a 600,000 tonnes per year pulp mill in a joint venture with Oji Paper in Danang. The companies are keen to build the US\$1.2 billion pulp mill in Danang because of the nearby acacia and eucalyptus plantations and the fact that Danang is on the East-West Economic Corridor, a road-building and industrial development project supported by the ADB. The East-West Economic Corridor provides a link between Oji Paper's plantations in Laos and the Vietnamese coast. "We prefer the central region, as it is adjacent to Laos where we are also working on a robust forest plantation project to provide raw material for pulp facilities," general representative of Sojitz in Vietnam, Matsuda Ichiro, told the *Vietnam Investment Review*, in March 2007.

Sojitz currently has 23,000 hectares of plantations in

Vietnam, and four wood chip mills which each year export 500,000 tonnes of chips to Japan. Under the proposed pulp mill project, the company would establish a further 30,000 hectares of plantations.

In November 2007, the Vietnam News Agency reported that the authorities in Danang had rejected Sojitz's pulp mill proposal. Tran Van Minh, chairman of the city's people's committee was reported as saying that the mill, "could have a negative impact on the environment". He added, "Environmental problems are one of our major concerns. We cannot invite FDI [foreign direct investment] at any cost." Yet the Danang provincial government website reports that when Sojitz sent a delegation to Danang to discuss the proposed project in May 2007, Minh "expressed his delight at Sojitz's plan."

Chairman Minh's change of mind could be linked to a proposal by the Saigon Invest Group to build a US\$150 million pulp mill in Binh Dinh province. The company would be given access to 45,000 hectares of plantations, leaving only 15,000 hectares for Sojitz. Matsuda Ichiro, Sojitz's representative in Vietnam responded by saying that Binh Dinh was only one of many locations that the consortium was looking at for its pulp mill.

Vietnam is becoming one of the world largest suppliers of wood chips. In 2005, it was the fourth largest wood chip supplier in the world, with a 6.7 per cent share of the market. Since then, several new wood chip plants have opened.

China: driving demand?

The push for increased plantation areas in the Mekong Region is partly a result of China's massive demand for timber. After heavy floods in 1998, the Chinese government declared a logging ban in 17 provinces. Demand for forest products continued to increase in China and inevitably, logging increased in neighbouring countries. "Since the 1950s," note Graeme Lang and Cathy Hiu Wan Chan, of the City University of Hong Kong, "the vast tropical forests of Southeast Asia have been steadily depleted by the growing demand for wood in the giant economies of Japan, the US, Europe, and China. Pressure on those forests has greatly increased since the logging ban in China in 1998, and has led to a great increase in exports of forest products from Southeast Asia to China."⁹

Clearly, demand from China is driving the expansion of industrial tree plantations and the pulp and paper sector in the Mekong Region. Oji Paper and Stora Enso are setting

up plantations in Laos to feed their pulp operations in China. Advance Agro and Siam Cement Group are expanding their operations in part to export to China. But much of China's paper and board is exported to Europe, Japan and North America as packaging. China's demand for paper is to a large extent driven by North American, European and Japanese demand for Chinese-manufactured goods.

Asia Pulp and Paper (APP) is one of the biggest pulp and paper companies operating in China. The company has exported its destructive practices from Sumatra to Yunnan province in China. Greenpeace has documented how APP is destroying forests in Yunnan to feed its mills in China. In January 2008, the *Financial Times* reported that APP "is said to be building Asia's biggest mill in Guangxi, southern China, with a planned capacity of 3.1m tonnes". Apart from its attempt to log in Botum Sakor National Park in Cambodia, there are several other indications that APP has its eye on the forests and land of the Mekong Region. In his presentation in Vientiane in September 2006, Stephen Midgley included Asia Pulp and Paper as one of the multinational companies interested in establishing operations in Laos.

In September 2007, the *Vietnam Investment Review* reported that Asia Pulp and Paper was considering building a two million tonnes per year pulp mill in Vietnam. Officials from the Ministry of Industry and Trade met representatives of APP China in Hanoi in September 2007, to discuss the scale, location and raw material sources for the project. The initial investment would be US\$800 million. According to the *Vietnam Investment Review*, APP China is considering whether to build one massive pulp mill or three separate smaller pulp mills. The Ministry of Industry and Trade suggested that APP China should seek to

source its raw materials from foreign countries. A pulp mill of this scale would have a devastating impact on the Mekong Region's people and forests.

Plantations or development

Villagers throughout the Mekong Region are clear that the establishment of large areas of industrial tree plantations is not the kind of development they are looking for. "Please, start the development process by building upon what we already know – swidden fields, livestock and forest," villagers in Laos said, when asked by an ADB team what sort of development they want. "We want development," said villagers during a community forest meeting,



"We want projects like health centres and schools. But we don't want development where we become workers. We want development that we can control ourselves."

in Kompong Chhnang in Cambodia. "We want projects like health centres and schools. But we don't want development where we become workers. We want development that we can control ourselves." The pulp and paper industry and its promoters want a different type of development – one controlled by corporations. Villagers in Mondulkiri province are clear that industrial tree plantations are not development: "The authorities said that this is development of our country. But this is not development."

Endnotes:

¹ Kathleen A. Farley, Esteban G. Jobbágy and Rober B Jackson. 2005. Effects of afforestation on water yield: a global synthesis with implications for policy. *Global Change Biology* 11(10): 1565-1576

² For further information about struggles against industrial tree plantations in Brazil, see World Rainforest Movement's website: <http://www.wrm.org.uy/countries/Brazil.html>

³ Asian Development Bank (Operations Evaluation Department). 2005. Sector Assistance Program Evaluation for the Agriculture and Natural Resources Sector in the Lao People's Democratic Republic, page 37. December. <http://www.adb.org/Documents/Reports/SAPE/LAO/2005-17-LAO-SAP.pdf>

⁴ Global Witness's reports about Cambodia are available at: <http://www.globalwitness.org/pages/en/cambodia.html>

⁵ The report Cambodia's Family Trees is available at: http://www.globalwitness.org/media_library_detail.php/546/en/cambodias_family_trees

⁶ World Bank Inspection Panel. 2006. Cambodia: Forest Concession Management and Control Pilot Project (Credit No. 3365-KH and Trust Fund. 26419- JPN). Investigation Report (No. 35556). 30 March.

⁷ Report of the Special Representative of the Secretary-General for human rights in Cambodia, Yash Ghai, United Nations General Assembly, A/HRC/4/36. 30 January 2007.

⁸ Global Witness. 2004. "Cambodian Government Authorises Clear-Cutting in National Park", 6 July.

⁹ Lang, G. and Cathy Hiu Wan Chan. 2006. China's impact on forests in Southeast Asia. *Journal of Contemporary Asia* 36(2): 167-194.