



global witness



MAY 2013

**HOW VIETNAMESE COMPANIES AND
INTERNATIONAL FINANCIERS ARE
DRIVING A LAND GRABBING CRISIS
IN CAMBODIA AND LAOS**

EXECUTIVE SUMMARY

Cambodia and Laos are in the grip of a land grabbing crisis, driven by Vietnamese ‘rubber barons’. This report reveals how two of Vietnam’s largest companies, Hoang Anh Gia Lai (HAGL) and the Vietnam Rubber Group (VRG), have leased vast tracts of land for plantations in Laos and Cambodia, with disastrous consequences for local communities and the environment. Close ties to corrupt political and business elites provide them with impunity, deals are cloaked in secrecy and they are bankrolled by international finance such as Deutsche Bank and the International Finance Corporation (IFC).

The huge pressure for land to plant rubber is driven by high prices and soaring international demand, especially from China. As the third-largest producer of rubber globally, Vietnam is a key global player, and HAGL and VRG dominate its domestic production. With limits on the land available at home, both companies have turned to neighbouring Cambodia and Laos.

The governments in Cambodia and Laos are allocating large areas of land and ignoring laws designed to protect human rights and the environment. By the end of 2012, 2.6 million hectares of land in Cambodia had been leased, 1.2 million of this for rubber. Twenty percent of this land has been allocated to just five of Cambodia’s most powerful tycoons – simply the latest example of how the country’s valuable natural resources have been captured by an elite growing spectacularly rich while one third of the population lives on less than US\$0.61 a day. Meanwhile, in Laos, at least 1.1 million hectares has been given to land concessionaires in a process marked by lack of consultation and forced evictions.

The negative impact of VRG and HAGL’s activities is hard to overstate. Often the first people know about either company being given their land is when the bulldozers arrive. Families affected are impoverished, face food and water shortages and get little or no compensation. Indigenous minority peoples’ spirit forests and burial grounds have been destroyed. When they resist, communities face violence, arrest and detention, often at the hands of armed security forces who are on the investors’ payroll.

Both companies are involved in clear-felling intact forest within and beyond their concession boundaries, contrary to provisions in law. HAGL is alleged to have contracted a powerful Cambodian tycoon to clear and process timber from its concessions. Member companies of VRG appear to have high-level connections with Cambodian government officials and have partnered with a notorious illegal logging syndicate.

Corporate secrecy has been a critical factor enabling HAGL and VRG to hide their beneficial ownership of rubber holdings, which has apparently allowed them to exceed Cambodia’s legal threshold on concession holdings by five and sixteen times respectively.

Government officials in Cambodia and Laos are a key part of this problem. They have licensed concessions in contravention of their own laws and have failed to take action when HAGL and VRG openly ignore these same laws. Nevertheless, this in no way vindicates HAGL or VRG for failing to take responsibility for their illegal activities, and both companies must urgently be held accountable.

Rubber Barons is the first exposé of the role of international financiers in these land grabs. Deutsche Bank has multi-million dollar holdings in both companies, while the IFC – the financing arm of the World Bank - invests in HAGL. These investments contrast starkly with both institutions’ public commitments to ethical and sustainable practices, as well as the World Bank’s core mandate to end poverty.

This report also highlights the dearth of international regulations to prevent companies and financiers fuelling land grabbing in the world’s poorest countries. The following action is urgently required:

- The governments of Cambodia and Laos should cancel the concessions of the following companies: Heng Brother, CRD, Hoang Anh Oyadav, Hoang Anh Mang Yang, Krong Buk, Dong Phu, Dong Nai, Tan Bien, Hoang Anh Attapeu Company, LVFG, HAGL Xekong and Viet-Lao Company;
- Both governments should suspend all other VRG and HAGL – related operations, fully investigate the companies’ operations and initiate prosecutions where illegal activities are found;
- Both governments should also halt illegal logging operations associated with these concessions and prosecute all those involved;
- Deutsche Bank and the IFC should take urgent steps to ensure that HAGL and VRG comply with the financial institutions’ legal and corporate environmental and social requirements. Both financial institutions should divest from HAGL and VRG if the companies have not fully undertaken such reforms within six months;
- The IFC must undertake a wider review of its lending to financial intermediaries and develop a strategy to improve the transparency and accountability of such investments;
- All governments must create and enforce internationally applicable regulations to tackle land grabbing. G8 leaders should make a time-bound pledge at their June 2013 summit to regulate the overseas land-based investment activities of companies registered within their own countries. Governments around the world should implement the Voluntary Guidelines on the Responsible Governance of Tenure, including their incorporation into a set of legally binding standards of conduct for companies investing in land.

KEY CONCLUSIONS

1. The new rubber barons – Hoang Anh Gia Lai and the Vietnam Rubber Group – are devastating local livelihoods and the environment in their rush for rubber:

- Local villages impacted by rubber concessions owned by or affiliated with these companies have lost vast tracts of land and forests. As a result, households are facing impoverishment, while spirit forests and burial grounds have been destroyed;
- Indigenous ethnic minorities have disproportionately borne the brunt of these impacts, despite their rights to land and resources given special protection under international law;
- These companies, or groups affiliated with them, are responsible for illegal clearance of intact forest – including rosewood and other protected species – both within and beyond their concession boundaries;
- Employment opportunities on HAGL and VRG plantations are often limited. Where they do exist, working conditions are poor.

2. Hoang Anh Gia Lai and the Vietnam Rubber Group have systematically ignored the law:

- Hoang Anh Gia Lai and companies affiliated with it appear to have been allocated a total of 81,919 hectares of land. Of this, 47,370 hectares are in Cambodia, which has a legal limit of only 10,000 hectares per company;
- The Vietnam Rubber Group and companies affiliated with it appear to have been allocated a total of 200,237 hectares of land, of which 161,344 hectares are in Cambodia. This suggests that VRG and its affiliates' collective holdings are over sixteen times the legal size limit;
- The ability of both companies to exceed the legal threshold for concession holdings in Cambodia appears to be as a result of hiding their beneficial ownership behind complex layers of shell companies;
- Both companies have cultivated connections with senior members of Cambodia's political elite and have hired members of the armed security forces to guard their concessions;
- Both companies have openly ignored legal environmental and social safeguards, so far with impunity. Hoang Anh Gia Lai publicly admit that their operations in both countries are not in line with the law;
- Global Witness presented the evidence in this report to HAGL and VRG in August 2012, requesting that they, at a minimum, bring their operations in line with national law, initiate a dispute resolution process with affected communities and publicly disclose key documents. Neither company appears to have taken any of these actions since then.

3. The International Finance Corporation and Deutsche Bank are financing the operations of Hoang Anh Gia Lai and the Vietnam Rubber Group, in violation of their own social and environmental commitments:

- The International Finance Corporation currently invests US\$14.95 million in a Vietnamese fund which holds nearly five percent equity in Hoang Anh Gia Lai;
- Deutsche Bank has a number of institutional relationships with Hoang Anh Gia Lai, including holding 3.4 million of its shares, worth approximately US\$4.5 million. The Bank also holds 1.2 million shares in Vietnam Rubber Group member company Dong Phu, currently worth US\$3.3 million;
- Neither the International Finance Corporation nor Deutsche Bank undertook adequate due diligence on HAGL and VRG and, as a result, have failed to uphold their own environmental and social commitments.

4. The evidence presented in this report fits with a wider pattern of failures of governance and human rights abuses occurring in Cambodia and Laos:

- By the end of 2012, the Cambodian government had leased 2.6 million hectares as concessions. This is equivalent to 73% of the country's arable land and has affected 400,000 people in twelve provinces alone;
- The Lao government has allocated at least 1.1 million hectares as concessions, equivalent to five percent of the national territory. This has impacted on an estimated 13% of all villages nationwide;
- In both countries land concessions have been allocated within national parks and are recognised as the main driver of deforestation;
- Affected communities and civil society groups who speak out against these concessions face increasing threats and human rights violations perpetrated by the companies and government authorities. When people have attempted to get their land and forests back, they have been threatened, detained and even shot at by security forces on the payroll of concessionaires.

5. There is a stark absence of binding international frameworks which can tackle the land grabbing and illegal operations of companies such as Hoang Anh Gia Lai and the Vietnam Rubber Group. Such frameworks are urgently needed to prevent abuses in countries like Cambodia and Laos, where their governments fail to implement laws designed to protect ordinary citizens.

When asked, HAGL confirmed holding rubber plantations totalling 46,752 hectares in Cambodia and Laos but denied knowledge of any disputes with local communities or involvement in illegal activities. VRG meanwhile stated the evidence presented to them was not true, but declined to confirm the status or holdings of its rubber operations in either country.

2

Why high prices and soaring demand are fuelling a

RUSH FOR RUBBER



Villagers look out over the land and forest they recently lost to a HAGL subsidiary company's rubber concession, Cambodia, 2013.

“Losing the forest is like losing life”

- A village elder describes the impact of Hoang Anh Mang Yang's forest clearance.¹⁹³

A century ago, ‘rubber barons’ terrorised large parts of Latin America, using private armies to grab huge tracts of land, destroying forests and forcing indigenous communities to work on the plantations that had displaced them. Today, high prices and soaring demand for natural rubber are fuelling a new boom and driving a quest for land across Southeast Asia, with devastating social and environmental consequences. International attention has focused on land-grabs¹ for production of food and fuel, but in this region it is the potential gains from rubber production that are driving the rush for land.

The 21st century’s rubber barons are Vietnamese companies and their quest for rubber centres on Cambodia and Laos, where their operations are bankrolled by major western financial institutions and hidden behind a veil of secrecy. This report looks in detail at the holdings, activities and impacts of Vietnam’s two most significant players in the sector: the privately owned company Hoang Anh Gia Lai and the state-owned Vietnam Rubber Group.

Natural rubber is resilient, elastic, durable and most importantly, water-resistant. This makes it a competitive material in the transport, industrial and medical sectors, and one that cannot be easily substituted by synthetic rubber derived from petrochemicals.²

Transportation is by far the largest single end market for natural rubber, with tyres and tyre products alone accounting for over 50% of consumption.³ The remaining natural rubber market is for general rubber goods (clothing and footwear), contraceptives and surgical gloves.⁴

The price and demand for natural rubber are closely linked to that for synthetic rubber, which is in turn strongly influenced by oil prices. Demand for natural rubber rises as oil prices rise.⁵ In the current context of high oil prices and increasing demand for natural rubber, pressure is increasing on the land where it can be grown.

Natural rubber (*hevea brasiliensis*) is native to the Amazon rainforest but today most rubber is produced in South and South-east Asia, with small quantities grown in tropical West Africa.⁶ Rubber trees take six to seven years to mature, after which the liquid rubber (latex) is hand-harvested through a process known as ‘tapping’.

Between 1961 and 2005, global natural rubber production grew on average 3.4% a year.⁷ Today, six countries – Thailand, Indonesia, Malaysia, India, Vietnam and China – account for approximately 90% of global production, with the majority (70%) coming from just three countries (Thailand, Indonesia and Malaysia).⁸ Smallholders generate up 80-85% of this production and

the area under their control has tripled since 1970, while production from large-scale plantations has remained constant.⁹

By 2012 Vietnam’s domestic rubber plantations covered 834,000 hectares (ha), reaching the government’s targets for 2015 early and making it the third largest global producer of natural rubber.¹⁰ Vietnam exports rubber to 50 countries.¹¹ Of these, China is the country’s most significant market for unprocessed rubber, whereas the majority of processed rubber is exported to the USA and Japan.¹² The rise in prominence of Vietnam in the global rubber supply chain has increased the economic reach and influence of its two main producers, Hoang Anh Gia Lai and the Vietnam Rubber Group.

Global natural rubber production is forecast to reach nine million tonnes by 2020 whilst demand is estimated at around 11.5 million tonnes, leaving a potential annual global shortfall of 2.5 million tonnes.¹³ Of this increase in demand, one third will come from China.¹⁴ Surging demand and tight supply resulted in a ten-fold increase in natural rubber price between 2001 and 2011.¹⁵ Prices in 2012 averaged US\$3,600 per tonne, and are set to remain at this level due to rising oil prices, thus sustaining the demand for land.¹⁶

High prices, rising Chinese demand and Vietnam’s growing role as producer and trader, combine to increase pressure for land in neighbouring Cambodia and Laos. As described in the next section, the way in which land concessions are currently managed in both countries primarily benefits only the elite, whilst the costs are paid by poor rural communities and their surrounding forest ecosystems. In this context, the Vietnamese rubber barons’ ruthless drive to open up new frontiers has proved devastating.



Community groups protesting against land grabs clash with Cambodian police in Phnom Penh, Cambodia, December 2012. Credit: Jeff Vize/LICADHO

3

Escalating land concessions and failing governance in Cambodia and Laos –

THE CONSEQUENCES SO FAR

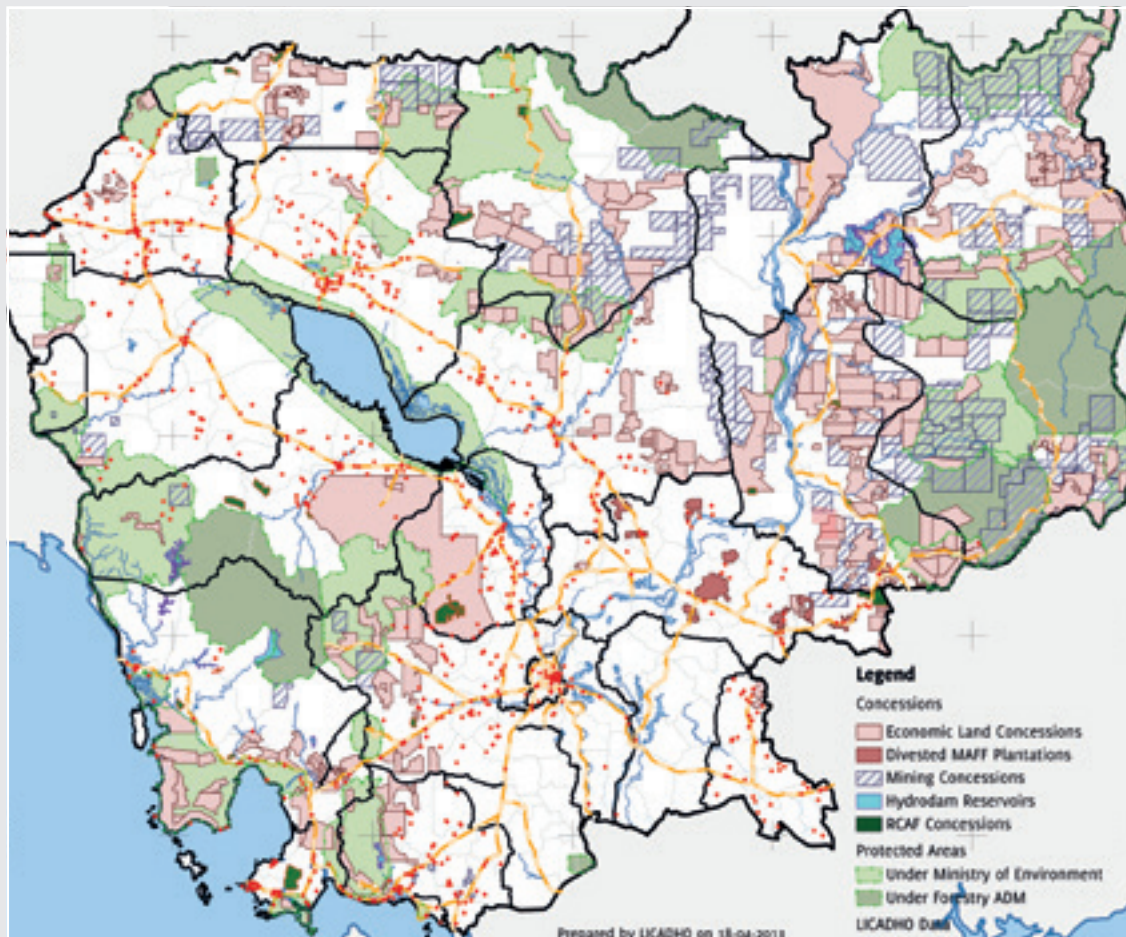
Major Asian producers are responding to threats to the expansion of rubber production areas, such as labour shortages and economic incentives to switch to palm oil, by looking across their borders.¹⁷ For the Vietnamese rubber industry, the geographical, historical and political proximity of Cambodia and Laos make them the primary targets for this expansion.

Despite smallholder rubber tappers taking a central role in global production historically, current expansion in these countries is primarily based on large-scale models, with investors gaining rights to anything up to 30,000ha of land at a time. This ties in with a recent escalation in the allocation of large areas of land to private companies by the governments of Cambodia and Laos, which have both shown scant regard for the social and environmental impacts.

Cambodia

Agricultural investment in Cambodia is urgently needed: 80% of the population is rural and one third remains below the national poverty line (US\$0.61/day).¹⁸ But despite agriculture being a national development priority,¹⁹ investment in rural farmers is being neglected because the government is carving up and leasing out arable land to companies under the economic land concession (ELC) model. As of late 2012, 2.6 million ha of land had been leased as ELCs, equivalent to 73% of the country's arable land, and almost equal to the area currently under rice production (Cambodia's staple crop).²⁰ This is an increase in concession leases of 16.7% from 2011.

ELCs are governed by legal safeguards intended to ensure national economic benefits and prevent negative environmental and social impacts.²¹ Only 'state private land' – a category which excludes areas of public interest, such as forests – can be leased out, the maximum area one company can be given is 10,000ha, forested land must be protected and potentially affected local residents must be consulted.²² However, application of these safeguards is weak and uneven, a problem exacerbated by the fact that millions of rural Cambodians do not have secure titles to their land. Cambodia's indigenous minorities have suffered particularly acutely. Although their collective land rights are

Map 1: Locations of all economic land concessions currently allocated in Cambodia, 2013

MAFF is the Ministry of Agriculture, Forestry and Fisheries; RCAF is the Royal Cambodian Armed Forces; Forestry ADM is the Forestry Administration, a government authority under the Ministry of Agriculture Forestry and Fisheries.

Credit: LICADHO, April 4, 2013

Box 1: Prime Minister Hun Sen's attempts to reform ELCs and how they have further undermined indigenous people's land rights

In what many interpreted as preparation for the 2013 general election, on 7 May 2012 Prime Minister Hun Sen announced a moratorium on the granting of new land concessions and a review of existing ones (Directive 01BB).³⁴ A loophole in this ban, however, allowed an unspecified number of ELCs that were allegedly 'already in the pipeline' to be issued after the ban. As a result, between the ban's announcement and the end of 2012, ELCs totalling 208,805 ha were granted, 54% of which were for rubber production.³⁵

The review of existing ELCs under Directive 01BB is being implemented via a rapid land demarcation and titling 'campaign', undertaken by land ministry officials with support from volunteer students.³⁶ The stated intention of the campaign is to issue over 700,000 titles to more than 1.8 million ha of land before the July 2013 general election.³⁷ By January 2013, 250,000ha of land had reportedly been taken from ELCs and returned to local people and an estimated 110,000 private titles had been issued.³⁸

However, the campaign has been widely criticised by civil society. In particular, the use of student volunteers in military uniforms to undertake rapid dispute resolution and land demarcation, with little training and no independent oversight, has been questioned. A March 2013 NGO study in Ratanakiri province revealed that implementation of Directive 01BB has

been particularly problematic in indigenous minority communities:³⁹

- Directive 01BB has been implemented in villages undergoing communal land titling. Indigenous families in these areas reported being threatened with losing all rights to their land if they did not forgo registering their communal lands and accept private titles;
- 25 out of the 26 villages assessed were dissatisfied with the implementation of Directive 01BB because: it didn't secure their communal land (a right in law); has in fact increased land loss; the one-month process provided them with no time to complain about boundary inaccuracies and as a result has further fuelled inter-village disputes.

The study also noted that in Ratanakiri, civil society groups working on indigenous land and natural resource tenure were ordered to stay away from villages undergoing the 01BB process, which has meant they have been unable to monitor the titling process or evaluate its results.⁴⁰

From the perspective of the ELC lease-holders, meanwhile, it is not clear how this removal of land from their concession areas relates to the legal framework, or their pre-existing contracts with the government.

“As of late 2012, equivalent to 73% of the Cambodia's arable land had been leased to investors.”

protected by law, the process of communal land titling has been very slow and as a result they have lost significant areas of land as many ELCs have been sited in the regions where they live.²³

Consequently, it is estimated that land-grabbing through ELCs has affected 400,000 Cambodians in twelve provinces alone since 2003.²⁴ Protests against the concessions' advance are rising rapidly; in 2012 the government arrested more than twice as many people during housing and land disputes as in 2011.²⁵ Recently, ELC allocation appears to have been deliberately concentrated in protected areas, with over 70% of the concessions given out in 2012 situated inside national parks, wildlife sanctuaries and protected forests.²⁶

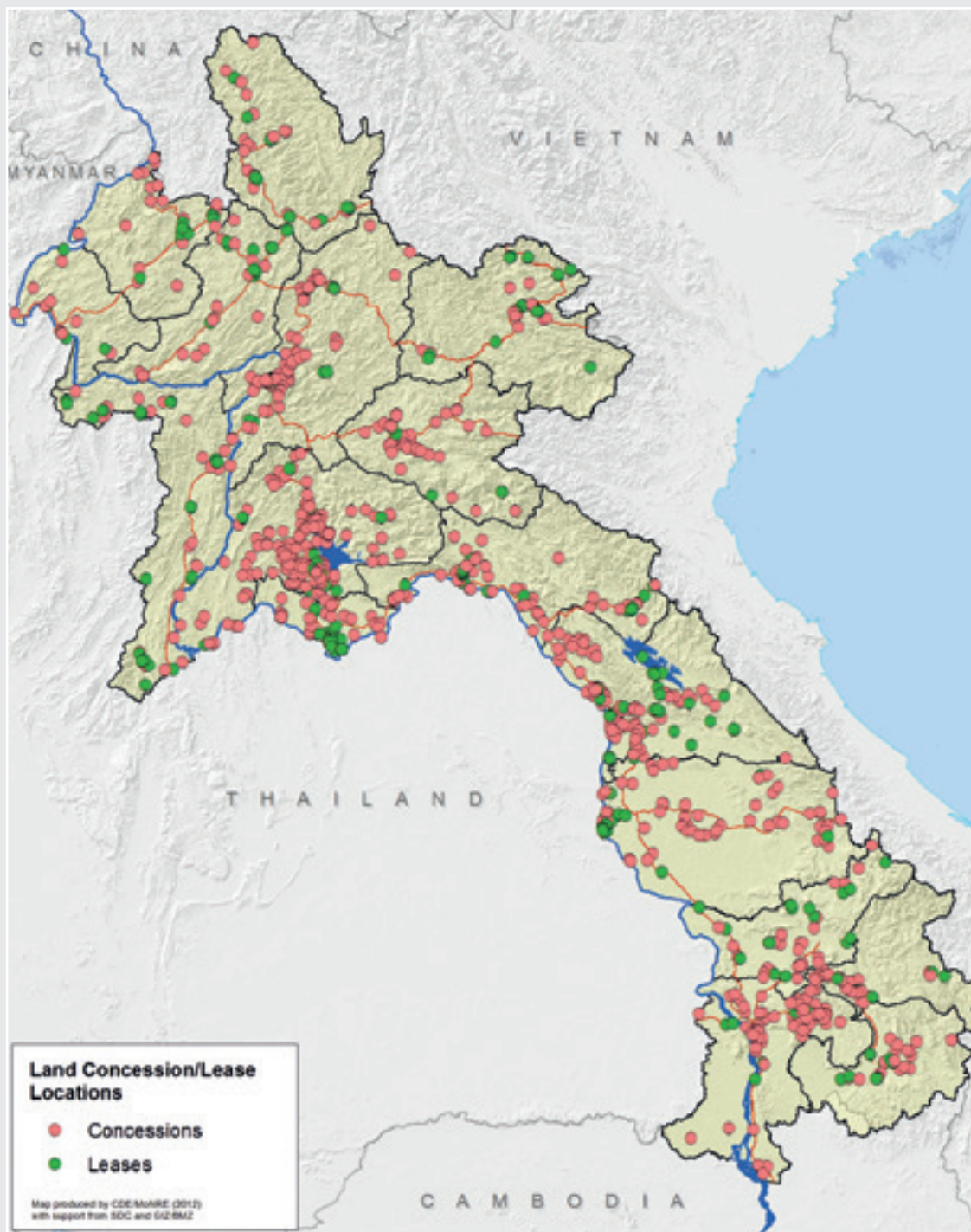
ELC allocation has historically been plagued by secrecy and associated with significant human rights violations. ELCs have made disappointing economic contributions and been used as a cover for illegal logging. The involvement of senior Cambodian Peoples' Party (CPP) senator-tycoons has been well documented. According to the government's own statistics, five of these tycoons hold 20% of total land allocated through concessions, amounting to more than half a million hectares.²⁷ The government's ELC model has attracted significant international criticism, as exemplified by a recent statement from the United Nations Special Rapporteur on the situation of human rights in Cambodia, Professor Subedi *"The current climate of development [in Cambodia] is characterized by low transparency and uneven access to information, inadequate consultation, and participation which is not inclusive, and, in my view, is unsustainable and likely to hamper future national economic growth"*.²⁸ Rubber plantations cover 1.2 million ha in Cambodia and, according to government statistics, make up 80% of total ELCs.²⁹ Based on figures seen by

Global Witness, 14% of these concessions are owned by Vietnam.³⁰ Cambodian rubber exports currently generate around US\$200 million a year, making it the world's ninth largest natural rubber producer.³¹ In February 2013 Prime Minister Hun Sen made his future intentions for the sector clear by announcing that one in ten Cambodians would soon be working in rubber.³² In response to criticism that this rubber boom is fuelling deforestation, he used the same speech to state that rubber plantations protect the environment as they are considered by the government to be forest.³³

Land grabbing in Cambodia is just the most recent example of how the country's natural resources have been captured by its elite. Its forests, described by the World Bank in the 1990s as the country's "most developmentally significant resource"⁴¹, are now largely degraded. Forest cover fell from 73% of total land mass in the 1990s to 57% by 2010.⁴² As documented by previous Global Witness investigations, Cambodia's most valuable timber has been sold by its political elite to private companies, and the vast wealth generated from this logging never reached the national budget, instead appearing to go directly to the private bank accounts of the loggers and their political patrons.⁴³ Cambodia's forests are theoretically protected by law: forested areas are classified as 'state public property' and therefore cannot be leased to companies.⁴⁴ Rare tree species and those used by local communities to harvest resin are given additional legal protection and since 2006 the government has maintained an export ban on such species and also on round logs.⁴⁵ However, forest cover continues its rapid decline. According to the government's most recent forest cover statistics (2010), the main cause is conversion of forest land to ELCs.⁴⁶



A villager rests in the shade of a felled tree inside a HAGL subsidiary company's rubber concession in Cambodia in 2013. Communities often know nothing about the deals struck for their land until the bulldozers arrive to start clearing.

Map 2: Locations of Concessions and Leases across the Lao PDR

Credit: Schönweger O., Heinemann A., Epprecht M., Lu J., Thalongsengchanh P., 2012: Concessions and Leases in the Lao PDR: Taking Stock of Land Investments. Centre for Development and Environment (CDE), University of Bern, Bern and Vientiane: Geographica Bernensia

Box 2: Failed history of land concession reform in Laos

The Lao government has made several attempts to curb the chaotic growth of land concessions but to little avail. Following reports of significant negative social and environmental effects of plantations, a ban on concessions larger than 100ha was introduced by the government in 2007.⁶² Despite this announcement, new large scale land concessions continued to be granted.⁶³ In 2011, in response to increasing numbers of land disputes, the government announced an overall 300,000ha limit on rubber

plantations. This threshold was reached by the end of that year, prompting a complete moratorium on further rubber plantations to be announced in July 2012.⁶⁴ Given the lack of transparency in Laos' concession governance, the current policy on allocations is unclear. Either way, none of these bans have done anything to address the problems facing communities who have already lost their land and forest to rubber.

Laos

No official government statistics are available for the total land acquired by foreign investors in Laos (officially the Lao People's Democratic Republic). Estimates vary between 330,000ha and 3.5 million ha⁴⁷, but the government recently reported that 1.1 million ha was a conservative estimate of the area given to land concessions alone.⁴⁸ This is equivalent to 5% of national territory or 18% more than the total arable land in Laos. The area of land reported by the government to be under rice production (comprising 90% of national crop production) is only 0.91 million ha.⁴⁹

Investments in rubber in Laos have increased dramatically since the mid-2000s and monoculture plantations can be found across the country, particularly in the southern provinces of Xekong, Attapeu, Champasak and Saravan.⁵⁰ It is estimated that rubber accounts for 34% of concessions allocated nationally and, by 2015, 10% of the workforce is predicted to be employed harvesting latex.⁵¹ Due to the rapid and unregulated allocation of rubber concessions, and consequent land grabbing and deforestation,⁵² the government has set successive limits on the total area nationally that can be allocated to rubber: 150,000ha in 2008, 200,000ha in 2009 and in 2012 at 300,000ha.⁵³ However these limits have repeatedly been ignored and total areas allocated for rubber are estimated to have already exceeded the highest of these caps.⁵⁴

The legal framework governing such 'commercial land leases and concessions' in Laos contains provisions requiring potentially affected communities to be consulted prior to land leases being allocated; for environmental and social risks to be minimised; and for resettlement and compensation packages to ensure livelihoods are not undermined.⁵⁵ The reality on the ground, however, is a chaotic and opaque 'free-for-all' due to lack of political will and weak rule of law, legal ambiguity and little clarity of responsibilities between varying levels of government administration.⁵⁶ As a result, it is estimated that at least 13% of villages in the country have a concession within their boundaries and companies are often left to negotiate separately with various state departments.⁵⁷

Tenure and user rights are poorly defined in Laos and all land officially belongs to the state.⁵⁸ Rural communities (including ethnic minorities in upland areas where many concessions are being allocated) are able to register communal land titles.⁵⁹ However, communal land registration takes place within broader government policies to end shifting cultivation. These policies,

combined with ambiguities in land classification and concession allocation processes, are resulting in rural communities not being able to gain tenure rights over the full range of land and forest resources on which they have traditionally depended.⁶⁰ In the absence of formal tenure recognition, communities are unable to claim compensation. Lack of consultation, forced evictions, significant human rights violations, food insecurity and the elite capture of natural resources are all part and parcel of Laos' land investment process.⁶¹

Deforestation is also a major issue in Laos. According to government statistics, forest cover has declined rapidly and by 2010 was only 40% of total land mass.⁶⁵ Despite the law allowing only 'degraded' forest to be allocated as concessions, across the country intact forest is giving way to industrial-scale plantations at an unprecedented rate.⁶⁶ Export of luxury and protected timber is also reported to continue, despite this practice having been banned.⁶⁷ As the track records of both Cambodia and Laos show, government officials appear happy to license the acquisition of vast tracts of land by companies in flagrant disregard for the law or the social and environmental consequences. When combined with unscrupulous companies such as the new rubber barons, the outcome for people and the forests can be toxic.

The international context of land grabbing

These governance failures relating to land concession investments are not unique to Cambodia or Laos. Across the developing world, governments are rushing to attract investments in land without giving adequate consideration to potential environmental or social risks. In many cases, often as a result of incompetence or corruption, they fail to protect the rights of ordinary citizens. Equally culpable are the governments of more prosperous nations, happy to sit back and watch companies based in their jurisdictions strike out overseas to seize land for plantations.

The land-grabbing phenomenon is now a significant global threat to development and stability. What is needed to address it is a binding set of international rules, covering the conduct of all companies involved in large land deals. Governments, both in the 'host' countries where the land is taken, and in those states that provide the launch pad for the investors and their financiers, must be made responsible for enforcing them. The inter-governmental endorsement of the Voluntary Guidelines on the Responsible Governance of Tenure in 2012 is therefore a major step forward.⁶⁹ These guidelines for the first time articulate

BEFORE: Organic garden run by residents of Don Chan Island in the middle of Lao capital Vientiane, 2010.



AFTER: Don Chan Island after residents were evicted to make way for luxury villas to house government leaders for the Asia-Europe Summit, November 2011.



“The land-grabbing phenomenon is now a significant global threat to development and stability.”

human rights in relation to land and natural resource tenure as well as providing clear provisions for how the tenure rights of the most vulnerable must be protected in the face of increasing commercial demand. What remains missing is a commitment from governments to incorporate these guidelines into their own laws and make them compulsory for companies based within their jurisdictions which invest in land overseas. The need for this ‘extra-territorial’ reach is underscored by the kinds of cases presented in this report: most of the companies currently acquiring large tracts of land in the developing world come from overseas and derive financing from international banks and other institutions, many of them based in Europe and North America. The countries where they look to seize land are often run by rulers that are corrupt and disinterested in upholding the rights of their citizens. Unless their home governments are prepared to hold them to account, the chances are that land-grabbing companies will be able to operate with near-total impunity.

Vietnamese investments in Cambodia and Laos

Vietnamese investments in Cambodia and Laos involve both private and state-owned companies and deals are often part of broader bilateral agreements. Eight provinces in southern Laos and north-eastern Cambodia are specifically targeted for Vietnamese investment, under the auspices of the Cambodia-Laos-Vietnam Development Triangle, a trilateral government agreement focusing on sub-regional economic cooperation.⁷⁰

Foreign direct investment grew more than five-fold in Cambodia between 2000 and 2010 and by 2011 Vietnam had become

the largest ASEAN investor in the country, accounting for 71% of the bloc’s US\$880 million total investments.⁷¹ Vietnam is also Cambodia’s second largest economic partner, with bilateral trade valued at US\$1.35 billion in 2011.⁷²

Neighbouring Laos has experienced a rapid increase in foreign direct investment, which grew from US\$33.8 million in 2000 to US\$278 million in 2010.⁷³ The government’s ambition for Laos to graduate beyond Least Developing Country status is driving its efforts to attract international investors, including in the agricultural sector, which supports 75% of the population and accounts for 33% of GDP.⁷⁴ According to media reports, Vietnam is Laos’ largest investor, pouring in approximately US\$3.5 billion to cash-in on the country’s abundance of arable land and cheap labour.⁷⁵

The rest of this report focuses on the operations and impacts of two of Vietnam’s most prominent rubber companies, Hoang Anh Gia Lai and the Vietnam Rubber Group. Rubber concessions owned by or believed to be affiliated with them are indicated in Map 3.

In Cambodia, affected community members spoke eloquently of the problems they faced, but Global Witness was stopped numerous times by local authorities, questioned and prevented from accessing concession sites. In Laos, while freedom of movement was less restricted, local residents in many areas were reluctant to speak openly about problems they were facing due to fear of reprisals from the government and companies. The names of all local sources, their location and occupations have been withheld for their own protection.

Box 3: How secrecy supports land grabs, injustice and impunity in Cambodia and Laos

Very little information is available regarding land concessions in Cambodia and Laos. There is no publicly available cadastre of land holdings, no information about the areas the governments are targeting for investment, no disclosure when companies begin negotiating a land lease and no information about the beneficial owners involved. Environmental and social impact assessments, if done at all, are not released to those potentially affected. As a result, in the majority of cases, the first local communities in either country know about a company being given the land and forests on which they and their ancestors have lived is when the bulldozers arrive and start digging it up.

When people have had their land and forests grabbed by a company, one of the most significant barriers to justice, getting the land back, or even compensation, is the lack of access to data: who took their land, the boundaries of the concession, what the land is being used for and what environmental or social impacts from the project are anticipated.

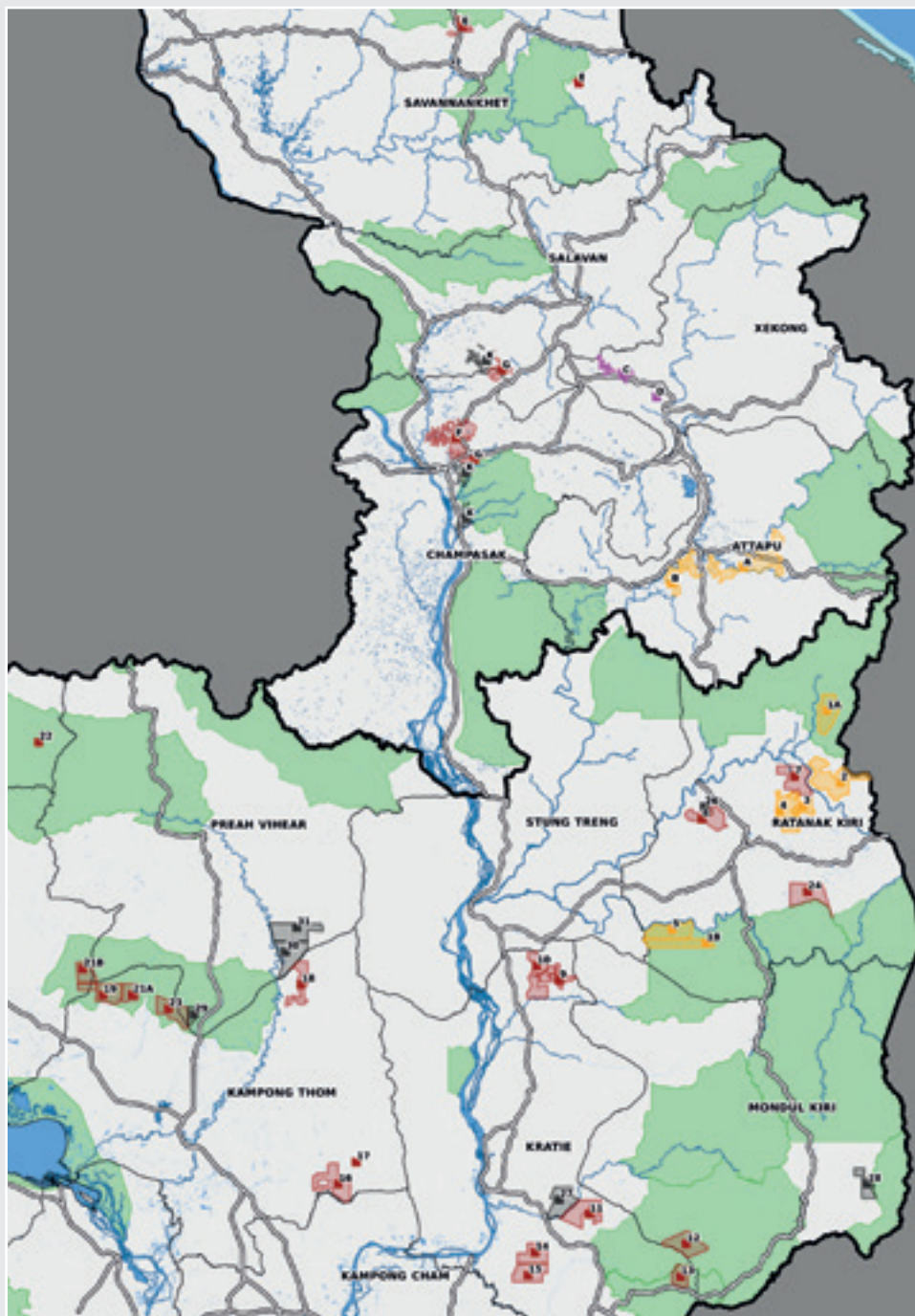
The Cambodian Ministry of Agriculture, Forestry and Fisheries has an online database of ELCs; however this database is incomplete, rarely updated, and holds only the most basic information. Being web-based, this database is also completely inaccessible to local people who do not have electricity, let alone computers or internet access. The Lao government meanwhile has been compiling a national inventory, in order to create a

public national database of concessions. However, despite being operational since 2011, the results are still not publicly accessible and questions have been asked by civil society about the quality of the data.⁶⁸

Not only does this secrecy prevent people affected by land and forest grabs from protecting their rights or holding their government and investors to account, it has also entrenched a culture of clandestine decision making in which elite capture of state assets has become the norm. The ability of those in power to disguise their involvement in investments by using networks of ‘front companies’ facilitates this corruption and further impedes justice.

Although improving transparency in land concessions in Cambodia and Laos would not solve all the problems outlined in this report, providing affected communities with the critical information they need about concessions would be a significant step towards enabling them to seek redress and justice.

Map 3: Location of all rubber concessions owned by, or believed to be affiliated with, VRG and HAGL in Cambodia and Laos (see Annex for details)



- 1a Hoang Anh Andong Meas Co. Ltd. (Virachey)
- 1b Hoang Anh Andong Meas Co. Ltd.
- 2 Hoang Anh Dyadav Co. Ltd.
- 3 Heng Brother Co. Ltd.
- 4 C.R.D. Co. Ltd.
- 5 Hoang Anh Lumphat Co. Ltd.
- 6 Hoang Anh Ratanakiri Co. Ltd.
- 7 Krong Buk – Ratanakiri Rubber Development Project
- 8 Hoang Anh Mang Yang K Rubber Development Project
- 9 Dong Phu – Kratie Rubber Development Project
- 10 Dong Nai – Kratie Rubber Development Project
- 11 Phu Rieng – Kratie Rubber Development Project
- 12 Chu Prong – Stung Treng Rubber Project (Binh Phuoc 1)
- 13 VietnamKampuchiaEconomicTradeandIndustryLtd.Co.(VKETI–Loc Ninh)
- 14 Dau Thieng – Cambodia Rubber Development Co. Ltd.
- 15 Dau Thieng – Kratie Rubber Development Co. Ltd.
- 16 Tan Bien – Kampong Thom Rubber Development Co. Ltd.
- 17 Phuoc Hoa Kampong Thom Rubber Development Project
- 18 Chu Pah Rubber Development Project (CRCK)
- 19 Chu Se – Kampong Thom Rubber Development Project (CRCKII)
- 20 Ba Ria – Kampong Thom Rubber Development Project
- 21a Bean Heak Investment. Co. Ltd. (Chu Se)
- 21b Bean Heak Investment. Co. Ltd. (Chu Se)
- 22 Thay Ninh Siem Reap Rubber Development Co Ltd.
- 23 Caoutchouc Mekong Co. Ltd. (Tan Bien II)
- 24 Kausu Ea Lev BM JSC Ltd.
- 25 Chu Prong K Co. Ltd.
- 26 Kiri Development
- 27 Doty Saigon Donh Thuoc / Dau Tu Saigon – Binh Phuoc
- 28 Dak Lak Rubber Company
- 29 PNT Co. Ltd.
- 30 Thy Nga Development and Investment Co. Ltd.
- 31 Rithy Granite (Cambodia) Co. Ltd.
- 32 Viet Lao K. Co. Ltd.
- A Hoang Anh Attapeu Company
- B Hoang Anh – Quang Minh Rubber Industrial and Agricultural JSC
- C Lao-Viet Friendship Group
- D Hoang Anh Cia Lai Xekong
- E Quasa Geruco Joint Stock Co.
- F Viet-Lao Rubber JSC
- G Dau Tieng Viet – Lao Rubber JSC Co.
- K Dak Lak Rubber Company

Map 3 Legend

CONCESSIONS

- VRG Member Company
- VRG Affiliate
- HAGL Subsidiary
- HAGL Affiliate

GENERAL

- Protected Area
- National Boundary
- Province
- Road
- River

Map Location: SE Asia





Cleared forest inside a HAGL subsidiary company's rubber concession, Cambodia 2013.

4

Hoang Anh Gia Lai –

THE RISING RUBBER BARON

“ I think natural resources are limited, and I need to take them before they're gone.”

- Doan Nguyen Duc, CEO of HAGL, describing his business strategy.⁷⁶

Hoang Anh Gia Lai (HAGL) was set up in 1990 by the then-unknown Doan Nguyen Duc as a small furniture-producing factory in Pleiku, Gia Lai Province in the Central Highlands of Vietnam.⁷⁷ Established during Vietnam's logging boom, business grew rapidly, and the following years saw the company diversify first into timber and granite processing, and later into real estate and tourism.⁷⁸ Nguyen Duc even set up his own football club – HAGL FC⁷⁹ – partnering with Arsenal FC on a joint training academy and advertising deals.⁸⁰

From humble beginnings, HAGL was registered as a joint stock company in 2006, listed on the Ho Chi Minh Stock Exchange (HoSE) in 2008, and by 2011 was the country's second largest property developer. Today HAGL is one of the largest private companies in Vietnam, worth US\$258 million.⁸¹ The board of directors and management of HAGL own a near majority share in the company, with founder Nguyen Duc holding 48%.⁸² According to press reports, Nguyen Duc's stake was set to make him 2012's biggest earner on the Vietnamese stock exchange and he claims to be about to become one of Vietnam's first billionaires.⁸³

HAGL's investment portfolio includes hydropower plants, mineral exploration and extraction rights, a forest reserve, sugar plantation and a plethora of luxury real estate projects.⁸⁴ It has also ventured into Vietnam's resource-rich neighbours, Cambodia and Laos and, more recently, Myanmar. However, it is the company's investment in rubber plantations, projected to bring in annual profits of US\$299 million from 2012, where it has opted to prioritise its investments.⁸⁵

According to HAGL, the company aims to be harvesting rubber latex from 51,000ha of plantations by 2013, all of which are located in Vietnam, Cambodia and Laos.⁸⁶ HAGL already

has concession rights to 47,370ha for planting rubber in Cambodia, operating through at least six companies. In Laos, Global Witness' research suggests that HAGL owns three rubber concessions (totalling 26,549ha) and holds a 28% stake in a fourth concession in Xekong Province. Further details of the companies studied, their holdings and the activities of those believed to be affiliated with them are provided in the Annex.

This report uses the term 'subsidiaries' to describe the companies in Cambodia and Laos in which HAGL owns a majority share. It uses the term 'member company' to describe the state-owned companies that are formally members of the Vietnam Rubber Group (VRG), described further below. 'Affiliates' is used to describe companies in which HAGL and VRG either hold a minority share, or which they appear to be connected to through individuals or corporate relationships.

CAMBODIA

The impact of HAGL's operations on the ground – evidence from Cambodia

In Cambodia, HAGL's considerable rubber investments are all in the north-eastern province of Ratanakiri, which borders HAGL's home province of Gia Lai, in Vietnam. According to Global Witness' research, the company holds rights to 47,370ha in ELCs, equivalent to 5% of the total size of Ratanakiri Province and almost five times the legal size limit for concessions (as Map 3 and the Annex illustrate).⁸⁷

HAGL operates in Cambodia through a complex network of companies. Global Witness focused its research on three of HAGL's subsidiaries: Hoang Anh Oyadav Co. Ltd, CRD and Heng Brother. HAGL has owned Heng Brother since January 2010 (seven months after Heng Brother's concession contract was signed) and has owned CRD since December 2010 (three months before CRD signed its concession contract).⁸⁸ Global Witness also visited a rubber concession owned by Hoang Anh Mang Yang K Rubber Development (Hoang Anh Mang Yang). HAGL previously jointly owned Hoang Anh Mang Yang's operations in Cambodia with VRG but sold its shares to the state-owned company in 2010.⁸⁹ Issues associated with this concession are outlined in the section on VRG.

When contacted by Global Witness about its concession holdings, HAGL responded that it holds 28,422ha of land concessions in Cambodia. It denied ownership of approximately 28,000ha concessions inside Lumphat Wildlife Sanctuary and Virachey National Park.⁹⁰ However Global Witness has seen government documents pertaining to these concessions which names owners that are included in HAGL's published lists of subsidiaries.

Between April and July 2012, Global Witness visited indigenous minority communities near these four concessions to witness first-hand the trail of environmental and social devastation they have left. Map 4 of eastern Ratanakiri province includes three concessions owned by HAGL (Hoang Anh Oyadav, Heng Brother and CRD) and a concession owned by a member company of VRG. The map also clearly indicates the number of indigenous minority villages which are located inside and near these ELCs.

Loss of land, forests and livelihoods

"I told the bulldozer driver not to clear my land and he stopped. The next day I returned to check and all of my land had completely disappeared. I went to meet the company people to complain, they said they do not know where my land is located".

-How one villager lost 6ha of land to Hoang Anh Oyadav, Ratanakiri Province.⁹¹

In every community visited by Global Witness, people described how their standard of living had been damaged by HAGL's subsidiaries taking their land and forest. The land grabbed by Hoang Anh Oyadav's concession had caused significant local food shortages while Heng Brother's concession had not only impacted on food security but also access to water.⁹² In three villages near Hoang Anh Oyadav, Heng Brother and CRD's rubber concessions, village chiefs and elders described how the companies had destroyed spirit forest sites and burial grounds.⁹³

One village affected agreed to (and received) financial compensation in 2012 from Heng Brother for land taken; money which was used to build two wells and a community house.⁹⁴ But villagers living near CRD described how, despite being promised by a company representative that they would be given compensation, pay-outs had not yet materialised for the land and forest lost.⁹⁵

The government expects ELCs to contribute to economic growth, mainly through providing employment, but on this front HAGL is also failing.⁹⁶ Only one in six villages visited had people working on HAGL concessions (Heng Brother), and a resident told Global Witness that even then, only a small number of people were employed.⁹⁷ In a different village near Heng Brother, an elder explained that everyone in his village refused to work for the company; they want just to work their land.⁹⁸

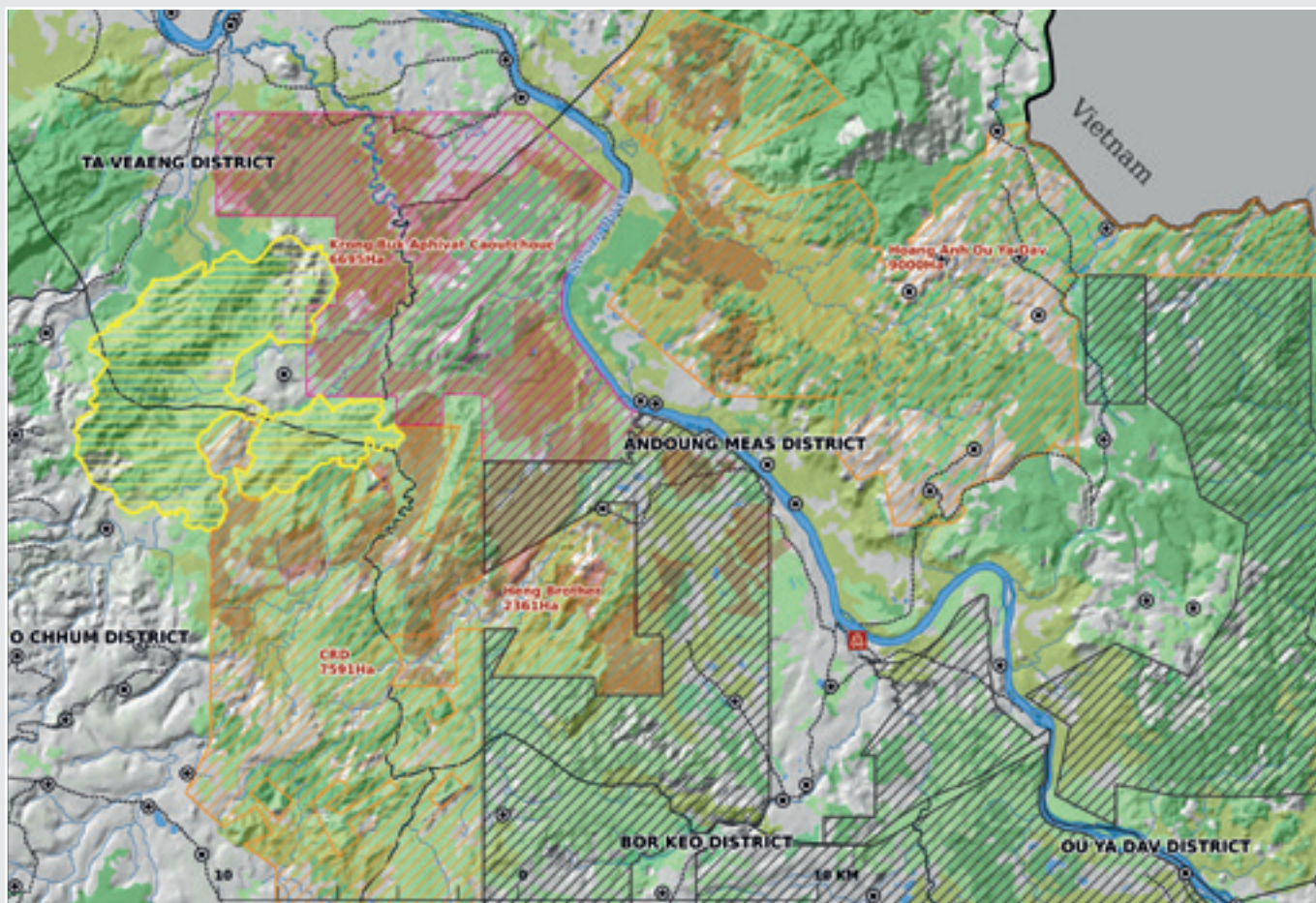
When asked by Global Witness about these activities, HAGL denied taking land from local residents, destroying spirit forests or burial grounds, or causing food shortages. The company declined to comment on promises of compensation not materialising, reduced local access to water or only limited employment opportunities being available.⁹⁹ Furthermore HAGL stated that it was the Cambodian government's responsibility to ensure that community land and forests were not included in concession areas.

Village chiefs, community forestry group members and elders in three villages affected by CRD and Heng Brother told Global Witness that they are actively protesting and submitting complaints to the government about their land being taken.¹⁰⁰ A letter from the Prime Minister's office dated December 2011, seen by Global Witness, authorised provincial authorities to examine complaints from one village that they lost 400ha to HAGL subsidiary CRD.¹⁰¹ However, Global Witness could not find evidence that any further action had been taken.

More frequently, local activism has met with threats, violence and detention from local authorities. In all of the communities visited, interviewees described how HAGL subsidiaries employ Cambodian security forces (police and military police) as guards.¹⁰² According to eye-witnesses, protests in one village during February 2012 resulted in military police guarding Heng Brother's concession shooting live rounds at villagers and threatening them with penalties for reclaiming their fields (fines set at US\$300 per rubber tree sapling damaged).¹⁰³ However, it is unclear if this was done under orders from the company or not.

In summary, communities living near HAGL's concessions have been impoverished as a result of the land and forest grabs by the company. This devastation has been further aggravated

Map 4: Location of rubber concessions of HAGL subsidiaries CRD, Heng Brother, Hoang Anh Oyadav and VRG member company Krong Buk, Ratanakiri Province, Cambodia



Map 4 Legend

ECONOMIC LAND CONCESSIONS	COMMUNITY FOREST	FOREST COVER (2006)	GENERAL
CRD/HB/HAOYD/KB	Yakpov	Evergreen	Deforestation
Other		Semi-Evergreen	National Road
Okhna Try Pheap's Sawmill		Deciduous	Minor Road
		Other	Province
			District
			Village

Deforestation area estimate is based on visual examination of LANDSAT:7 imagery (March 2008, Jan. 2011, March 2012 and Feb. 2013) and 2006 government-produced forest cover.



Villagers walk through recently cleared forest inside a HAGL rubber plantation in Cambodia in 2013.

Satellite Image 1: Rubber concessions of companies owned by or affiliated with HAGL and VRG, Ratanakiri province, Cambodia, showing extensive forest clearance within their concessions

Larger concession marked on left of image belongs to Hoang Anh Mang Yang, jointly owned by HAGL and VRG, until HAGL sold their shares to VRG in 2010. Smaller concession on left of image belongs to Kiri Development.



Recently cleared forest inside a HAGL subsidiary company's rubber concession in Cambodia in 2013. In all four of the villages visited near HAGL subsidiaries in Cambodia, people said that it was the clearing of resin trees which had most affected their livelihoods.

by the continued presence of security forces hired by the company who regularly harass, threaten and use violence against them. The disturbingly close relationship between ELC holders and Cambodia's armed forces is something that the government should urgently investigate, with a view to prosecuting any companies or military personnel who have broken the law.

When asked, HAGL denied any knowledge of the December 2011 letter from the Prime Minister's office to CRD or ever hiring members of the security forces as concession guards. It declined to comment on ongoing protests by affected communities.¹⁰⁴

HAGL's involvement in illegal logging and timber laundering

In addition to the land-grabbing by HAGL's subsidiaries and the violence perpetrated by security forces hired to guard their concessions, Global Witness has evidence that some are involved in illegal logging to which government enforcement agencies are turning a blind eye.

Satellite imagery analysed by Global Witness shows significant clearance of evergreen and semi-evergreen forest in all HAGL-related ELCs since the company leased these areas. Image 1, for example, shows the extent of clearing in the Hoang Anh Oyadav, Heng Brother and CRD concessions in Ratanakiri, between January 2011 (after Heng Brother's concession had been allocated and shortly before concession agreements with CRD and Hoang Anh Oyadav were signed) and February 2013. This appears to be against provisions in CRD's rubber concession contract, seen by Global Witness, which require the company to protect forested areas within its concession.¹⁰⁵

Elders, village chiefs and young residents in all of the four villages visited near HAGL subsidiaries explained that it was the clearing of resin trees by the company which had most affected their livelihoods; one village lost every tree it had.¹⁰⁶ Liquid resin from Dipterocarp tree species is harvested across Cambodia and used for lighting, paints and varnish.¹⁰⁷ Previous studies indicate it is the primary income source for approximately 100,000 people in rural areas who collectively tap around 2,000 tonnes annually.¹⁰⁸

When asked by Global Witness, HAGL denied any involvement of their subsidiaries in illegal logging or targeting of resin trees, stating that the company was only permitted to reclaim forests and timber which had no economic value and this required prior government approval.¹⁰⁹

Eyewitnesses from three villages near HAGL subsidiaries all individually told Global Witness that the company has selected tycoon Okhna Try Pheap, a member of Cambodia's business elite with significant rubber holdings of his own, as its local partner for forest clearance.¹¹⁰

Numerous sources stated that Try Pheap signed a logging contract with HAGL subsidiary Heng Brother, a concession within which all the timber has now been cleared, including 2,000ha of forest belonging to one village alone.¹¹¹ Under this contract, they explained, Heng Brother cleared the timber, while Try Pheap paid royalties to the Forest Administration, arranged for them to stamp the logs, and then organised for a local businessman to set up a sawmill inside the concession. The tycoon then transported the processed timber to Phnom Penh in trucks, each carrying 35 cubic metres (m3) of timber.¹¹² Village elders estimated that 100m3 of timber was trucked-out on a daily basis from the Heng Brother concession through this system.¹¹³

This evidence of Heng Brother's involvement in illegal logging is not the first time the spotlight has fallen on the

company's logging operations. In 2005, it was awarded a special coupe permit to fell trees in Ratanakiri in order to provide luxury timber for the construction of Cambodia's new National Assembly building.¹¹⁴ However, in 2007 NGO workers in Ratanakiri and a confidential source close to the company reported that, in fact, the timber cut in the special coupe was being transported across the border for sale in Vietnam.¹¹⁵

A worker from a different HAGL subsidiary told Global Witness that Try Pheap also had a contract with their employer to transport and process timber cleared from within its concession site to the tycoon's depot (indicated in Map 4), which in mid-2012 contained several hundred cubic metres of protected, luxury-grade timber.¹¹⁶ However, Global Witness was unable to verify whether Try Pheap had signed either contract. Villagers nearby also claimed that round logs were exported from this depot to Vietnam. If true, this would violate Cambodia's 2006 timber export ban.¹¹⁷

In Hoang Anh Oyadav's concession, Global Witness observed piles of freshly sawn logs (40- 50cm in diameter) stamped by the Forest Administration.¹¹⁸ Villagers and a worker from one HAGL subsidiary confirmed that rare and specially protected tree species, including Neang Nuon (Burmese rosewood), Kranhuong (Siamese rosewood) and Beng were being cleared and processed through Try Pheap's depot.¹¹⁹ Global Witness attempted to visit the timber depot allegedly owned by Okhna Try Pheap but was prevented from doing so by district police.¹²⁰

HAGL's involvement in illegal logging is clearly evident from the testimonies of affected communities and company employees, and satellite images. Such activities are also explicitly against the terms of the concession contract of at least one subsidiary; CRD. The Cambodian government authorities should immediately initiate an investigation of the evidence presented in this report, with a view to prosecuting the company and others that have been involved. When asked, HAGL denied being involved in any timber trade or transportation activities and denied having any relationship with Okhna Try Pheap. The company refused to comment on any of the activities in which Okhna Try Pheap is alleged to be involved and declined to respond to questions about their involvement in clearing and transportation of luxury timber species.¹²¹

HAGL's systematic disregard for Cambodian laws on land classification, consulting local residents, impact assessments and protected areas

"We are small people, so they do not consult us. They consult only with the Village and Commune Chiefs"

– A villager impacted by Hoang Anh Oyadav explains how their views are ignored.¹²²

Global Witness' research shows that HAGL has systematically ignored procedures governing the allocation and management of ELCs. This will not come as news to the company. Indeed, in documents relating to its listing on London's Professional Securities Market, HAGL publicly admits that its rubber investments in Laos and Cambodia fail to follow the law. (This point is elaborated further in Box 4 below).

According to the Cambodian government's own ELC database, Heng Brother did not complete land reclassification procedures before signing their contracts, as required by law.¹²³ HAGL's subsidiaries and government officials also overlooked legal requirements to undertake consultations and resolve any disputes with local residents.¹²⁴ Elders in two villages told Global

Witness their communities had been cheated into agreeing to Heng Brother's concession.¹²⁵ Heng Brother, CRD and Hoang Anh Oyadav were also reported by villagers in other areas as starting operations without informing local residents.¹²⁶

Global Witness carried out research involving reviewing publicly and privately available documentation relating to HAGL's subsidiaries, but could not find any evidence that they had completed environmental impact assessments, as required by law.¹²⁷ In addition, HAGL's ownership of rubber concessions inside a national park and wildlife sanctuary is against legal provisions regarding protected areas.¹²⁸

Not only have national authorities failed to enforce legal safeguards thereby enabling the company to act with impunity, but local government officials were also alleged to have been complicit in identifying and taking land being used by local residents. Villagers near to all three of the HAGL subsidiaries studied told Global Witness that government authorities had accompanied the companies during their first surveys and demarcation activities while their concessions were being negotiated, but had failed to ensure that they consult with local communities.¹²⁹

Since Global Witness undertook this research in Ratanakiri Province, Directive OIBB (the rapid student titling campaign) has been implemented in at least six of the villages assessed.¹³⁰ In December 2012, press reported an announcement by Prime Minister Hun Sen that through the Directive 1,854ha of land had been taken from Heng Brother and given back to local people.¹³¹ However, villagers near concessions owned by other HAGL's subsidiaries told Global Witness in March 2013 that although some of their farmland had been titled under the Directive, the forest areas they relied on had been left out.¹³² These concerns have been echoed by an NGO-commissioned province-wide study in which 96% of villages expressed dissatisfaction with the titles issued through the Directive (as described further in Box 1 above).¹³³

When asked, HAGL stated that it always abides by the law and regularly receives visits from authorities to inspect project implementation. It denied being involved in fraud, holding concession rights within protected areas or failing to undertake environmental impact assessments. However, it admitted to not understanding the land-reclassification procedures for ELCs. HAGL reiterated that as the government had allocated them the land there were no local residents and it denied ever being involved with confrontations with affected people. It declined to comment on its subsidiaries failing to consult with local residents.¹³⁴

That a company with a multi-million dollar portfolio is unprepared to take responsibility for ensuring their holdings are in compliance with the law is extremely concerning. HAGL's land concessions may have been allocated by the State; however they are still in flagrant disregard of the law. Consequently, in no way does this take away HAGL's responsibility of companies to abide by the law. Ignorance is no excuse.

Untangling the web of HAGL's corporate relationships in Cambodia

Ownership of HAGL's 47,370ha of land in Cambodia is held through a tangled web of subsidiaries, as indicated by Diagram 1. The objective of hiding its beneficial ownership of these companies may be to enable HAGL to bypass the legal size limit of ELCs allowed to one company almost five times over.

CRD, Heng Brother and a third HAGL subsidiary all share the same director, Nguyen Van Minh, a Vietnamese national, who represents HAGL in Laos and is the deputy director of HAGL.¹³⁵ In Ratanakiri province, CRD and Heng Brothers share the same address with three other HAGL subsidiaries.¹³⁶

Heng Brother has links with an advisor to President of the National Assembly, Okhna Rath Sokhorn.¹³⁷ Cambodian Rath Sokhorn previously held shares in Heng Brother which is currently registered at the same Phnom Penh address as Rath Sokhorn's companies.¹³⁸ One of Rath Sokhorn's companies and Heng Brother used to share a director.¹³⁹ At least 23 other companies are also registered at this address, including Hoang Anh (Cambodia) Mines Co. Ltd, also directed by Nguyen Van Minh (a Vietnamese national who is a senior HAGL employee).¹⁴⁰

Rath Sokhorn owns two rubber concessions totalling 18,000ha in Lumphat Wildlife Sanctuary in his own right. Both of these were approved after Prime Minister Hun Sen's May 2012 moratorium.¹⁴¹ Although officially approved, these holdings are contrary to laws limiting the size of concessions and their situation within a protected area.

HAGL's operations in Cambodia used to be connected to VRG through their joint ownership of concession company Hoang Anh Mang Yang.¹⁴² Kiri Development, on paper a Cambodian company, shares the same director as Hoang Anh Mang Yang and their rubber concessions in Ratanakiri are contiguous.¹⁴³ Heng Brother, a subsidiary of HAGL, used to share an address with Kiri Development and both companies signed their contracts on the same date.¹⁴⁴

Other connections link HAGL subsidiaries to VRG's operations in Laos. Hoang Anh Quang Minh Rubber JSC, which owns a rubber plantation in southern Attapeu province, is jointly owned by HAGL and VRG.¹⁴⁵ In addition, Hoang Anh-Quang Minh Rubber JSC was previously listed as a shareholder of Hoang Anh Andong Meas, a HAGL subsidiary with a rubber concession in Ratanakiri, northeast Cambodia.¹⁴⁶

When asked about these relationships, HAGL confirmed ownership of CRD, Heng Brother, Hoang Anh Oyadav and three other subsidiaries with concessions in Ratanakiri Province. It denied ever being involved with Rath Sokhorn, Hoang Anh Mang Yang or Kiri Development.¹⁴⁷ Global Witness also wrote to Rath Sokhorn, asking for clarification on his relationship with HAGL, but received no response.

LAOS

The impact of HAGL's operations on the ground – evidence from Laos




"This is what Hoang Anh Gia Lai has done to the villagers. We have agreed with policy on development and cooperation with foreign companies to develop the province, but not about taking the land that belongs to villagers".

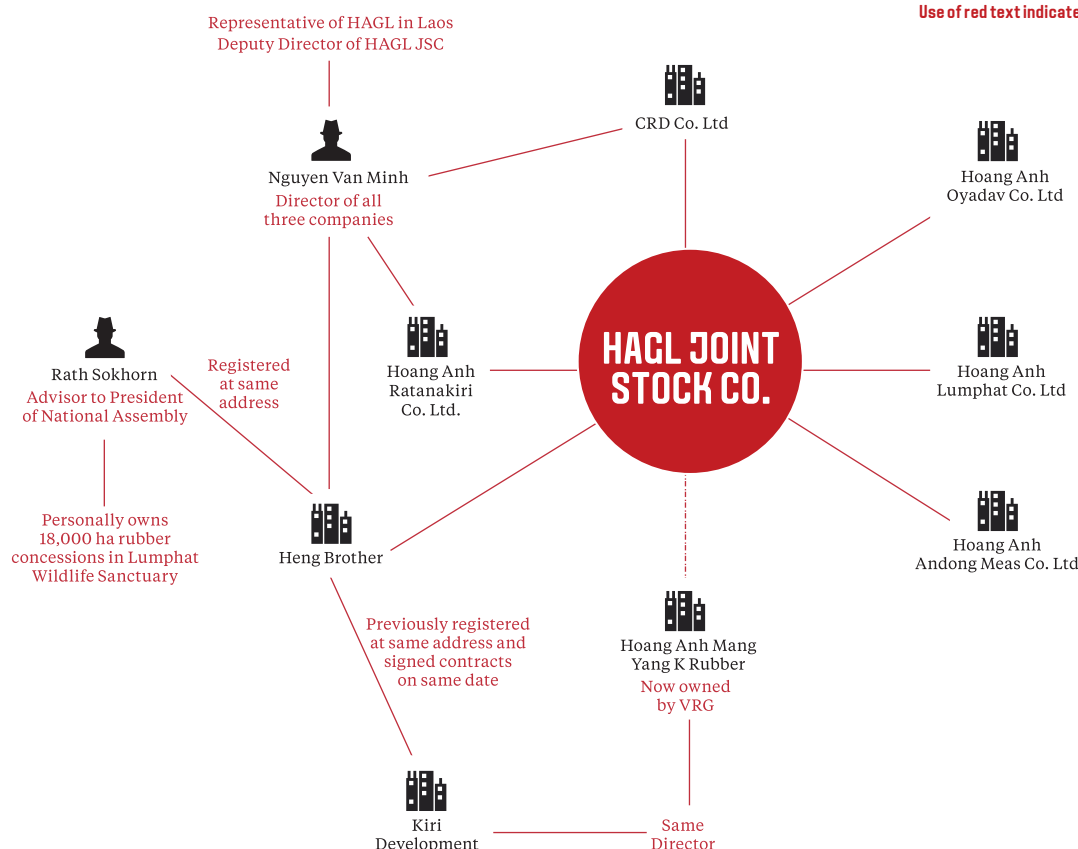
- A villager's opinion of HAGL's land grabbing.¹⁴⁸

In Laos, the number of subsidiaries and amount of land on which HAGL is planting rubber is less clear than in Cambodia. In Attapeu Province, Hoang Anh Attapeu Company (HAAC) holds a 20,000ha concession and Hoang Anh Quang Minh Rubber Industrial and Agricultural JSC (Hoang Anh Quang Minh) owns a concession of 2,549ha.¹⁴⁹ HAGL is also reported to own a 4,000ha rubber concession in Lamam District of Xekong province.¹⁵⁰ Further details of these concessions are provided in Map 5 and the Annex. HAGL additionally holds a 28% stake in an 8,000ha land concession in Xekong Province owned by Lao – Viet Friendship Group (LVFG), 2,900ha of which has been allocated to rubber so far.¹⁵¹

Diagram 1. Relationship between HAGL's subsidiaries in Cambodia and others believed to be affiliated with the company

Legend

- Subsidiary of HAGL
- - - Company believed to have previously been owned by HAGL
-    Company/Individual/Address
- Use of red text indicates nature of relationship



When asked about these concession holdings, HAGL confirmed that it holds 27,800ha of land for rubber in Laos through HAAC, Hoang Anh Quang Minh and LVFG, but denied holding any further concessions in Xekong Province.¹⁵²

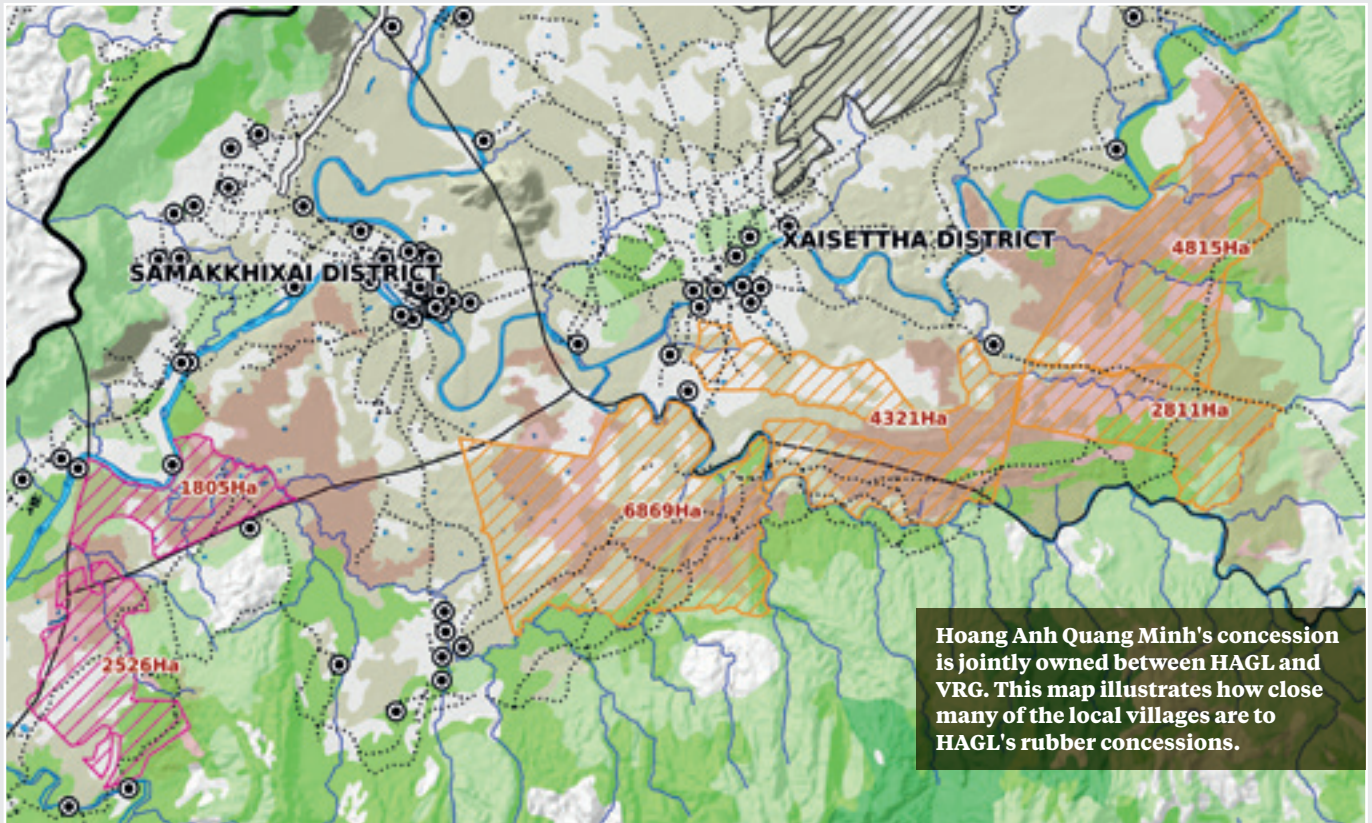
Global Witness visited HAAC, HAGL Xekong and LVFG in mid-2012 to see whether local ethnic minority villages were experiencing the same social, environmental and governance problems as in Cambodia.

Loss of land, forest and livelihoods

As in Cambodia, when Global Witness visited these villages, local people reported a significant number of problems. Three women in one village explained how local authorities informed their community in 2005 that HAAC had been awarded a rubber concession, but promised that the company would not take privately owned land.¹⁵³ However, despite this promise and the community's pleas to protect 300ha of forest, by 2008 it had been destroyed by the company.¹⁵⁴ Loss of this 300ha without compensation has devastated household incomes and food security as people have lost access to fruit, medicine, wildlife and bamboo. "When the jungle remained, there was an abundance of food [...] Now, there is no more forest and life is difficult. How can we respond, this is government policy and we have to follow it so as to develop the country," one woman explained to Global Witness.¹⁵⁵ A neighbouring village fared even worse. The first announcement of HAAC's intentions was made in 2006 during a meeting in which local authorities threatened people with jail sentences if they opposed the plantation.¹⁵⁶ Elders explained to Global Witness that since operations began in 2008, the village has lost significant areas of rice fields, orchards and teak plan-




tations to the company's bulldozers (at least ten households lost everything they owned); and three houses have been burnt down by company workers.¹⁵⁷ As a result, people are now experiencing loss of income and face significant food insecurity.¹⁵⁸ Lao law provides that if companies take private land, the owner must be compensated.¹⁵⁹ However, despite HAGL promising each household that lost land compensation of US\$125 in 2008, elders interviewed told Global Witness that villagers are yet to receive anything.¹⁶⁰ No compensation was ever even offered to the families whose houses (valued at US\$125 each) were destroyed by fire. In Xekong, two village leaders explained to Global Witness how HAGL attempted to purchase land from villagers for US\$250 per hectare in 2005 but after people refused, local authorities gave the company 400ha anyway.¹⁶¹ This area included the farmland and forest on which people's livelihoods depended; some are now facing food shortages and 25 households were forced to clear new fields within the community's own protected forest area.¹⁶² LVFG, meanwhile, gained local residents' consent for their 5,000ha rubber concession on the basis that the land was being given up in return for employment on the plantation.¹⁶³ After three years, the company stopped providing local jobs and, in 2012, the villagers' frustration erupted in protests, during which seven people were arrested, one of whom was detained for two weeks. In October 2012, it was reported that a central government task force had been established to address the community's grievances and by February 2013, 100ha of new land had been found by the government for one village, but it was unclear how the remaining communities' disputes were being addressed.¹⁶⁴ HAAC and HAGL Xekong both employ workers from some of the nearby villages, but the workers have no contracts, are poorly paid and have to

Map 5: Locations of rubber concessions of HAGL subsidiaries Hoang Anh Attapeu Company and Hoang Anh Quang Minh Company, Attapeu province, Laos








Map 5 Legend







CONCESSIONS

-  Hoang Anh Quang Minh
-  Hoang Anh Attapeu
-  Other

FOREST COVER (2002)

-  Evergreen
-  Mixed Deciduous
-  Unstocked Forest
-  Dry Dipterocarp
-  Other

GENERAL

-  Visible Rubber Plantation
-  Main Road
-  Small Road
-  Province
-  District
-  Village



Satellite image 2: Rubber concessions belonging to HAGL subsidiaries Hoang Anh Attapeu Company and Hoang Anh Quang Minh, Attapeu province, Laos, showing extensive forest clearance within and beyond their concession boundary

Image A taken February 2009

Image B taken February 2013





Timber waiting to be transported from inside a HAGL subsidiary company's rubber concession in Laos in 2013.

provide their own food, water and protective clothing.¹⁶⁵ In other villages, HAGL has not offered locals any work.¹⁶⁶ HAGL's operations across two provinces of southern Laos have clearly had a devastating impact on local communities and the environment, and offer further evidence of the company's apparent disregard for the law and its willingness to use violence against those who oppose it. When asked, HAGL denied any involvement in taking peoples land without their permission or burning their houses and declined to comment on local residents being threatened by local authorities for opposing their concessions. HAGL stated that in the case of overlaps between the company's concessions and local residents, the company works with local authorities to provide compensation, new housing and jobs on the plantations, but declined to comment on the working conditions. In relation to LVFG's activities, HAGL stated it was only a financial investor with no direct operating responsibilities.¹⁶⁷

HAGL's involvement in illegal logging and timber laundering

In 2010 HAGL reported that it held rights to 300,000m³ of timber for furniture production which was 'sourced from the reclamation of land from forest for rubber plantation', despite Lao law allowing only 'degraded' forest to be allocated as concessions.¹⁶⁸ Satellite imagery of the HAAC concession (provided in Image 2) supports the company's claim, highlighting the extent of forest clearance within this concession site since the company gained control of the area. Image 2 also appears to show that large areas of forest have been cleared beyond the legal boundaries of HAAC's concession area. These results echo those of a study published by the Environmental Investigation Agency in 2012.¹⁶⁹

Although Global Witness was unable to verify if HAAC had been responsible for such activities, the clearance beyond the boundaries does appear to be an extension of clearance activities being done within the plantation.¹⁷⁰

According to HAGL's 2010 report, the aforementioned 300,000m³ of timber was a form of repayment by the Lao government to the company, for a no-interest loan given for the construction of the Southeast Asian Games athletes' village in Vientiane in 2009.¹⁷¹ However, the Environmental Investigation Agency estimated the market value of this timber to be up to US\$60 million – four times the value of the loan – and cited media reports that the 20,000ha rubber plantation owned by HAGL in Attapeu was also part of this deal.¹⁷²

Villagers in Attapeu told Global Witness that armed soldiers, hired by the company in at least one HAGL concession, regularly prevent them from entering the forest and threaten them with arrest.¹⁷³ These soldiers also protected HAAC's logging operations inside the concession area, where luxury timber, including rosewood, was being cleared and trucked across the border to Vietnam as round logs.¹⁷⁴ If HAGL is exporting round logs of rosewood and other rare species, this would be in violation of laws protecting such trees as well as timber export bans.¹⁷⁵

HAGL's activities in Laos suggest that, as in Cambodia, illegal logging is a core part of the company's business model.

When asked however, HAGL denied any involvement in illegal logging, clearing beyond its legal concession boundaries, or processing or exporting timber. It denied hiring armed forces to guard its concessions or any involvement in threatening local communities. The company stated it only clears 'impoverished forests' and has 'never taken a single cubic metre of wood' from the government.¹⁷⁶



Tree marked to show the boundary of the rubber concession belonging to VRG member company Krong Buk, Cambodia 2012. VRG and companies believed to be affiliated with it have exceeded the legal limit on land holdings in Cambodia by sixteen times.

5

Vietnam Rubber Group –

RUBBER BARONS WITH STATE BACKING

The Vietnam Rubber Group (VRG) was formally established by the Government of Vietnam in 2006 and by 2012 it was reporting an annual profit of US\$216 million, according to market analysts.¹⁷⁷ After initially investing in large-scale plantations it has now diversified into industrial rubber processing and manufacturing, as well as hydropower.¹⁷⁸ In April 2012, the company was awarded the Gold Star Order – the highest national decoration – by the Vietnamese Prime Minister.¹⁷⁹ According to VietCapital Securities, VRG has significant influence over the Vietnamese rubber sector, controlling approximately 300,000ha of domestic plantations (40% of the national total) and accounting for 85% of export production.¹⁸⁰

VRG began operating abroad due to a shortage of available land in Vietnam.¹⁸¹ In 2011 the Prime Minister approved VRG's five-year business plan, which earmarked an additional 140,000ha for rubber, mainly in Cambodia and Laos, which would expand the company's holdings in the Mekong to 500,000ha in total.¹⁸²

In 2005 VRG began investing in Laos.¹⁸³ The company told Global Witness in August 2012 that it controls only 30,000ha of land in the country,¹⁸⁴ but evidence gathered during this study (as illustrated in Map 3 and the Annex) suggests the total could be as much as 38,893ha. VRG expanded into Cambodia a year later, in 2006, and claims to have invested nearly US\$1 billion in Cambodian rubber so far.¹⁸⁵ A culture of opacity also shrouds its Cambodian holdings: one 2008 company report stated it held 100,000ha in rubber concessions, a 2011 company report stated it held only 41,464ha, while VRG representatives told Global Witness in August 2012 that the total was 60,000ha.¹⁸⁶ During this study however, Global Witness identified rubber concessions totalling 132,992ha belonging to VRG member companies, twelve times the legal size limit, while the total area of land held by all companies Global Witness believes to be affiliated with VRG is 161,344ha. In March 2013, Global Witness wrote to VRG asking for its response to the evidence presented in this report. In a written response, VRG declined to comment on the rubber concession holdings it owns or is affiliated with in Cambodia or Laos, or its relationship with companies named in this report.¹⁸⁷ VRG also declined to respond to any of the evidence presented of its members and affiliates being responsible for land grabbing

and illegal activities in Cambodia and Laos, as outlined below. Instead, VRG pointed Global Witness to a set of “responsible investment principles” which, it stated, it always adheres to. These principles included observing national laws and cooperating with authorities, operating in accordance to management plans, respecting the welfare of local communities and implementing social infrastructure projects.¹⁸⁸

CAMBODIA

The impact of VRG's operations on the ground – evidence from Cambodia

VRG operates through at least 19 member companies in Cambodia.¹⁸⁹ Evidence collected by Global Witness suggests a further seven are affiliated with VRG (see the Annex for details). The most commercially significant member company appears to be the Dong Phu – Kratie Rubber Project (Dong Phu) whose parent company owns two processing factories in Vietnam.¹⁹⁰ Dong Phu holds a 9,000ha concession in the eastern Kratie province (see Map 6 for further details) and was reported in March 2011 to be about to double its Cambodian land holdings.¹⁹¹

Between April and July 2012, Global Witness visited communities impacted by seven ELC sites associated with VRG. The majority of these villages are comprised of indigenous minorities. Six of the concessions visited are VRG member companies: Dong Phu; Dong Nai – Kratie Rubber Project (Dong Nai); Hoang Anh Mang Yang; Tan Bien – Kampong Thom Rubber Development Co. Ltd (Tan Bien); Krong Buk – Ratanakiri Rubber Development Project (Krong Buk); and Phu Rieng – Kratie Rubber Project (Phu Rieng). Global Witness also visited a rubber concession owned by Kiri Development. This company, although on paper Cambodian, shares the same director as Hoang Anh Mang Yang and was also previously associated with Heng Brother, a subsidiary of HAGL, as described above.¹⁹² Krong Buk, Dong Phu and Dong Nai’s rubber concession are indicated in detail on Maps 4 and 6 respectively.

Loss of land, forest and livelihoods because of VRG and reports of problems associated with concession employment conditions

“Losing the forest is like losing life” - A village elder describes the impact of Hoang Anh Mang Yang’s forest clearance.¹⁹³

The evidence collected by Global Witness indicates VRG’s investments have had an overwhelmingly negative impact. Dong Phu, Dong Nai, Phu Rieng, Hoang Anh Mang Yang, Tan Bien and Krong Bok rubber concessions had all taken agricultural and forested land from local people without prior consultation, elders and villagers told Global Witness, with Krong Bok alone seizing more than 1,000ha.¹⁹⁴ As a result, three of these villages are now suffering significant food shortages and loss of income.¹⁹⁵ Five villagers near Krong Buk explained that food was so scarce they had no choice but to send their children to work on the concession.¹⁹⁶ Two villages were offered compensation by the company (at a rate of US\$100 for every three hectares of lost cashew plantations), which people suspected was far below the market value, but accepted nonetheless, believing they had no choice.¹⁹⁷

Employment opportunities are available on all the other VRG-related rubber plantations assessed, but villagers nearby are not happy with the conditions and in two villages people

refuse to work on the plantations.¹⁹⁸ One village chief explained to Global Witness that people are required to work long hours in difficult conditions and payments are made late, leading to a number of anti-company protests.¹⁹⁹ Villagers near Krong Buk’s concession described how only 15 local residents were working on the plantation, they had no employment contracts, were not given protective clothing and had to cover their own transportation and medical costs.²⁰⁰

Global Witness met with a number of villagers near Tan Bien’s rubber concession who were now employed on the plantation, having been violently evicted from their land by the company in 2009. They described how salaries were often paid late, sometimes less than they were due, children as young as 11 worked on the concession, and chemicals were being used without protection, causing severe skin burns and polluting local water sources.²⁰¹

“We were unhappy that the company would not talk to us, so we confiscated the keys of their bulldozers”

- Villagers describe how they tried to stop Krong Buk clearing their land.²⁰²

All the VRG member companies and affiliates Global Witness visited, except for Tan Bien, were guarded by either soldiers or military police who routinely patrol the concession boundaries and man check-points.²⁰³ In one concession, eye-witnesses told Global Witnesses that guards were armed with AK47s. Elders living near a different concession complained about the company’s check-point being located only one kilometre from the village which means they have to ask permission from the guards every time they pass and are regularly threatened.²⁰⁴ In the case of two other concessions, only villagers working on the plantation are allowed to pass.²⁰⁵ In spite of these risks of violence, harassment and detention, communities are still trying to get their land back, or claim compensation for their losses.

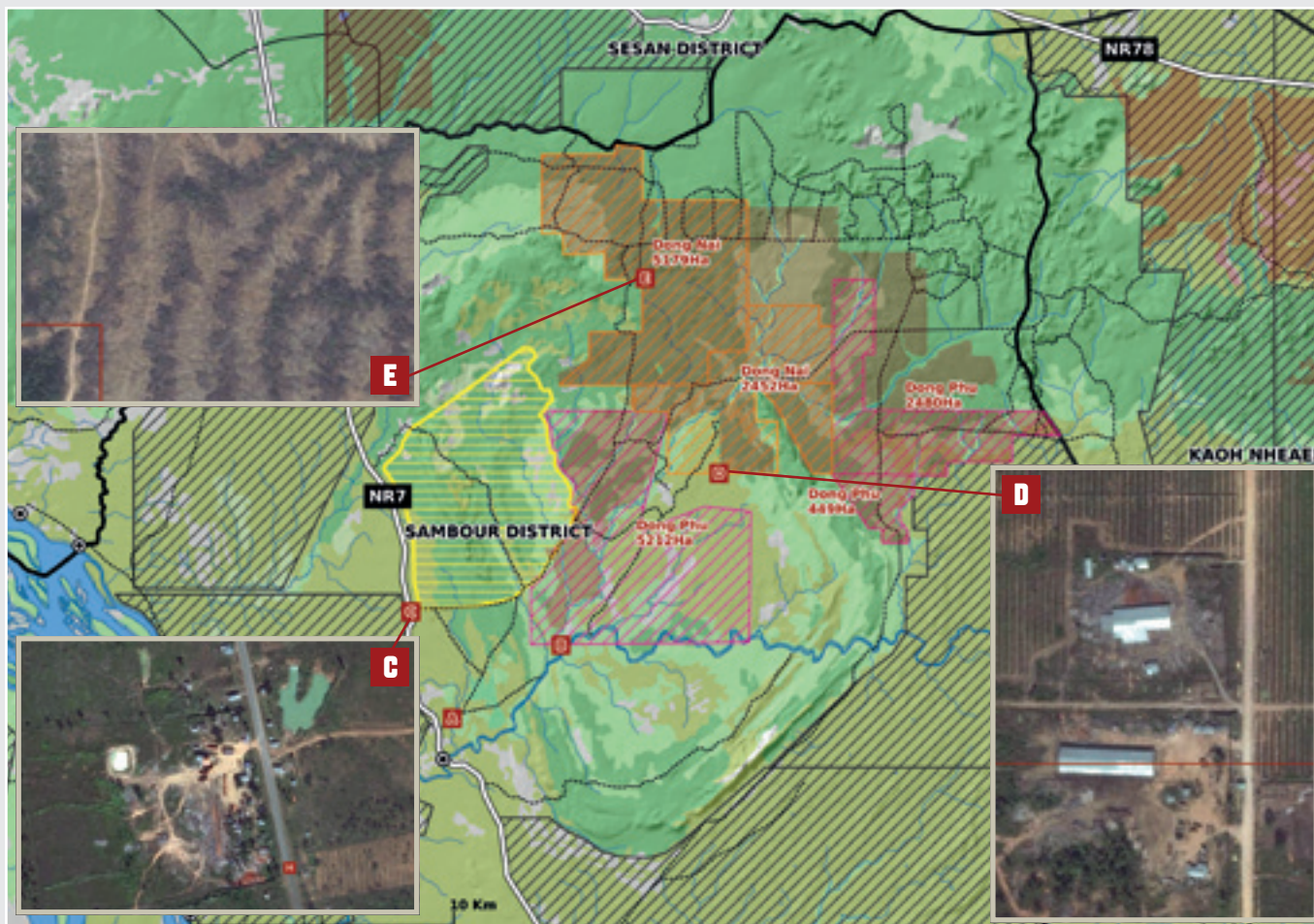
The VRG member Tan Bien’s concession is a stand-out example of long-term and intensifying conflict. Press articles describe an escalation of violence following protests by local villagers who lost 800ha of land to the concession in 2008, when the company arrived. According to these reports, community members, including young girls, were threatened, beaten-up, detained and arrested.²⁰⁶ Armed local officials and security forces regularly blocked access-roads, preventing those inside the community from accessing food, materials and support from other groups.²⁰⁷ On 6 December 2009, company representatives, local authorities and armed forces forcibly evicted the remaining households at gun point.²⁰⁸

VRG's involvement in illegal logging and timber laundering

Satellite imagery analysed by Global Witness (for example, Image 1 of Krong Buk’s concession) and also Map 6, reveal that significant areas of semi-evergreen and evergreen forests have been cleared within VRG’s concessions since they were allocated. Legal protection given to Cambodia’s forests, especially resin trees, appears to have been ignored by both the company and law enforcement agencies. The culture of impunity is such that two VRG member companies have even been openly clearing rosewood and processing it at a sawmill inside their concession.²⁰⁹

One village chief told Global Witness his community had lost over 1,000ha of forest; their spirit forests and burial forests are now under threat and livelihoods have been damaged because of the loss of access to resources such as resin, wildlife, fish and

Map 6: Concessions owned by VRG member companies Dong Phu and Dong Nai, Kratie province, Cambodia



Map 4 Legend





ECONOMIC LAND CONCESSIONS

-  Dong Nai
-  Dong Phu
-  Other

COMMUNITY FOREST

-  Ou Krieng

FOREST COVER (2006)

-  Evergreen
-  Semi-Evergreen
-  Deciduous
-  Other

GENERAL

-  Deforestation
-  National Road
-  Minor Road
-  Province
-  District
-  Village

Deforestation area estimate is based on visual examination of LANDSAT:7 imagery (March 2008, Dec. 2008, Jan. 2012, Feb. 2013) and 2006 government-produced forest cover.

- A** Main road to Dong Nai
- B** Start of Dong Phu rubber plantation, close to first military check point
- C** Satellite image insert of the sawmill allegedly owned by Seng Keang Company, image taken November / December 2010
- D** Satellite image insert of a sawmill located on the edge of Dong Nai's concession area, image taken November / December 2010
- E** Satellite image insert of extensive clear-felling taking place within Dong Nai's concession area, image taken November / December 2010

Satellite image 3: Rubber concessions belonging to VRG member companies Dong Phu and Dong Nai, Kratie province, Cambodia, showing extensive forest clearance within and beyond their concession boundary

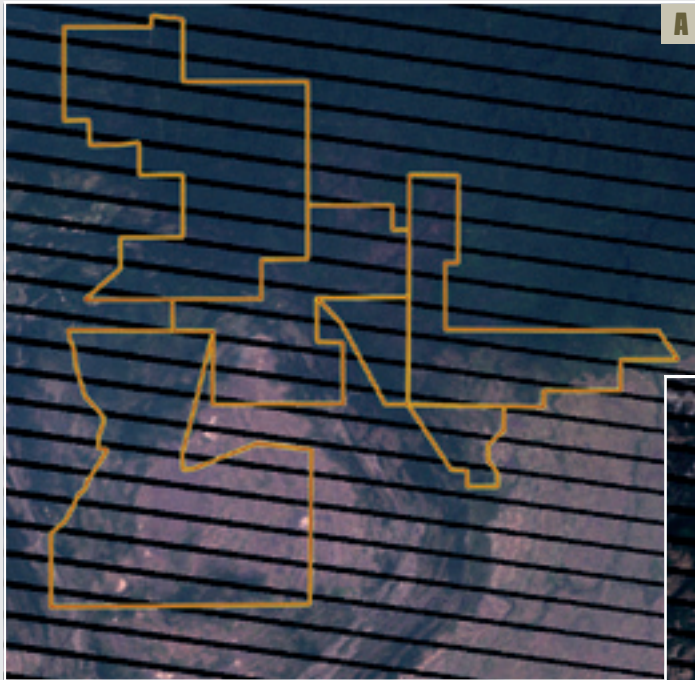


Image A taken March 2008
Image B taken February 2013



Cleared forest inside rubber concession owned by VRG member company Hoang Anh Mang Yang, Cambodia 2012. Both HAGL and VRG are accused of colluding with Cambodian business elites to illegally clear intact forest.

medicines.²¹⁰ “Without the natural forests and farmland we will starve to death” another elder in the community explained. They recalled how a representative from Krong Buk had explained that the revenues generated from clearing luxury timber were essential for the company to be able to finance basic plantation operations.²¹¹ As the yellow area in Map 4 indicates, one remaining community forest area nearby is now almost surrounded by Krong Buk and CRD, a subsidiary of HAGL.

Dong Phu and Dong Nai's connections with senior Cambodian officials and the country's 'premier logging syndicate'

The VRG members Dong Phu and Dong Nai own contiguous ELCs in northeast Kratie totalling approximately 16,000ha (as indicated in Map 6), neither of which are included in the government's official ELC database.²¹² Both companies appear to have close connections with senior Cambodian government officials and to have partnered with a company revealed by Global Witness in 2007 to be Cambodia's premier illegal logging syndicate.²¹³

Global Witness' analysis (presented in Satellite Image 3) compares forest cover change within and around the concession boundaries between March 2008 – four months before Dong Phu and Dong Nai's concessions were approved – and February 2013. Since 2008, a vast area of semi-evergreen and evergreen forest has been cleared within the companies' concessions and approximately 3,000ha of forest has been cleared beyond their legal limits. Global Witness could not verify that either company, or groups under their control, were responsible for this clearing outside their concession boundaries. Nevertheless, as indicated in Satellite Image 3, the area cleared appears to directly extend out from both companies' concessions. Moreover, the absence of other access roads into what used to be an intact forest means that the timber could have only been removed from the area through the concessions.

Local sources described how both companies are targeting luxury timber, including rosewood, which is processed at a sawmill onsite.²¹⁴ This timber is reported by the same sources as being used to build employees' accommodation or transported to Phnom Penh. Global Witness believes the use of timber as valuable as rosewood for local construction purposes is unlikely, however. Residents of a village near Dong Nai's concession estimate the company has deprived them of 10,000 resin trees (30% of their total), as well as access to their spirit forests and burial grounds.²¹⁵ One family told Global Witness they had lost 400 trees, which had previously earned them US\$500 a month.²¹⁶ Following protests against the resin tree clearing, both companies reportedly held community meetings but offered only US\$3.30 compensation per tree and nothing for the lost farmland. People were unhappy with this offer, but without any alternative, were forced to accept.²¹⁷

An individual previously sub-contracted by one of the companies to clear forest told Global Witness they had cleared several thousand cubic metres of timber and had set up two sawmills in the area.²¹⁸ According to this person and another local source, very little timber remains in Dong Nai's concessions and only one sawmill now operates, but in Dong Phu's area, heavy logging continues in evergreen forest within and beyond their concession boundaries.²¹⁹

A number of local sources told Global Witness that a company called 'Seng Keang' and a man known as 'Mr 95' were involved in timber clearing in both Dong Phu and Dong Nai's rubber concessions.²²⁰ Seng Keang is reported to have begun operations in

the area at the same time as the rubber companies and villagers explained how they had repeatedly found the company's workers illegally clearing resin trees in a community forest beside the concessions.²²¹ Map 6 indicates the location of the community forest area and a sawmill allegedly owned by Seng Keang. Despite reporting this to local authorities, they said no action had ever been taken.

Mrs. Seng Keang, her ex-husband Dy Chouch (a first cousin of Prime Minister Hun Sen), and her brother Seng Kok Heang ('Mr. 95') were exposed by Global Witness in 2007 as the country's premier logging syndicate.²²² Dy Chouch and his ex-wife together wield significant influence over the country's timber industry, in part through the operations of Seng Keang Company.²²³

The syndicate previously managed several forest concessions, under the supervision of 'Mr 95', where illegal logging specifically targeted community-owned resin trees.²²⁴ They also pioneered the logging-plantation model through their involvement in the Tumring Rubber Plantation. Through this 2001 concession, an ecologically and economically valuable 6,200ha area of Prey Lang forest in Kampong Thom province was allocated to a state-owned company, and the Seng Keang Company was licensed to clear and transport the timber from the concession.²²⁵ 'Mr 95', formerly an officer with the elite Royal Cambodian Armed Forces Brigade 70,²²⁶ was alleged to have attempted to kill two local men in 2005 near the Tumring concession for their leading role in protecting villagers' resin trees against his loggers.²²⁷ When Global Witness visited the Dong Phu and Dong Nai concessions in March 2013, local residents reported that Seng Keang had recently stopped operating in the area because all the luxury timber had been logged already.²²⁸

Dong Phu and Dong Nai also appear to have close connections with other members of Cambodia's elite. Since local protests erupted against the concessions, a number of senior government officials have visited the area to try and persuade the community to accept the plantation. In 2010, Mrs. Krueng Phavi, a CPP parliamentarian from Kratie province, visited local villages and distributed gifts, saying: “we all have to make sacrifices for the national interest”.²²⁹ Global Witness wrote to Krueng Phavi in March 2013, but received no response.

Shortly after, the Minister of Land, Mr. Im Chhun Lim, held a public meeting inside Dong Nai's concession. He also appealed to villagers to 'sacrifice' the land to the company, for the sake of national development, predicting that by 2012 all local residents would be employed there.²³⁰ The Minister reportedly hosted a feast, handed out gifts and was later quoted in the Vietnamese press as lauding the project for generating jobs and eradicating poverty.²³¹ The basis for the Land Minister's intervention in a concession-related dispute is unclear given that the Ministry of Land has no formal role in monitoring ELCs in Cambodia. However, this intervention may have related to the fact that the Minister rents VRG a property he owns in Phnom Penh.²³² Global Witness wrote to Minister Im Chhun Lim in March 2013 asking for his comments on these points, but received no response.

Since then, at least three other senior government officials have visited the concession, stating at various times that the government policy was to 'turn farmers into rubber workers', and encouraging local residents to accept the offered compensation of US\$2.50 for each resin tree, even though this was a lower amount than the offer initially refused by affected families.²³³ In summary, despite Dong Phu and Dong Nai apparently clearing vast areas of intact forest within and far beyond their concession boundaries and partnering with a ruthless logging syndicate, they have been able to call on senior government officials – including the Minister for Land – for public endorsement

and to persuade those affected to end their calls for justice. This is indicative of the way in which Cambodian civil servants are choosing to protect and promote corporate interests, even when laws are being contravened, instead of fulfilling their public duties to citizens. Like HAGL, VRG appears to operate across Cambodia with complete and open disregard for procedures governing the allocation and management of ELCs. None of the VRG member companies assessed have complied with legal requirements to undertake consultations or resolve disputes with local residents. For example, in a village meeting near Krong Buk's concession, indigenous people told Global Witness that the first they knew about the project was when the company's heavy machinery arrived.²³⁴ When one village chief demanded that Kong Buk provide him with a map of the concession which had been allocated on top of his community's land, the company replied he had no right to ask.²³⁵ A villager affected by Tan Bien's concession blamed local officials for authorising the land grab, saying "The village chief is corrupt. He warned us to let the company take the land and only encouraged us to work for the Vietnamese King [Director of Tan Bien]".²³⁶ Only four of the seven VRG member companies studied by Global Witness are included in the government's ELC database.²³⁷ Of these, Hoang Anh Mang Yang is described as having not yet completed legally required land reclassification procedures before signing their contract.²³⁸

Untangling the web of VRG's relationships in Cambodia

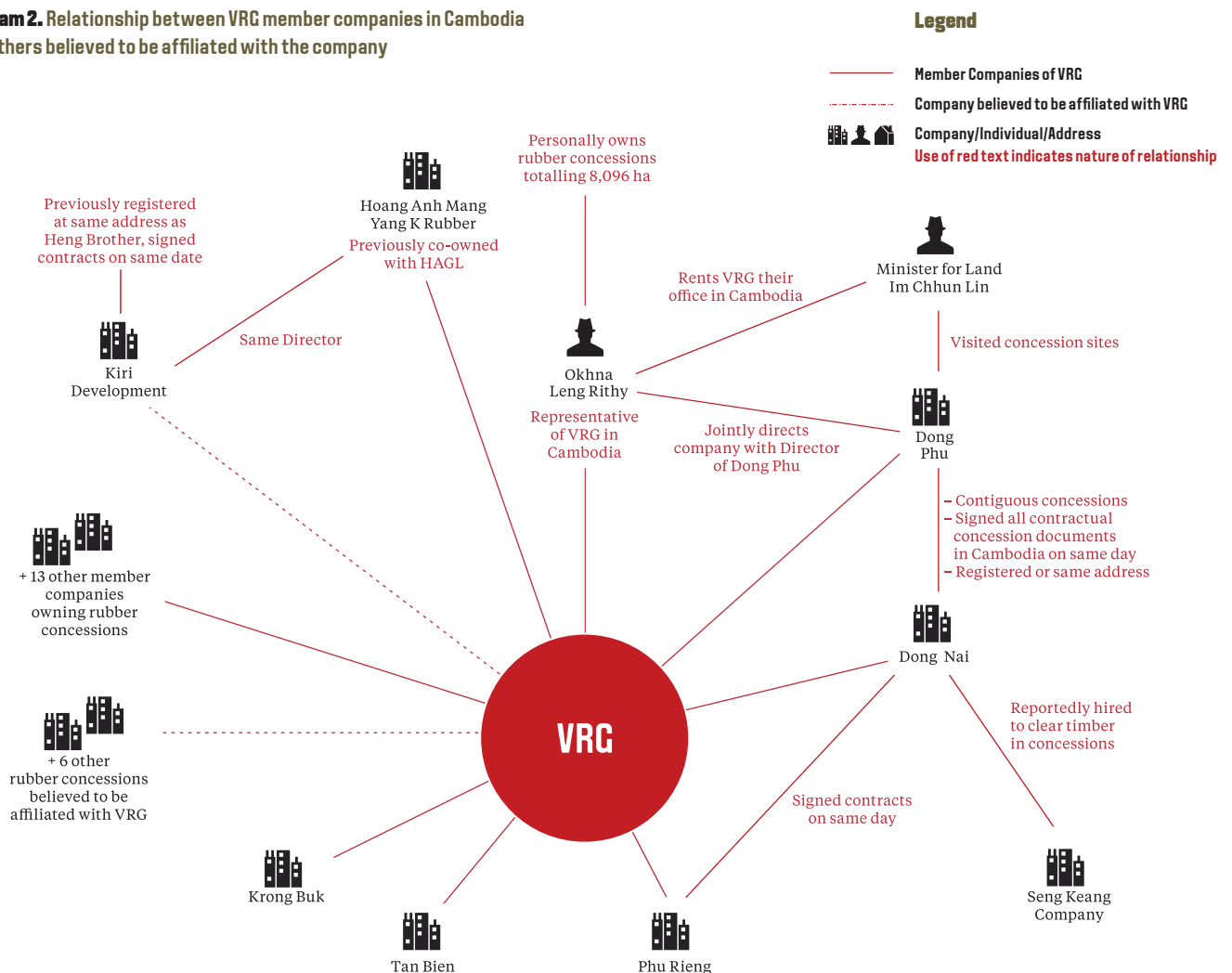
"It was very difficult to find large areas of land to grow rubber on, but we were able to receive such a large area because [the project] has got support from the Prime Minister of Cambodia, the Ministry of Agriculture, Forestry and Fisheries and local authorities"
 - Okhna Leng Rithy, representative of VRG in Cambodia.²³⁹

VRG's rubber concessions in Cambodia are held through a complex web of companies, as illustrated by Diagram 2. Hiding their involvement in these companies appears to have enabled VRG to access rubber concessions potentially up to sixteen times the legal size limit.

The company operates out of a prestigious Phnom Penh property owned by Land Management Minister Im Chhun Lim, which previously hosted the Embassy of Singapore.²⁴⁰ Nineteen companies are registered at this address, eight of which are members of VRG.²⁴¹ However, eleven other VRG member companies are registered elsewhere, including Tan Bien, Dong Phu and Dong Nai. Only two of those studied by Global Witness share this address with VRG: Krong Buk and Hoang Anh Mang Yang.²⁴²

Of the VRG member companies studied, Dong Phu and Dong Nai have a particularly close relationship. As can be seen from Map 6, their concessions form a contiguous mosaic. Both companies signed their contracts and additional clearing permits with the Cambodian government on the same dates, their company registration numbers differ by only one number and they are registered at the same address.²⁴³

Diagram 2. Relationship between VRG member companies in Cambodia and others believed to be affiliated with the company



VRG is represented in Cambodia by Okhna Leng Rithy, also the President of the Vietnamese Rubber Enterprise Federation.²⁴⁴ Okhna Leng Rithy is variously described in official documents as being Cambodian, Vietnamese and Korean.²⁴⁵ He personally controls 8,096ha of rubber plantations, as well as mining interests, and jointly directs a company with one of Dong Phu's Vietnamese directors.²⁴⁶ Global Witness wrote to Leng Rithy asking for his comment but received no response.

VRG's operations in Cambodia are linked to its activities in Laos. One of the companies Global Witness believes to be affiliated with VRG in Cambodia, Viet – Lao K. Co. Ltd, has a director of the same name as the director of the VRG member rubber plantation in Laos: Viet – Lao Rubber JSC.²⁴⁷ Finally, as described above, VRG's operations in Cambodia (and Laos) are linked to HAGL. The companies previously jointly owned Hoang Anh Mang Yang in Cambodia and currently co- own Hoang Anh Quang Minh in Laos.²⁴⁸ A company called Kiri Development shares a director with Hoang Anh Mang Yang and it used to be registered at the same address in Cambodia as Heng Brother, a HAGL subsidiary.²⁴⁹

LAOS

The impact of VRG's operations on the ground – evidence from Laos

“Sometimes the company asked Bachieng district officials to accompany its officials during the visit [to the village] and threatened villagers to give away their land.”

- A villager explains tactics used by VRG to obtain a rubber concession in Laos.²⁵⁰

VRG's rubber plantations in Laos are more mature than Cambodia: concessions were allocated, cleared and planted by 2007 and some are already being tapped for rubber. In mid-2012, Global Witness visited VRG rubber concessions in southern Laos to understand the social and environmental impacts of the company's activities. As described above, when Global Witness wrote to VRG in March 2013 asking for clarification of its rubber holdings in Laos and comments on the evidence presented in this report, the company declined to comment.²⁵¹

In July 2004, the Viet – Lao Rubber Joint Stock Company (Viet – Lao Company), a member of VRG, was granted a 50-year lease of 10,000ha to cultivate rubber in Bachieng District, Champasak Province. The investment was projected to cost between US\$22 million and US\$34.7 million and affect 33 villages.²⁵² Almost half of these impacted villages lost all but 10% of their agricultural land, four lost everything.²⁵³ A study for the French government concluded that by 2006 the company had cleared 10% more than the area of land it was allocated.²⁵⁴

Villagers told Global Witness that the coffee plantations they owned before their land was cleared for the concession used to generate annual incomes of up to US\$5,000 per household.²⁵⁵ Significant areas of communal land and forest were also cleared by the company, removing vital resources such as food sources, timber, and non-timber forest products, on which women, in particular, relied.²⁵⁶ Villagers went on to explain to Global Witness that they were given no warning by the Viet – Lao Company that the land would be cleared. Land clearance was frequently done at night, and anyone asking questions was threatened.²⁵⁷ Global Witness was told by villagers and other local sources how

provincial soldiers used by the company to protect the concession regularly harassed local residents.²⁵⁸

According to Lao law, resettlement compensation must be paid if land is taken by a company. According to the French government study, Viet – Lao Company offered differing amounts to people impacted by their concession and many farmers deemed the offerings insufficient.²⁵⁹ A separate study into the labour conditions on the concession concluded that although local residents are employed on the plantation, the company expects people to work for longer hours than is legally allowed, permanent contracts are not available, labourers frequently do not receive their full salaries and are exposed to chemicals without protective clothing.²⁶⁰ This was verified by villagers whom Global Witness met in 2012, who are still angry with the company and would prefer not to work for them.²⁶¹

There is little evidence that the exchange of land for plantation employment forced on the communities around the Viet – Lao Company's concession has brought them any benefit. Alongside the cases involving other VRG member operations documented by Global Witness, it casts serious doubt on the company's claim to be 'respecting the welfare of local communities'.²⁶²

Both VRG and HAGL are clearly profiting handsomely from their land acquisitions in Cambodia and Laos and the cosy ties with politicians that facilitate them. The suffering that both are inflicting on local people, however, gives claims that they contribute to the two countries' development a distinctly hollow ring. It also begs the question: what sort of institutions would countenance financing companies such as these?

VRG's 2011 annual report which lists the company's holdings in Cambodia and Laos.





Deutsche Bank Head Office, Frankfurt, Germany. The Bank has multi-million dollar investments in both HAGL and VRG. Credit: Ralph Orlovski/ Getty Images

BANK-ROLLING THE RUBBER BARONS

The involvement of the International Finance Corporation and Deutsche Bank.

“I think people deceive themselves when they’re reluctant to talk about their riches. I have made money legally and everyone knows that. There is nothing to conceal when you work legally”

- Doan Nguyen Duc, CEO of HAGL²⁶³

“Certain of our existing projects are being developed without necessary government approvals, permits or licenses and development and operation of certain projects are not fully in compliance with applicable laws and regulations”

- HAGL report, 2011²⁶⁴

The stratospheric rise of Doan Nguyen Duc and HAGL has given the company a profile far beyond Vietnam, in terms of both its investment portfolio and financial structure. Since VRG became one of Vietnam’s most successful state-owned enterprises, it and its member companies have also increasingly been able to access international finance. HAGL and Dong Phu, a member company of VRG, are both backed by big-name financiers who attach social and environmental standards to their lending standards which, as this report reveals, appear to have been ignored. These financial relationships are illustrated by Diagram 3.

International Finance Corporation

The International Finance Corporation (IFC) is the private lending arm of the World Bank Group, whose investments are conditional on the application of environmental and social standards.²⁶⁵ The IFC provides financing to HAGL through Dragon Capital Group Ltd (Dragon Capital), a Vietnam-based investment group specialising in emerging financial markets.

The IFC has been an institutional shareholder in Dragon Capital since 2002 and currently holds an 8.8% share in the group.²⁶⁶ In addition to this, in 2003, the IFC invested US\$8 million directly in Vietnam Enterprise Investments Ltd (VEIL) a fund owned by Dragon Capital.²⁶⁷ This holding was increased in 2006 by US\$6.95 million and as a result, the IFC currently holds approximately 5% of VEIL’s shares.²⁶⁸ VEIL, listed on the Irish Stock Exchange, currently holds just below 4% equity in HAGL and 0.64% in HAGL Rubber (a subsidiary of HAGL).²⁶⁹

Separate from investments originating from IFC, Dragon Capital also holds a 1.54% interest in HAGL through its Vietnam Growth Fund Ltd. This same fund also holds a 1.23% interest in Dong Phu, a share currently valued at US\$3.18 million.²⁷⁰ Global Witness wrote to Dragon Capital in March 2013 and their response has been incorporated into this report.

Deutsche Bank

Deutsche Bank is a German global banking and financial services company which is a signatory to the UN Principles of Responsible Investing,²⁷¹ the UN Global Compact²⁷² and the Banking Environment Initiative.²⁷³

In 2011, HAGL became the first Vietnamese company to list on the London Stock Exchange's Professional Securities Market (PSM), using Deutsche Bank Trust Company Americas as its depository bank.²⁷⁴ Prior to the listing, HAGL released a Confidential Circular Offering to potential investors.²⁷⁵ Under the 'Risks' section, this document stated that HAGL's existing projects, including rubber concessions, were not operating in line with the law, as detailed in Box 4.

According to a press article, following HAGL's listing in London, several of Deutsche Bank's subsidiaries retained shares.²⁸⁰ When contacted in March 2013 by Global Witness, Deutsche Bank confirmed that the bank continues to finance HAGL through its DWS Vietnam Fund Ltd; holding 3.4 million shares, worth approximately US\$4.5 million.²⁸¹ The bank declined to comment on media reports that other funds it controls are also investing in HAGL. However, it confirmed that HAGL also indirectly receives an undisclosed amount of investment from Deutsche Bank through its Vietnam Exchange Traded Fund, which has a market capitalisation of US\$16.5 billion.²⁸²

In addition to providing finance to HAGL, Deutsche Bank also confirmed that its DWS Vietnam Fund holds 1.2 million shares in Dong Phu, currently worth US\$3.3 million.²⁸³

Failure of the IFC and Deutsche Bank to uphold their environmental and social standards relating to these investments

The IFC has a relatively strong environmental, social and governance framework consisting of eight performance standards which are designed to "*help ... clients avoid and mitigate adverse impacts and manage risk as a way of doing business sustainably*".²⁸⁴ According to this framework, all recipients of investment (directly or through financial intermediaries) are required to comply with national laws and minimise negative environmental and social impacts.

However, because the performance standards were only introduced in April 2006 and because the IFC does not apply them retrospectively, its financial investments in HAGL – although still current – are not covered. Projects approved before 2006 apply the IFC's less robust 1998 Environmental and Social Review Procedure. The IFC investment in VEIL in 2003 therefore only required the Fund to "*demonstrate that the existing environmental management system is still in place*" within its own operations as well as sub-projects.²⁸⁵

Although the additional investment provided to VEIL in 2006 was made after the introduction of the performance standards, IFC staff explained to Global Witness that as part of an ongoing agreement, only the previous weaker safeguards applied.²⁸⁶ The continued application of weaker safeguards to new financial disbursements, even after the IFC as an institution has

recognised that they need to be strengthened, suggests to Global Witness that the environmental and social risks associated with VEIL and their sub-projects were not given any consideration.

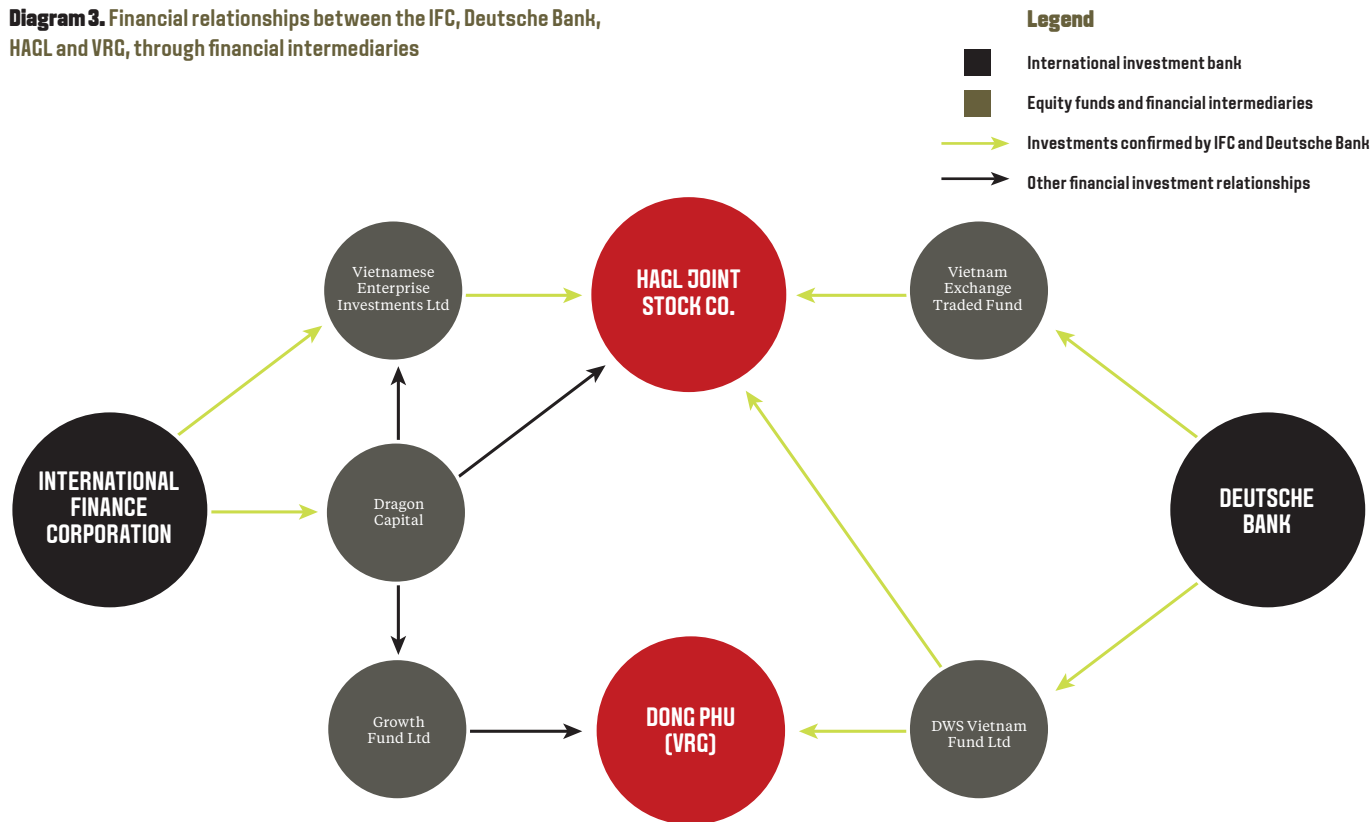
Global Witness asked the IFC what due diligence it undertook prior to investing in Dragon Capital and VEIL and what monitoring regime is used. In response, the IFC declined to provide information about due diligence prior to investing, but described how its ongoing monitoring primarily relied on the Fund manager's oversight, supplemented by annual environmental performance reports and occasional site visits.²⁸⁷ IFC refused to comment on whether or not it had ever visited HAGL's operations in either Cambodia or Laos; however according to HAGL, such visits have taken place.²⁸⁸ IFC and Dragon Capital both denied any knowledge of HAGL's public admission of illegality in its operations in Cambodia and Laos, when listing on London's PSM in 2011 (as described in Box 4).²⁸⁹

The evidence gathered in this report from villagers impacted by HAGL clearly reveals that the IFC's oversight and monitoring of their financial investments in the company has been derisory. A 2011 appraisal of IFC's financial sector investments by its Compliance Advisor Ombudsman (CAO) reached similar conclusions: that its investments through financial intermediaries are frequently unable to guarantee implementation of its environmental and social safeguards, or ensure adequate due diligence.²⁹⁰ As the IFC increases its financing to the private sector in developing countries, the risks and problems exposed in this report are likely to become more commonplace.

Deutsche Bank, meanwhile, has no internal environmental or social policies governing its own investments, whether directly or through other financial intermediaries.²⁹¹ Nevertheless, as part of its membership of the Banking Environment Initiative and the Global Compact, it has publicly committed to upholding human rights, environmental and anti-corruption standards.²⁹² When asked what due diligence Deutsche Bank undertook prior to investing in HAGL and Dong Phu, it responded with reference only to actions taken by DWS. These included accessing brokers' reports, meetings with senior management and site visits to operations owned by both companies, but only in Vietnam.²⁹³ These procedures are clearly inadequate and have failed to bring to the Bank's attention HAGL's 2011 statement about their operations in Cambodia and Laos not being in compliance with the law. However, this failure is not unique. The Bank has already been publicly exposed in 2010 as financing a concession responsible for land grabbing and forced evictions in southwest Cambodia and as result, was forced to divest from the project in November of that year.²⁹⁴ What is surprising is that neither Deutsche Bank nor DWS appear to have learnt from this experience and continue to be financing land grabbing in Cambodia and Laos.

It is critical that the IFC and Deutsche Bank both urgently take action firstly to require HAGL and VRG to bring their operations inline with national law and their own environmental and social commitments. If neither rubber company has undertaken such changes within six months, the IFC and Deutsche Bank should immediately divest of their financial interests.

Diagram 3. Financial relationships between the IFC, Deutsche Bank, HAGL and VRG, through financial intermediaries



Box 4: Admission of illegal activities by HAGL in its overseas rubber investments

"Certain of our existing projects are being developed without necessary government approvals, permits or licenses and development and operation of certain projects are not fully in compliance with applicable laws and regulations."²⁷⁶ (emphasis in original)

We have not obtained certain approvals, permits and licenses for the development and operation of several of our existing projects. Pursuant to applicable laws and regulations, we may be subject to certain potential administrative liabilities and sanctions due to the lack of necessary approvals, such as fines, temporary or permanent suspension of construction or operations or compulsory termination of investment activities. In addition, the development and operation of some of our projects are not in compliance with the applicable laws and regulations, which may cause a material adverse impact on our businesses.

[W]e have been advised ... with respect to legal matters in Cambodia, Laos and Thailand, that the relevant governmental authorities may still have the power to impose administrative sanctions upon us based on certain of our prior non-compliances ...²⁷⁷

Historically, we have not been fully compliant with the applicable environmental laws in Laos by operating certain of our rubber plantations without the approvals for our environmental and social impact assessments and environmental impact mitigation plans. We are in the process of applying for the necessary permits.²⁷⁸

Note: In a written response to Global Witness in April 2013 asking about this document, HAGL stated some parts of it were translated incorrectly and that the company always follows the law."²⁷⁹



Rubber baron Doan Nguyen Duc, CEO and founder of HAGL, is set to become one of Vietnam's first billionaires. Credit: Bloomberg/ Getty Images

7

How HAGL and VRG failed to take action when Global Witness presented this evidence to them.

IGNORING THE EVIDENCE



An indigenous woman and her son walk by a rubber concession belonging to a HAGL subsidiary company in Laos in 2013. Company workers burnt down their house which is now inside the plantation, but they have not yet received any compensation.

“ But we cleared the forest so we could plant rubber”

- HAGL representatives explain to Global Witness about why they cleared forests inside their concession sites.²⁹⁵

In August 2012, Global Witness presented the evidence to HAGL and VRG of the negative environmental and social consequences of their rubber plantations in Laos and Cambodia.

Global Witness met with two representatives from HAGL at its headquarters in Vietnam. They stated that forested land inside the company’s concession areas in Cambodia had been assessed by the government as ‘degraded’ and denied involvement in illegal logging. They also argued that local communities did not have land titles and that the company was not aware of any disputes with residents near the concessions. The representatives stated that the company’s first priority was to ensure it was complying with national law. However, when presented with evidence of HAGL’s own admission of non-compliance in its confidential circular offering, they admitted that the company did not fully understand national laws in either Cambodia or Laos.

Global Witness requested that HAGL bring its operations in line with national law in Cambodia and Laos, disclose all relevant documents pertaining to its land concessions and establish a conflict-resolution mechanism with affected communities. Following lengthy communications in September and October 2012, discussions between Global Witness and HAGL stalled, with the company stating that it was not willing to disclose documents to Global Witness or take any further action to remedy the situation.

During a meeting between Global Witness and VRG, its representative explained that all their concessions in Cambodia were awarded by the government, which assured them no local residents would be impacted. Two minor disputes had occurred but had been resolved, and the company denied any involvement in timber trading. When shown evidence of substantial forest clearance around Dong Phu and Dong Nai’s concessions, the representative stated it was a specific case in which timber was used to build workers’ houses.

Global Witness made the same recommendations to VRG’s member companies and affiliates that it did to HAGL; namely bringing their operations in line with national law, disclosing relevant documentation and establishing a grievance resolution process with affected local communities. In response, VRG initially agreed to arrange a meeting between its VRG representatives in Cambodia and Global Witness, to disclose contractual documentation. However, discussions stalled in November 2012 and the meeting was cancelled by VRG. Global Witness also met with specific VRG member companies in August 2012, with the following outcomes:

- The representative of Dong Nai stated its concession was entirely legal and denied involvement in illegal logging as the surrounding forest was already degraded before the concession was allocated. He admitted that the company had not consulted with affected communities, just local authorities. When asked to dis-

close all contractual documents, the company initially promised that its Cambodian office would provide them, but then ignored all further attempts at communication by Global Witness;

- The representative from Dong Phu claimed that their concession area was allocated only on areas of degraded forest, that consultations had been carried out with both local authorities and organisations representing local communities, and that no people lived inside the concession area. The company had undertaken an environmental impact assessment in late 2011, long after it began operations, but this was yet to be approved by the government. Again, when Global Witness requested disclosure of key contractual documents, we were referred to the company’s Cambodian office, but the parent office of Dong Phu refused all further attempts to communicate;

- Mang Yang (the parent company of Hoang Anh Mang Yang) told Global Witness that it had undertaken a two-year consultation with government authorities and local communities before commencing operations. It denied any responsibility for forest clearing on its concession. Mang Yang promised to send Global Witness all relevant documentation and investigate the alleged dispute with local communities. But, despite numerous attempts to continue the correspondence, Global Witness never heard back from Mang Yang.

When asked in April 2013 what action either company had taken since these meetings, both HAGL and VRG declined to comment.²⁹⁶ Global Witness is not aware of any positive changes made by either HAGL or VRG to their operations in Laos or Cambodia since August 2012. Disputes with local residents continue and satellite analysis reveals significant additional illegal clearing of forest has taken place since then.

Global Witness believes that the apparent inaction of either company since being presented with the evidence in this report demonstrates their disregard for the rule of law, the rights of local communities and their corporate responsibilities. As a result it is imperative that the Governments of Cambodia and Laos immediately cancel the rubber concessions assessed in this report, suspend all of VRG and HAGL’s other rubber-related operations, investigate them fully and, where there is evidence of illegal activities, prosecute the companies and cancel their concessions. Furthermore, both governments must urgently tackle illegal logging associated with land concessions and take legal action where necessary.

HAGL and VRG could have used their investments in Cambodia and Laos as a spring-board to becoming globally significant rubber producers. Instead, they may have irreparably damaged their reputations and credit ratings, and should now face criminal prosecutions.

CONCLUSIONS AND RECOMMENDATIONS

According to the Cambodian and Lao governments and the investors they court, large-scale land concessions have a positive impact; driving development and growth. In reality, the new rubber barons – VRG and HAGL – have devastated local livelihoods and the environment in their rush for rubber. The indigenous ethnic minorities of Cambodia and Laos appear to be disproportionately bearing the brunt of these land grabs, despite their rights to land and natural resources being given special protection under international human rights law. One indigenous person asked Global Witness “[We] understand that the government needs a policy to develop the country, but is it not possible for villagers to ask the government how they are supposed to make a living now?”²⁹⁷

The evidence presented in this report fits within a wider pattern of fundamental failures of governance in the land and natural resource sectors of Cambodia and Laos. The high-level government connections which HAGL and VRG both have and the impunity with which they conduct their operations, indicate they consider themselves above the law. They also appear to be hiding their beneficial ownership of these rubber plantations behind complex layers of shell companies and through opaque concession management processes. These actions combined fit the classic model of how business and political elites across the Mekong region have captured the state and are stripping Cambodia and Laos of their most basic natural asset – the land – whilst families and forests, already vulnerable, are paying the highest price. That Cambodian and Lao government officials are happy to license land grabbing with complete disregard for laws designed to protect people and the environment, in no way vindicates either HAGL or VRG from being held accountable for operations which are against these laws.

The governance failures around concession management in Cambodia and Laos cannot be separated from the broader deterioration of human rights in both countries. In April 2012, environmental activist Chut Wutty was murdered by members of Cambodia’s armed forces while investigating illegal logging; his death was never fully investigated. This was followed within a month by the death of Heng Chantha, a fourteen year old girl killed by Cambodian police while she and her family protested against the grabbing of their land by a rubber plantation company. Human rights groups described 2012 for Cambodia as “the most violent year ever documented in terms of the authorities using lethal force against activists”.²⁹⁸

In Laos, while the number of community protests against companies taking their land has increased, civil society space

has shrunk and those working to support people affected directly by these land disputes find themselves under increasing pressure. In late 2012, the country director of an international organisation was asked to leave Laos following criticism of the government’s land reform strategy. On 15 December 2012, Sombath Somphone, a prominent Laotian civil society leader, disappeared after he was stopped by police in the capital Vientiane.²⁹⁹ As this report goes to press Sombath remains missing.

When the evidence of the negative impact of their rubber operations in Laos and Cambodia, and the illegal nature of their operations and egregious violations of human rights was presented to HAGL and VRG, neither company took substantive action. In fact both continued business as usual. As a result, Global Witness decided to focus the recommendations for action in this report towards the governments responsible for holding them to account before the law and the financiers who are facilitating their activities.

The IFC presently invests in HAGL through financial intermediaries. However it has failed to undertake adequate due diligence or oversight to ensure that projects it is financing are in compliance with national laws or IFC’s own commitments. This case study echoes findings of an IFC-wide review which highlighted broad failures in transparency and implementation of environmental or social safeguards. Deutsche Bank also invests in HAGL, as well as VRG’s member company, Dong Phu. Although the bank does not have as sophisticated or comprehensive a safeguard framework as the IFC, it has still made public commitments to upholding social and environmental standards.

The issues showcased in this report highlight the absence of binding international frameworks which can be used to stop companies like VRG and HAGL from disregarding human rights or the environment with impunity, particularly when host country governments – such as those in Cambodia and Laos – are failing in this duty. As financial and commodity flows become increasingly globalised, international institutions are evermore implicated in such land grabs, as are the governments of countries where predatory land ‘investors’ are based.

Global political leadership is urgently required to create and enforce internationally applicable, binding regulations to tackle this scandal. The focus of the world’s leaders on ‘getting their own house in order’ at June 2013’s G8 summit provides a clear opportunity to crack down on companies which impede development, and to stamp out the corruption, cronyism, human rights violations and the elite capture of natural resources which pervade so many land deals.

RECOMMENDATIONS

The Governments of Cambodia and Laos should take urgent action on the cases of HAGL and VRG, as well as implementing broader reforms to land concession management, as follows:

1. Immediately cancel land concessions owned by the following companies whose illegal activities are detailed in this report: Heng Brother, CRD, Hoang Anh Oyadav, Hoang Anh Mang Yang, Krong Buk, Dong Phu, Dong Nai, Tan Bien, Hoang Anh Attapeu Company, LVFG, HAGL Xekong and Viet-Lao Company. Return the cancelled concession areas to the legitimate tenure holders and initiate prosecutions against those responsible for breaches of the law;

2. Immediately suspend all other VRG and HAGL-related rubber concession operations in Laos and Cambodia and fully investigate the companies' operations. In cases where evidence is found of illegal activities, prosecute those responsible and cancel the companies' concession contracts. If, during these investigations, government officials are found to have broken the law, or been complicit in HAGL and VRG's illegal activities, they must also be prosecuted;

3. Immediately halt all illegal logging operations in or near to rubber concessions related to HAGL and VRG. Specifically, the Cambodian government must investigate the evidence presented in this report of illegal logging activities by the Seng Keang Company, Okhna Try Pheap and all individuals and businesses controlled by them and investigate the allegations of illegal timber exports to Vietnam and initiate criminal prosecutions;

4. Only consider permitting VRG and HAGL to undertake future rubber production or processing activities in either Cambodia and Laos if the following conditions have been met:

- All their operations are brought in line with the law, including, in Cambodia, the 10,000ha legal limit on the area the companies are allowed to operate;
- Affected communities have been given access to a dispute resolution mechanism which is independent and participatory, involves the companies and local government authorities, and has civil society oversight at all stages. This process must be completed satisfactorily and have the capacity to meet demands from

local residents for the return of land, forests and other resources, and compensation paid for damage caused;

- Key documents have been publicly disclosed (at a minimum, the concession map and boundaries, environmental and social impact assessments and management plans, resettlement and compensation plans, and contract terms and conditions), in a form accessible and comprehensible to local communities;

5. Strengthen the capacity of government officials and local authorities to understand and enforce legal procedures to govern land concessions. Undertake targeted revisions of legal and policy frameworks prioritising *inter alia*: recognising land rights, especially indigenous people's right to free, prior and informed consent; enforcing legal limits on the size of concessions; tackling illegal logging in and around land concessions; and disclosing hidden beneficial ownership;

- In Cambodia, the Prime Minister, Land Ministry and all involved in the implementation of Directive 01 should take urgent steps to ensure it does not undermine existing provisions in law, especially those relating to indigenous collective land rights; that it contains a grievance and redress mechanism, including permitting civil society oversight at all stages; and that the process is fully transparent;

6. End secrecy and improve accountability around concession allocation and management:

- Establish, disclose and update registries of company beneficial ownership;
- Disclose all relevant documentation relating to land concession holdings and management in a form accessible and comprehensible to local communities. In Cambodia, this involves ensuring the existing MAFF ELC database is up to date, complete and available in non-internet based formats for local communities. In Laos, this requires establishing and maintaining a mechanism for concession disclosure;
- Create independent oversight and monitoring processes for land concession management, such as parliamentary concession review committees and formalised civil society involvement in consultation processes with communities potentially affected by proposed concessions.



A Vietnamese worker on cleared land inside a HAGL subsidiary company's rubber concession, Cambodia, 2013. Local families say they have lost their livelihoods and are experiencing food shortages since the company arrived.

The International Financial Corporation should:

7. Immediately initiate an investigation, led by the relevant regional vice-president, into the evidence presented in this report and failures highlighted around IFC's own oversight of its investments in HAGL;

8. Suspend and do not consider any further investments in HAGL (or VRG and other large-scale rubber plantation projects) directly, or through financial intermediaries, until due diligence and site visits are able to prove that all standards and policies are being implemented in all operations in Cambodia and Laos. This includes legal compliance, resolving disputes with local residents and disclosing basic information, as outlined in recommendation 4 above. Additionally, confirm that the standard of free, prior and informed consent of potentially affected indigenous minority communities is being implemented;³⁰⁰

9. If HAGL does not commit to and furthermore undertake such operational changes within six months, then the IFC should immediately divest from all its financial equities and interests;


10. Urgently undertake a wider review of IFC lending to financial intermediaries, taking account of the conclusions and recommendations of the 2011 CAO audit and committing to develop a new strategy for these modes of investments which will make them more transparent and accountable.

Deutsche Bank should:

11. Immediately initiate an independent investigation into the evidence presented in this report and operational failures of HAGL and VRG;

12. Suspend and do not consider any further investments in HAGL, VRG or other large-scale rubber plantation projects directly, or through financial intermediaries, until due diligence and site visits are able to prove that all standards and policies are being implemented in all operations. This includes legal compliance, resolving disputes with local residents and disclosing basic information, as outlined in recommendation 4 above;

13. If HAGL and VRG do not commit to and furthermore undertake such operational changes within six months, then Deutsche Bank should immediately divest from all financial equities and interests from both companies.



Numbered and stamped logs found inside the rubber concession belonging to a HAGL subsidiary company, Cambodia 2013.

Global political leadership is required to create and enforce internationally applicable, binding regulations to tackle land grabbing. Significant progress could be achieved through two immediate steps by all governments:

14. Committing to implementing the Voluntary Guidelines on the Responsible Governance of Tenure, making these standards legally binding and with extra-territorial reach, in other words covering the activities of companies investing in land overseas;

15. Using the June 2013 summit of the G8, with its focus on transparency and its members 'getting their own house in order', as a platform for global leaders to speak out against land grabbing and commit to introducing regulations to end the involvement of companies registered within their jurisdictions in such investments.

Given the risks that human rights defenders, activists and other critics of government policy currently face in Cambodia and Laos, it is imperative that all actions taken to investigate and remedy the problems outlined in this report are done with specific efforts being taken to protect the communities in question, particularly the sources who provided evidence for this report.



ANNEX

TABLES DETAILING THE LAND CONCESSIONS OWNED BY OR BELIEVED TO BE AFFILIATED WITH HAGL AND VRG IN CAMBODIA AND LAOS

TABLE 1: CONCESSIONS IN LAOS

NO.	OWNED BY HAGL ³³⁴ - COMPANY NAME	SIZE OF CONCESSION (ha), LOCATION AND DATE CONTRACT SIGNED (IF KNOWN)	HAGL'S RESPONSE TO GLOBAL WITNESS WHEN PRESENTED WITH THIS INFORMATION
A	Hoang Anh Attapeu Company ³³⁵	20,000; Saysetha, Attapeu Province; 2005	Confirmed
B	Hoang Anh – Quang Minh Rubber Industrial and Agricultural JSC ³³⁶	2,549; Attapeu Province; unknown area in Thateng and Laman, Xekong Province	Confirmed
	TOTAL LAND CONCESSION HOLDINGS BELONGING TO HAGL IN LAOS:	22,549ha	
HOLDINGS PART OWNED BY OR BELIEVED TO BE AFFILIATED WITH HAGL - COMPANY NAME		SIZE OF CONCESSION (ha), LOCATION AND DATE CONTRACT SIGNED (IF KNOWN)	EXPLANATION OF AFFILIATION AND RESPONSE FROM HAGL
C	Lao-Viet Friendship Group ³³⁷	8,000; Thateng, Xekong Province; 2006	HAGL confirms that it holds a 28% stake in LVFG
D	Hoang Anh Cia Lai Xekong ³³⁸	4,000; Xekong Province	Based on testimony of local residents and sources monitoring sector, 2012-13. HAGL denies owning this concession
	TOTAL LAND CONCESSION HOLDINGS BELIEVED TO BE AFFILIATED WITH HAGL IN LAOS:	Est. 34,549ha	
MEMBER COMPANIES OF VRG ³³⁹ - COMPANY NAME		SIZE OF CONCESSION (ha), LOCATION AND DATE CONTRACT SIGNED (IF KNOWN)	VRG'S RESPONSE TO GLOBAL WITNESS WHEN PRESENTED WITH THIS INFORMATION
E	Quasa Ceruco Joint Stock Co. ³⁴⁰	Reportedly holding 5,737 to 8,650; Phin, Nong and Xepon, Savannakhet Province	VRG declined to comment
F	Viet-Lao Rubber JSC ³⁴¹	10,016; Bachieng and Sanasombuon, Champasak Province	VRG declined to comment
G	Dau Tieng Viet –Lao Rubber JSC Co. ³⁴²	6,397; Bachieng and Sanasombuon, Champasak Province and Laongman, Saravane Province	VRG declined to comment
B	Hoang Anh – Quang Minh Rubber Industrial and Agricultural JSC ³⁴³	2,549; Attapeu Province; unknown area in Thateng and Laman, Xekong Province	VRG declined to comment
I	SCS Rubber JS Co.	358; location unknown	VRG declined to comment
J	Ho Chi Minh City Rubber JSC Co. (also known as Ho Chi Minh Youth Co.) ³⁴⁴	923; location unknown	VRG declined to comment
	TOTAL LAND HOLDINGS BELONGING TO MEMBER COMPANIES OF VRG IN LAOS:	28,893ha	
COMPANY BELIEVED TO BE AFFILIATED TO VRG		SIZE OF CONCESSION (ha), LOCATION AND DATE OF CONTRACT SIGNED (IF KNOWN)	EXPLANATION OF AFFILIATION (VRG DECLINED TO COMMENT ON THEIR RELATIONSHIP WITH ANY OF THESE COMPANIES)
K	Dak Lak Rubber Company ³⁴⁵	10,000; Pathoumphon and Bachieng Districts, Champasak, Loangman District, Saravane and Attapeu Province	Company listed as affiliated with VRG according to 2008 VRG activity report to Cambodian government, supported by published research in company's operations in Laos
	TOTAL LAND CONCESSION HOLDINGS BELIEVED TO BE AFFILIATED WITH VRG IN LAOS:	Est. 38,893 ha	

TABLE 2: CONCESSIONS IN CAMBODIA

NO.	OWNED BY HAGL ³⁰¹ - COMPANY NAME	SIZE OF CONCESSION (ha), LOCATION AND DATE CONTRACT SIGNED (IF KNOWN)	HAGL'S RESPONSE TO GLOBAL WITNESS WHEN PRESENTED WITH THIS INFORMATION
1a	Hoang Anh Andong Meas Co. Ltd. (Virachey) ³⁰²	9,775; Ta Veang, Ratanakiri Province; 15/3/2011	Denied owning this concession
1b	Hoang Anh Andong Meas Co. Ltd. ³⁰³	9,470; Lumphat Wildlife Sanctuary, Ratanakiri Province	Stated this is a palm oil concession but denied it is located within Lumphat Wildlife Sanctuary
2	Hoang Anh Oyadav Co. Ltd. ³⁰⁴	9,000; Andong Meas, Ratanakiri Province; 22/9/2011	Confirmed
3	Heng Brother Co. Ltd. ³⁰⁵	2,361; Andong Meas, Ratanakiri Province; 31/7/2009	Confirmed
4	C.R.D. Co. Ltd. ³⁰⁶	7,591; Andong Meas, Ratanakiri Province; 25/3/2011	Confirmed
5	Hoang Anh Lumphat Co. Ltd. ³⁰⁷	9,173; Lumphat Wildlife Sanctuary, Ratanakiri Province; 8/11/2012	Denies that this concession is within Lumphat Wildlife Sanctuary
6	Hoang Anh Ratanakiri Co. Ltd.	Unknown	Confirmed that this company is a subsidiary of HAGL
	TOTAL LAND CONCESSION HOLDINGS BELONGING TO HAGL IN CAMBODIA:	47,370ha	
	MEMBER COMPANIES OF VRC ³⁰⁸ - COMPANY NAME	SIZE OF CONCESSION (ha), LOCATION AND DATE CONTRACT SIGNED (IF KNOWN)	VRC'S RESPONSE TO GLOBAL WITNESS WHEN PRESENTED WITH THIS INFORMATION
7	Krong Buk – Ratanakiri Rubber Development Project ³⁰⁹	6,695; Ta Veng and Andong Meas, Ratanakiri Province; 9/4/2010	VRC declined to comment
8	Hoang Anh Mang Yang K Rubber Development Project ³¹⁰	6,891; Vuensai, Ratanakiri Province	VRC declined to comment
9	Dong Phu – Kratie Rubber Development Project ³¹¹	8,141; Sambo, Kratie Province	VRC declined to comment
10	Dong Nai – Kratie Rubber Development Project ³¹²	7,631; Sambo, Kratie Province	VRC declined to comment
11	Phu Rieng – Kratie Rubber Development Project ³¹³	6,434; Snoul, Kratie Province	VRC declined to comment
12	Chu Prong – Stung Treng Rubber Project (Binh Phuoc 1) ³¹⁴	8,926; Keo Seima, Mondulkriri Province	VRC declined to comment
13	Vietnam Kampuchea Economic Trade and Industry Ltd. Co. (VKETI – Loc Ninh) ³¹⁵	5,059; Snoul, Kratie Province	VRC declined to comment
14	Dau Thieng – Cambodia Rubber Development Co. Ltd. ³¹⁶	7,972; Kratie Province	VRC declined to comment
15	Dau Thieng – Kratie Rubber Development Co. Ltd. ³¹⁷	8,892; Kratie Province	VRC declined to comment
16	Tan Bien – Kampong Thom Rubber Development Co. Ltd. ³¹⁸	8,100; Kampong Thom Province	VRC declined to comment
17	Phuoc Hoa Kampong Thom Rubber Development Project ³¹⁹	4,502; Kampong Thom Province	VRC declined to comment
18	Chu Pah Rubber Development Project (CRCK) ³²⁰	6,155; Kampong Thom Province	VRC declined to comment
19	Chu Se – Kompong Thom Rubber Development Project (CRCKII) ³²¹	9,235; Boeng Per Wildlife Sanctuary, Kampong Thom and Siem Reap Provinces	VRC declined to comment
20	Ba Ria – Kampong Thom Rubber Development Project ³²²	4,879; Kampong Thom Province	VRC declined to comment
21a	Bean Heak Investment. Co. Ltd (Chu Se) ³²³	4,385; Prasat Balangh, Stoung district, Kampong Thom Province	VRC declined to comment
21b	Bean Heak Investment. Co. Ltd (Chu Se)	5,095; Siem Reap, Preah Vihear and Kampong Thom Provinces	VRC declined to comment
22	Thay Ninh Siem Reap Rubber Development Co. Ltd. ³²⁴	7,600; Oddar Meanchey Province	VRC declined to comment
23	Caoutchouc Mekong Co. Ltd. (Tan Bien II) ³²⁵	8,000; Beng Per Wildlife Sanctuary, Kampong Thom Province	VRC declined to comment
24	Kausu Ea Lev BM JSC Ltd. ³²⁶	8,400; Lumphat District, Ratanakiri Province	VRC declined to comment
25	Chu Prong K Co. Ltd.	Unknown size or location	VRC declined to comment
	TOTAL LAND CONCESSION HOLDINGS BELONGING TO MEMBER COMPANIES OF VRC IN CAMBODIA:	132,992ha	
	HOLDINGS BELIEVED TO BE AFFILIATED TO VRC	SIZE OF CONCESSION (ha), LOCATION AND DATE CONTRACT SIGNED (IF KNOWN)	EXPLANATION OF AFFILIATION
26	Kiri Development ³²⁷	807; Vuensai, Ratanakiri Province; 31/7/2009	Shares a director with Hoang Anh Mang Yang and concessions are contiguous
27	Doty Saigon Donh Thuoc / Dau Tu Saigon - Binh Phuoc ³²⁸	6,436, location unknown	Company registered at same address as VRC and its operations are listed on 2008 VRC report to Cambodian government
28	Dak Lak Rubber Company ³²⁹	5,113; Pichrada, Mondulkriri Province	Company and its operations included in 2008 VRC report to Cambodian government
29	PNT Co. Ltd. ³³⁰	7,900; Rovieng, Preah Vihear Province	Company registered at same address as VRC
30	Thy Nga Development and Investment Co. Ltd. ³³¹	6,060; Rovieng, Preah Vihear Province	Company directed by Okhna Leng Rithy and registered at the same address as VRC
31	Rithy Granite (Cambodia) Co. Ltd. ³³²	2,036; Boeng Per Wildlife Sanctuary, Preah Vihear Province	Company owned by Okhna Leng Rithy and registered at the same address as VRC, company name included on the plaque outside VRC's office
32	Viet Lao K. Co. Ltd. ³³³	Size unknown, Kratie Province	Company registered at the same address as VRC, shares a director with a VRC member company holding a rubber concession in Laos
	TOTAL LAND CONCESSION HOLDINGS BELIEVED TO BE AFFILIATED WITH VRC IN CAMBODIA:	Est. 161,344ha	

NOTES

- ¹ Global Witness has used the definition of land grabbing agreed within the Tirana Declaration, May 2011, <http://www.landcoalition.org/about-us/aom2011/tirana-declaration> (accessed 2 May 2013). This declaration defines land grabbing, not in relation to whether or not the land has been allocated through government license or approval, but how in grabbing such land, human rights, environmental and social safeguards have been ignored.
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- ¹¹⁶ Interview with worker from one HAGL subsidiary confirmed by interviews with villagers living near the same concession, 2012.
- ¹¹⁷ Interviews with a village chiefs and individuals in villages near both HAGL subsidiary concessions, 2012; Royal Government of Cambodia 'Sub-decree on forest and non timber forest products allow [sic] for export and import', 28 November 2006, Article 3.
- ¹¹⁸ Observed during field visit to Hoang Anh Oyadav's rubber concession, 2012.
- ¹¹⁹ Interview with elders in one village near Heng Brother's rubber concession and a worker from another HAGL subsidiary, 2012; MAFF, 'Cambodia Tree Seed Project / Danida, proceedings from national priority tree species workshop, Phnom Penh 15-16 August 2000', Annex IV Endangered or Rare Species, p49, 2011, <http://www.treeseed-fa.org/uploaddocuments/Proceedingworkshop.pdf> (accessed 3 April 2013)
- ¹²⁰ Field visit activities undertaken by Global Witness, 2012.
- ¹²¹ Written response to Global Witness from HAGL, April 2013.
- ¹²² Interview with villager living near to Hoang Anh Oyadav's rubber concession, 2012.
- ¹²³ The requirements for land re-classification are outlined in Articles 17 and 58 of the 2001 Land Law, Articles 2 and 4 of the 2005 Sub-decree on ELCs and Articles 3 and 21 of the 2005 Sub-decree 118 on State Land Management; MAFF, Heng Brothers's profile, ELC database, <http://www.elc.maff.gov.kh/en/profile/21-rtk/76-rkire-heng-brother.html> (accessed 27 March 2013)
- ¹²⁴ Interviews with village authorities, elders and residents in areas near to rubber concessions owned by all three HAGL subsidiaries, 2012; Provisions requiring concession companies to undertake consultations with local residents and resolve any ongoing disputes are given in Articles 4(4) and 4(5) of the 2005 Sub-decree on ELCs.
- ¹²⁵ Interviews with village elders (including one village chief) in two villages near Heng Brother's rubber concession, 2012.
- ¹²⁶ Interviews with villagers, elders and a village chief from three villages near to rubber concessions owned by all three HAGL subsidiaries, 2012.
- ¹²⁷ Provisions requiring concession companies to undertake environmental impact assessments are outlined in Articles 6 and 7 of the 1996 Law on Environmental Protection and Natural Resource Management; Articles 6 and 8 of the 1999 Environmental Impact Assessment Sub-decree and Article 4(3) of the 2005 Sub-decree on ELCs.
- ¹²⁸ For example, the 2008 Protected Area Law. Global Witness has seen Ministry of Environment maps confirming that Hoang Anh Lumphat Co. Ltd has a concession inside Lumphat Wildlife Sanctuary and Royal Government of Cambodia Sub-decrees for this company's concession as well as a concession owned by Hoang Anh Andong Meas which, according to these documents, is located within Virachey National Park.
- ¹²⁹ Interview with elders, village chiefs and villagers living near to Heng Brother, CRD and Hoang Anh Oyadav, 2012.
- ¹³⁰ Rabe, *op. cit.*, p 43-44.
- ¹³¹ CNV 'Selected impromptu comments [by Prime Minister Hun Sen] during the ceremony to hand out land titles to people in the district of Andong Meas, Ratanakiri province', 7 December 2013.
- ¹³² Interviews with ten residents of one village and individuals from two other villages near to HAGL subsidiaries' rubber concessions, 2013.
- ¹³³ Rabe, *op. cit.*, p6.
- ¹³⁴ Written response to Global Witness from HAGL, April 2013.
- ¹³⁵ MAFF, ELC Profile: CRD, *op. cit.*; CRD-MAFF contract seen by Global Witness as per MAFF, ELC database registration and contract with MAFF; Heng Brothers and Hoang Anh Ratanakiri Co. Ltd details on Ministry of Commerce company registration database (accessed April 2013)
- ¹³⁶ HAGL confirmed in writing to Global Witness in April 2013 that CRD, Hoang Anh Oyadav, Hoang Anh Andong Meas, Hoang Anh Ratanakiri and Heng Brothers all share the same address in Ratanakiri province. According to the Cambodian Ministry of Commerce company registration files Hoang Anh Lumphat also shares this address.
- ¹³⁷ Royal Government of Cambodia, 'Sub-decree appointing Roth Sakhon to position of Vice Secretary of State, Direct Advisor to Samdech Heng Samrin', Sor.Ro.Tor. Kor/1006/412, 15 October 2006 (unofficial translation by Global Witness); confirmed by NGO source, Phnom Penh, 2012.
- ¹³⁸ MAFF, ELC Profile: Heng Brothers, *op. cit.*; Ministry of Commerce company registration files for Heng Brothers, Rath Sokhorn Incorporation Co Ltd and eight others; Ministry of Commerce registration files for Sun Asia Royal Group Co. Ltd, which has Rath Sokhorn registered as a Director and is registered at the same address in Phnom Penh, 2013.
- ¹³⁹ According to Ministry of Commerce company registration details Sun Asia Royal had a shareholder who was a previous director of the HAGL subsidiary Heng Brothers, 2013.
- ¹⁴⁰ According to Ministry of Commerce company registration details, 2013.
- ¹⁴¹ Maps of economic land concessions inside Lumphat Wildlife Sanctuary, Ministry of Environment, seen by Global Witness; ADHOC, *op. cit.*, pp43 and 44.
- ¹⁴² According to a HAGL representative during a meeting between the company and Global Witness in August 2012.
- ¹⁴³ Kiri Development Ministry of Commerce registration file; MAFF, ELC Profile: Hoang An Mang Yang K, *op. cit.*, 2013.
- ¹⁴⁴ MAFF ELC profile: Heng Brother and Kiri Development, *op. cit.*, 2013.
- ¹⁴⁵ Vietnam Rubber Group (VRG) Annual report 2011, p4; HAGL JSC, Interim consolidated financial statements, *op. cit.*, p31.
- ¹⁴⁶ Hoang Anh Andong Meas company Ministry of Commerce registration file.
- ¹⁴⁷ Written response to Global Witness from HAGL, April 2013.
- ¹⁴⁸ A villager living near Hoang Anh Attapeu Company gives Global Witness their opinion of the company's operations, 2012.
- ¹⁴⁹ Written confirmation from HAGL to Global Witness, April 2013; HAGL JSC, Interim consolidated financial statements, *op. cit.*, p31; Interviews with villagers impacted by HAGL Xekong's rubber concession, 2012; Interviews with civil society in Laos, 2012-2013; Lazar M. K., 'Dispossession, semi-proletarianization, and enclosure: primitive accumulation and the land grabs in Laos,' Paper presented at the International Conference on Land Grabbing, 6-8 April 2010, p1, http://www.future-agricultures.org/conference-resources/doc_details/1150-dispossession-semi-proletarianization-and-enclosure-primitive-accumulation-and-the-land-grab-?tmpl=component (accessed 25 March 2013)

- ¹⁵⁰ Interviews with villagers impacted by HAGL Xekong's rubber concession, 2012; Interviews with civil society in Laos, 2012-2013; Written response from HAGL to Global Witness, April 2013.
- ¹⁵¹ Written confirmation from HAGL to Global Witness, April 2013; HAGL, Annual Report 2011, *op. cit.* p91; HAGL JSC, Interim Consolidated Financial Statements, *op. cit.*; Introduction to Bidiphar, <http://bidiphar.com/about.php> (accessed 5 March 2013); Baobinhdinh, 'LVF conducts project of planting 1,500ha of rubber trees in Laos', 06 June 2007, <http://www.baobinhdinh.com.vn/news/2007/6/43840> (accessed 5 March 2013); Global Witness wrote to Bidiphar JSC, the majority shareholder in LVFG asking for confirmation of this relationship and the company's activities in March 2013, but did not receive any response.
- ¹⁵² Written response to Global Witness from HAGL, April 2013.
- ¹⁵³ Interview with three female elders in village near to HAAC's rubber concession, 2012.
- ¹⁵⁴ Interviews with the same female elders, near HAAC's rubber concession 2012.
- ¹⁵⁵ Interview and testimony from female elders, near HAAC's rubber concession, 2012.
- ¹⁵⁶ Interviews with one villager and an elder, near HAAC's rubber concession, 2012.
- ¹⁵⁷ Interviews with two elders and also the village chief, near HAAC's rubber concession, 2012.
- ¹⁵⁸ Interview with one villager near HAAC's rubber concession, 2012.
- ¹⁵⁹ For example, Articles 53 and 67 of the 2003 Land Law; Articles 3, 4, 6 and 15 of the 2005 Prime Ministerial Decree 192 'Decree on the compensation and resettlement of development project,' and Article 43 of the 2009 Prime Ministerial Decree 135 'Decree on State Land Lease or Concessions'.
- ¹⁶⁰ Interview with two elders in one village near HAAC's rubber concession, 2012.
- ¹⁶¹ Interviews with two village leaders in one village near HAGL Xekong's rubber concession, 2012.
- ¹⁶² Interviews with two village leaders in one village near HAGL Xekong's rubber concession, 2012.
- ¹⁶³ Interview with one female village elder, living near the LVFG rubber concession, 2012.
- ¹⁶⁴ Interview with one female village elder, living near the LVFG rubber concession, 2012; Land Issues Working Group, Case Study: Vietnamese rubber company in Thateng District, LIWG Case study, undated, <http://www.laolandissues.org/wp-content/uploads/2012/01/Case-Rubber-in-Sekong-NEW.pdf> (accessed 1 April 2013); RFA 'Laos compensates villages in land dispute', RFA Online, 28 February 2013, <http://www.rfa.org/english/news/laos/dispute-02282013191756.html> (accessed 1 April 2013)
- ¹⁶⁵ Interview with three female elders from one village near HAAC's rubber concession and interviews with two elders in a village near HAGL Xekong's rubber concession, 2012.
- ¹⁶⁶ Interview with two elders in one village near HAAC's rubber concession, 2012.
- ¹⁶⁷ Written response to Global Witness from HAGL, April 2013.
- ¹⁶⁸ HAGL JSC, Annual Report 2010, *op. cit.*, p22; Articles 75 and 76 of the 2007 Forest Law.
- ¹⁶⁹ EIA, 'Checkpoints: How powerful interest groups continue to undermine forest governance in Laos', 2012, p9, <http://www.eia-international.org/wp-content/uploads/EIA-Checkpoints-report.pdf> (last accessed 27 March 2013)
- ¹⁷⁰ HAGL, 2010 Annual Report, *op. cit.*, cited in EIA 2012 Checkpoints, How powerful interest groups continue to undermine forest governance in Laos, p9, <http://www.eia-international.org/wp-content/uploads/EIA-Checkpoints-report.pdf> (accessed 25 March 2013)
- ¹⁷¹ HAGL JSC, Annual Report 2010, *op. cit.*, pp22 and 92; Portal, 'SEA Games athletes village opened,' 7 September 2009, http://clv-development.org/portal/page/portal/clv_en/819084/823229?p_page_id=823229&pers_id=823688&folder_id=&item_id=4302185&p_details=1 (accessed 8 March 2013)
- ¹⁷² CLV Portal, *op. cit.*, EIA 2012 Checkpoints, *op. cit.*, p9.
- ¹⁷³ Interviews with elders from two villages near to HAAC's rubber concessions, 2012.
- ¹⁷⁴ Interviews with elders from two villages near to HAAC's rubber concessions, 2012.
- ¹⁷⁵ Lao People's Democratic Republic 'Ordinance Of the Prime Minister Concerning the enhancement of forestry management, protection and coordination in the management of forestry and wood business', 22 September 2008, Article 20.3, <http://www.laotradeportal.gov.la/index.php?r=site/display&id=53> (last accessed 3 April 2013); also PM Orders No's 11/1999; 10/2000; 15/2001; 18/2001 and 24/2004.
- ¹⁷⁶ Written response from HAGL to Global Witness, April 2013.
- ¹⁷⁷ StoxPlus, 'Vietnam Rubber Group Posts VND4.5 Trillion Pretax Profit in Jan-August', September 2012 <http://www.stoxplus.com/News/91172/1/186/vietnam-rubber-group-posts-vnd4-5-trillion-pretax-profit-in-jan-august.stox> (accessed 1 April 2013); Thanh Nien online, 'VRG achieves profit of 9,000 billion VND', 14 December 2012, (unofficial translation by Global Witness), <http://www.thanhvien.com.vn/pages/20121214/vrg-dat-tong-loi-nhuan-9-000-ti-dong.aspx> (accessed on 2 April 2013)
- ¹⁷⁸ Business Times, 'Work starts on Asia's largest wood processing plant', 14 July 2010, <http://business-times.com.vn/work-starts-on-asia-e2%80%99s-largest-wood-processing-plant/> (accessed on 2 April 2013); Vietnam Investment Review, 'VRG looks to bounce back', 4 September 2012, <http://www.vir.com.vn/news/business/corporate/vrg-looks-to-bounce-back.html> (accessed 2 April 2013)
- ¹⁷⁹ Voice of Vietnam 'Rubber industry to focus on processing', 9 April 2012, <http://english.vov.vn/Economy/Rubber-industry-to-focus-on-processing/228997.vov> (accessed 1 April 2013)
- ¹⁸⁰ VietCapital Securities, Vietnam Natural Rubber Sector 2012, p1 and 7, <http://vninvestment.files.wordpress.com/2012/03/rubber28mar11.pdf> (accessed 1 April 2013)
- ¹⁸¹ Cited in a number of research papers published within the Mekong region, which Global Witness has reviewed and believes to be credible, but which are all classified as 'not for citation'.
- ¹⁸² Vietnam Rubber Group, May 2012, http://www.rubbergroup.vn/en/news_e_detail.php?id=5671 (accessed 1 April 2013)
- ¹⁸³ Talk Vietnam, 'Vietnam Rubber Group is expanding abroad', 12 October 2012, <http://talkvietnam.com/2012/10/vietnam-rubber-group-is-expanding-abroad/> (accessed 02 April 2013); Cao Su Viet Nam (Vietnam Rubber – the News agency of the Vietnam Rubber Group), 'The journey of rubber to Northern Lao', 23 October 2012, <http://caosuvietnam.net/caosuvietnam/index.php/Cao-su-The-gioi/hanh-trinh-cay-cao-su-n-vi-bc-lao.html> (unofficial translation by Global Witness) (accessed 02 April 2013)
- ¹⁸⁴ Global Witness meeting with VRG representative, August 2012.
- ¹⁸⁵ Vietnam Investment Review, 'Vietnam Rubber Group active in Cambodia', 13 July 2011, <http://www.vir.com.vn/news/business/vietnam-rubber-group-active-in-cambodia.html> (accessed on 02 April 2013); Phnom Penh Post 'Rubber group sees rosy future', 29 July 2010.
- ¹⁸⁶ Global Witness meeting with VRG representative, August 2012; Leng Rithy, Report on the achievements of member companies of Vietnam Rubber Group in Cambodia on agro-industrial investment in rubber plantations, Representative Office of VRG in Cambodia, 6 October 2008 (unofficial translation by Global Witness); VRG Annual Report 2011, p7.
- ¹⁸⁷ Written response to Global Witness from VRG, April 2013.
- ¹⁸⁸ Written response to Global Witness from VRG, April 2013.
- ¹⁸⁹ List of VRG member companies operating in Cambodia, as seen by Global Witness in March 2013.
- ¹⁹⁰ Vietnam Chamber of Commerce and Industry 'Dong Phu Rubber Co. accelerating investment and development, 11 March 2011 http://www.vccnews.com/news_detail.asp?news_id=22733 (last accessed 1 April 2013)
- ¹⁹¹ Viet Capital Securities 'Dong Phu Rubber JSC: Initiation', 28 March 2011, p4, http://tbck.vn/Uploads/Reports/BCPT/dongphurubberjointstockcompanyreport_05112012_fpts.pdf (last accessed 1 April 2013)
- ¹⁹² Kiri Development Ministry of Commerce registration file; MAFF, ELC Profile: Hoang An Mang Yang K, *op. cit.*, 2013.
- ¹⁹³ Interview with a village elder living near to Hoang Anh Mang Yang's rubber concession, 2012.
- ¹⁹⁴ Interviews with village chiefs, elders and villagers near Dong Phu, Dong Nai, Phu Rieng and Krung Bok's concession areas, 2012.
- ¹⁹⁵ Interviews with village chiefs, an elder and villagers near Dong Nai, Dong Phu and Krung Buk concessions, 2012.
- ¹⁹⁶ Interview meeting with five individuals in one village near Kong Buk's concession, 2012.
- ¹⁹⁷ Interviews with five individuals in one village near Krung Buk's concession, 2012.
- ¹⁹⁸ Interviews with village chiefs, groups of villagers and individuals living near Dong Phu, Dong Nai, Krung Buk, Pu Rieng and Tan Bien's concessions, 2012.
- ¹⁹⁹ Interview with the village chief of one village near a rubber concession owned by a VRG member company, 2012.
- ²⁰⁰ Interview with five individuals in one village near Krung Buk's concession, 2012.
- ²⁰¹ Interview with ten villagers (including two children) affected by the eviction and all of whom sometimes worked on the Tan Bien rubber concession, 2012.
- ²⁰² Village leader living near Krung Buk rubber concession, 2012.
- ²⁰³ Interviews with village leaders, elders, workers on the concessions and individuals living near VRG member company concessions and affiliated concessions, 2012.
- ²⁰⁴ Village elders from one village near to Phu Rieng's rubber concession, 2012.
- ²⁰⁵ Village elders near Dong Phu and Dong Nai's rubber concessions and two individuals living near Krung Buk's rubber concession, 2012.
- ²⁰⁶ Phnom Penh Post 'Police move on Kraya villagers', 8 December 2009, <http://signalfire.org/?p=1309> (accessed 27 March 2013); May Tittithara 'Police fire on Kraya evictees', Phnom Penh Post, 9 March 2010, <http://khmerization.blogspot.co.uk/2010/03/four-cambodian-protestors-shot-in-land.html> (accessed 27 March 2013); Asian Human Rights Commission 'General appeal: Forcible eviction and blockade of food supplies against the villagers in Kompong Thom province', 24 January 2008, <http://www.humanrights.asia/news/urgent-appeals/AHRC-UAG-003-2008> (accessed 27 March 2013)
- ²⁰⁷ Phnom Penh Post, 2009, *op. cit.*; Radio Free Asia 'Land dispute between Cambodian villagers and the Vietnamese rubber plantation company', 12 January 2008, <http://ki-media.blogspot.co.uk/2008/01/it-only-happens-in-hun-sens-cambodia.html> (accessed 27 March 2013)
- ²⁰⁸ Interviews with a group of ten villagers living near Tan Bien's concession, 2012; Phnom Penh Post, 2009, *op. cit.*
- ²⁰⁹ Interviews with community forestry leaders from one village near two VRG member companies' concessions, 2012.
- ²¹⁰ Interview with village chief and four other elders living near Krung Buk's rubber concession, 2012.
- ²¹¹ Interview with village chief and four other elders living near Krung Buk's rubber concession, 2012.
- ²¹² As can be seen from a search of the ELC profiles included in the MAFF online database, as of 1 April 2013.
- ²¹³ Global Witness, Cambodia's Family Trees, 2007, page 19, http://www.globalwitness.org/sites/default/files/pdfs/cambodias_family_trees_low_res.pdf
- ²¹⁴ Village leaders living near to the concession and a source that used to work as a sub-contractor to Dong Phu and Dong Nai, 2012.
- ²¹⁵ Villagers interviewed near to Dong Nai's rubber concession, 2012.
- ²¹⁶ Interview with one family living near to Dong Phu and Dong Nai's rubber concessions, 2012.
- ²¹⁷ Interviews with village leaders living near Dong Phu and Dong Nai's rubber concessions, 2011.
- ²¹⁸ Interview with timber worker who previously held a contract to clear timber with one of VRG's member companies, 2012.

- ²¹⁹ Interview with timber worker who previously held a contract and another local source involved in forest protection near Dong Phu and Dong Nai's rubber concessions, 2012.
- ²²⁰ Interviews with village leaders, civil society representatives and local sources involved in forest protection, 2012.
- ²²¹ Interviews with village leaders and local sources involved in forest protection, 2012.
- ²²² Global Witness, Cambodia's Family Trees, 2007, p 19.
- ²²³ While Dy Chouch commands greater name recognition, Seng Keang's influence within the timber industry appears to equal or exceed that of her ex-husband. Like Dy Chouch, Seng Keang has worked as a subcontractor supplying logs to Cherdar Plywood, Mieng Ly Heng and Kingwood Industry. Sources for this statement: Personal communication from a researcher, 2003; Interview with a Forest Administration official, 2006; Log supply agreement between Seng Keang and Khun Thong and Kingwood, dated 3 October 2001. Seng Keang has also played a similar role for the Chinese state-owned Everbright CIG Wood logging concessionaire according to Global Witness' investigations, 2000. Additionally, according to interviews with Forest Administration officials in 2005, Seng Keang is named as the principal shareholder of the Mieng Ly Heng company.
- ²²⁴ See, for example, Global Witness, The Untouchables, 1999; Deforestation Without Limits, 2002; Interviews with loggers and resin tappers in 2005; field observations 2005 and 2006, interviews with resin tappers, 2006.
- ²²⁵ For further information see Global Witness briefing document - Cambodia : Colexim and Everbright logging companies, 22 October 2003, <http://www.globalwitness.org/library/global-witness-briefing-document-cambodia-colexim-and-everbright-logging-companies> (accessed 25 April 2013); Cock, A., Forest destruction for poverty reduction: The Tum Ring rubber plantation, Watershed, Plantations are not Forests, Commercial Tree Plantations in the Mekong Region, Vol. 9 No. 3 March - June 2004, Published by Towards Ecological Recovery and Regional Alliance (TERRA), <http://www.wrm.org.uy/countries/Asia/Cock.html> (accessed 24 April 2013); and Yem Dararath, Neth Top and Vuthy Lic, Rubber Plantation Development in Cambodia: At What Cost?, September 2011, <http://www.eepsea.net/pub/tr/Rubber%20Report-Cambodia-Yem%20Dararath-et-al-Technical-Report.pdf> (accessed 24 April 2013)
- ²²⁶ Personal communication from a human rights worker, 2005.
- ²²⁷ Interviews with eye-witnesses, 2005; Personal communication from member of UNOHCHR staff, 2005; Personal communication from a human rights NGO, 2006; Interviews with eye-witnesses, 2005; Personal communication from a human rights NGO, 2007.
- ²²⁸ Interview with local sources involved in forest protection, 2013.
- ²²⁹ Interviews with village leaders and local sources involved in forest protection near the Dong Phu and Dong Nai rubber concessions, 2012.
- ²³⁰ Interviews with village leaders and local sources involved in forest protection near the Dong Phu and Dong Nai rubber concessions, 2012.
- ²³¹ Voice of Vietnam 'Rubber group launches tree planting project in Cambodia', 20 June 2010, <http://english.vov.vn/Home/Rubber-group-launches-tree-planting-project-in-Cambodia/201006/116701.vov> (accessed 1 April 2013)
- ²³² Previous employee of the Singaporean Embassy in Cambodia, which previously rented the same property from Minister Im Chhun Lim, February 2013.
- ²³³ Interviews with village leaders and local sources involved in forest protection near the Dong Nai and Dong Phu rubber concessions, 2012.
- ²³⁴ Meeting with residents in one village near Krong Buk's rubber concession, 2012.
- ²³⁵ Interview with village chief in one village near Krong Buk's rubber concession, 2012.
- ²³⁶ One villager interviewed who lives near to the Tan Bien concession, 2012.
- ²³⁷ According to searches of the MAFF ELC database profile of companies by Global Witness <http://www.elc.maff.gov.kh/en/profile.html> (last accessed 2 April 2013)
- ²³⁸ According to the profile of Hoang Anh Mang Yang <http://www.elc.maff.gov.kh/en/profile/21-rtk/78-rkiri-hongan.html> and Kiri Development <http://www.elc.maff.gov.kh/en/profile/21-rtk/77-rkiri-kiri.html> (accessed 16th March 2013)
- ²³⁹ Quote by Okhna Leng Rithy, as reported in the Phnom Penh Post, 'Rubber group sees rosy future', 29 July 2010.
- ²⁴⁰ Interview with ex-Singapore Embassy staff, 2012.
- ²⁴¹ Based on analysis of Ministry of Commerce registration information and the MAFF ELC database.
- ²⁴² Both Krong Buk and Hoang Anh Mang Yang are registered at the VRG Phnom Penh office address, according to their MAFF ELC database profiles <http://www.elc.maff.gov.kh/en/profile/21-rtk/102-rkiri-krong.html> and <http://www.elc.maff.gov.kh/en/profile/21-rtk/78-rkiri-hongan.html> (accessed 16th March 2013)
- ²⁴³ According to Ministry of Commerce company registration details for Dong Phu and Dong Nai and the details of the dates which both companies signed their ELC contracts with MAFF, according to the MAFF ELC database list of concessions, June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (accessed 3 April 2013)
- ²⁴⁴ Okhna Leng Rithy 'Report on the achievements of member companies of Vietnam Rubber Group in Cambodia on agro-industrial investment in rubber plantations', Representative Office of VRG in Cambodia, 6 October 2008 (unofficial translation by Global Witness) and he is reported to be the President of the Vietnamese Rubber Enterprise Federation in a personal interview in the Phnom Penh Post 'Rubber group sees rosy future', 29 July 2010.
- ²⁴⁵ Okhna Leng Rithy is named a Vietnamese national according to the concession database profile on the MAFF ELC database for a company he owns, Thy Nga Development and Investment Co. Ltd <http://www.elc.maff.gov.kh/en/profile/19-pvh/69-pvi-hea-thynga.html> (accessed 3 April 2013); he is named as Korean, according to the Ministry of Commerce company registration details for the Vietnamese Rubber Group in Cambodia and as a Cambodian National in the Ministry of Commerce company registration details for another of his companies, Rithy Granite (Cambodia) Co. Ltd.
- ²⁴⁶ Okhna Leng Rithy is listed as the director of Thy Nga Development and Investment Co. Ltd, which owns a 6,060ha rubber concession in Preah Vihear, according to the MAFF ELC database <http://www.elc.maff.gov.kh/en/profile/19-pvh/69-pvi-hea-thynga.html> (accessed 3 April 2013) as well as being the director of Rithy Granite (Cambodia) Co. Ltd which owns a 2,036ha rubber concession, also in Preah Vihear, according to the Open Development Cambodia database profile, which includes the relevant sub-decrees <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=227&cat=0&type=0&map=elc&tier=1> (accessed 16 March 2013). Okhna Leng Rithy holds mining interests in Ratanakiri province through his ownership of T.T.Y. TITHY MEXCO Ltd, according to the Ministry of Mining Industry and Energy business directory http://sithi.org/landissue/source/Minerals/090429_mining%20bus%20directory.pdf (accessed 3 April 2013) and according to official documentation relating the Investment D. P. Co. Ltd, Okhna Leng Rithy is a joint director in the company, with the current director of the VRG member company, Dong Phu.
- ²⁴⁷ According to the Ministry of Commerce company registration details, Viet-Lao K. Co. Ltd company is registered at same address as VRG and the director has the same name as the director for the Viet-Lao Rubber Joint Stock Company, which has the concession in Bachieng District, Champassak, see VN Rubber Group website: http://www.vnrubbergroup.com/en/member_list_detail.php?id=vietlao (accessed 16 March 2013); the location for this concession is taken from a map seen by Global Witness, March 2013.
- ²⁴⁸ HAGL and VRG previously jointly owning Hoang Anh Mang Yang was confirmed by a HAGL representative during a meeting between the company and Global Witness in August 2012, as well as HAGL 2010, Annual Report, Op.cit.; HAGL and VRG currently jointly owning Hoang Anh Quang Minh is according to the Vietnam Rubber Group (VRG) Annual report 2011, p 4; HAGL JSC, Interim consolidated financial statements, op.cit., p31.
- ²⁴⁹ Kiri Development, a Cambodian company with rubber concession holdings contiguous to Hoang Anh Mang Yang's was previously registered at the same address in Phnom Penh as Heng Brother, a rubber concession company owned by HAGL, according to the MAFF ELC database profiles for Heng Brothers <http://www.elc.maff.gov.kh/en/profile/21-rtk/76-rkiri-hengbrother.html> and Kiri Development <http://www.elc.maff.gov.kh/en/profile/21-rtk/77-rkiri-kiri.html> (both accessed on 11 March 2013)
- ²⁵⁰ Interview with villager near the Viet-Lao Company's rubber concession, 2012.
- ²⁵¹ Written response to Global Witness from VRG, April 2013.
- ²⁵² Baird I.G., 'Land, Rubber and People: Rapid Agrarian Changes and Responses in Southern Laos' The Journal of Lao Studies, Volume 1, Issue 1, 2010, pps 1-47. ISSN - Pending, p 8.
- ²⁵³ Obien F., 'Industrial Rubber Plantation of the Viet-Lao Company, Bachieng District, Champassak Province: an assessment of the environmental and social impacts of the VLRC Industrial Rubber Plantation and the proposed environmental and social plans', Earth Systems Lab prepared for the Agence Francaise de Developpement, 2007, p23.
- ²⁵⁴ Obien, *op. cit.*, p21.
- ²⁵⁵ Interview with villagers near to the Viet-Lao Company's rubber concession, 2012.
- ²⁵⁶ Interview with villagers near to the Viet-Lao Company's rubber concession, 2012; Baird, *op. cit.*, p17.
- ²⁵⁷ Interview with villagers near to the Viet-Lao Company's concession, 2012.
- ²⁵⁸ Interview with villagers near to the Viet-Lao Company's concession and interview with provincial sources monitoring the rubber sector, 2012.
- ²⁵⁹ Obien, *op. cit.*, p5-26.
- ²⁶⁰ Baird, *op. cit.*, p20-21.
- ²⁶¹ Interview with villagers near to the Viet-Lao Company's concession, 2012.
- ²⁶² As included in VRG's written response to Global Witness, March 2013.
- ²⁶³ Thanh Nien News, 'Tycoon confident he'll be Vietnam's first billionaire,' cited in Talk Vietnam, 26 January 2013, <http://talkvietnam.com/2013/01/tycoon-confident-hell-be-vietnams-first-billionaire/#> (accessed 10 April 2013)
- ²⁶⁴ HAGL Joint Stock Company, Confidential Circular Offering, 11 May 2011, [http://info.sgx.com/listprosp.nsf/5a8e36bd740e1bce48256604000bb31e/de143384a-be2783e482578990013d0b7/\\$FILE/OC%20BSI00796BSI073_N_May17_1245_Efinals.pdf](http://info.sgx.com/listprosp.nsf/5a8e36bd740e1bce48256604000bb31e/de143384a-be2783e482578990013d0b7/$FILE/OC%20BSI00796BSI073_N_May17_1245_Efinals.pdf) (accessed 12 March 2013)
- ²⁶⁵ International Finance Corporation Performance Standards http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+-+2012/Performance+Standards+and+Guidance+Notes+2012/ (accessed 8 March 2013)
- ²⁶⁶ According to the Summary of Project Information on the IFC database for project number 10740 <http://www.ifc.org/ifcext/spiwebsite1.nsf/ProjectDisplay/SPI0740?OpenDocument> (accessed 18 April 2013), confirmed during communication between IFC and Global Witness, April 2013.
- ²⁶⁷ According to the Summary of Project Information on the IFC database for project number 20926 <http://www.ifc.org/ifcext/spiwebsite1.nsf/DocsByUNIDForPrint/DFE5879675A79794852576BA000E24F9?opendocument> (accessed 18 April 2013), confirmed in writing by IFC to Global Witness, April 2013.
- ²⁶⁸ According to communication between IFC and Global Witness, April 2013.
- ²⁶⁹ VEIL's overall holding of just below 4% of HAGL was confirmed in writing by IFC to Global Witness, April 2013; VEIL holding a 0.64% interest in HAGL Rubber was confirmed in writing by both IFC and Dragon Capital to Global Witness, April 2013.
- ²⁷⁰ According to written communication between Dragon Capital and Global Witness, April 2013.
- ²⁷¹ Deutsche Bank, 'Sustainability at Deutsche Bank' Presentation, London and Paris 8-9 May 2012, https://www.deutsche-bank.de/ir/de/images/JD_SRI_Roadshow_London_Paris_8_May_2012_final.pdf p23 (accessed 12 March 2013)
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- ²⁷³ Cambridge Programme for Sustainability Leadership <http://www.cpsl.cam.ac.uk/bei> (accessed 12 March 2013)

- ²⁷⁴ Deutsche Bank Media, 'Deutsche Bank launches first Global Depository Receipt program for a Vietnamese company' March 24 2011, https://www.db.com/medien/en/content/press_releases_2011_3566.htm (accessed 27 March 2013); Confirmed by written communication between HAGL and Global Witness, April 2013.
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- ²⁷⁷ HAGL, Confidential Circular Offering, *op. cit.*, pp15-16.
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- ²⁸⁵ According to the Summary of Project Information on the IFC database for project number 20926 <http://www.ifc.org/ifcext/spiwebsite1.nsf/DocsByUNIDForPrint/DFE5879675A79794852576BA000E24F9?opendocument> (accessed 18 April 2013), confirmed in writing by IFC to Global Witness, April 2013.
- ²⁸⁶ According to verbal communication between the IFC and Global Witness, April 2013.
- ²⁸⁷ According to written and verbal communication between the IFC and Global Witness, April 2013.
- ²⁸⁸ According to written communication between HAGL and Global Witness, April 2013.
- ²⁸⁹ According to written communication between the IFC and Dragon Capital, and Global Witness, March and April 2013.
- ²⁹⁰ Compliance Advisor Ombudsman, 'CAO Compliance Audit of IFC's Financial Sector Investments', 2011, <http://www.cao-ombudsman.org/newsroom/index.html> (accessed 25 March 2013)
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- ²⁹² Cambridge Programme for Sustainability Lea "a group comprising of leading global banking institutions whose aim is to identify ways in which the banking sector can direct capital towards sustainable development." <http://www.cpsl.cam.ac.uk/bei> (accessed 25 March 2013); UN Global Compact <http://www.unglobalcompact.org/AboutTheGC> (accessed 27 March 2013)
- ²⁹³ According to written communication between Deutsche Bank and Global Witness, March and April 2013.
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- ²⁹⁶ Written response to Global Witness from HAGL and VRG, April 2013.
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- ³⁰² Royal Government of Cambodia, 'Sub-decree 41 on Remarking and managing locations within natural protection areas converted into usability recourse lands', 14 March 2011, providing 9,775ha of land within Virachey National Park to Hoang Anh Andong Meas Co. Ltd (unofficial translation by Global Witness); Ministry of Commerce company registration details; ELC profile on Open Development Cambodia: <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=198&cat=0&type=0&map=elc&tier=1> (accessed 27 March 2013); Written response from HAGL to Global Witness in April 2013.
- ³⁰³ Ministry of Environment map of ELCs inside Lumphat Wildlife Sanctuary seen by Global Witness in 2012; Ministry of Commerce company registration details; Written response from HAGL to Global Witness in April 2013.
- ³⁰⁴ Ministry of Agriculture, Forestry and Fisheries ELC database profile for Hoang Anh Oyadav Co. Ltd <http://www.elc.maff.gov.kh/en/profile/21-rtk/117-rtk-kiri-hong-an.html> (accessed 27 March 2013); Ministry of Commerce company registration details; Royal Government of Cambodia, authorisation letter from Prime Minister Hun Sen for Hoang Anh Oyadav Co. Ltd. (Khmer language); Written confirmation by HAGL to Global Witness in April 2013.
- ³⁰⁵ Ministry of Agriculture, Forestry and Fisheries ELC database profile for Heng Brothers <http://www.elc.maff.gov.kh/en/profile/21-rtk/76-rkiri-hengbrother.html> and list of ELCs, as per June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (both accessed 27 March 2013); Ministry of Commerce company registration details; Map of Heng Brothers ELC seen by Global Witness; Written confirmation by HAGL to Global Witness in April 2013.
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- ³⁰⁷ Ministry of Environment map of ELCs inside Lumphat Wildlife Sanctuary seen by Global Witness in 2012; Royal Government of Cambodia Sub-decree on zoning administered areas of the protected areas as areas for sustainable use, assigning 9,173 ha of land inside Lumphat Wildlife Sanctuary to Hoang Anh Lumphat Co. Ltd, 8 November 2011 (unofficial translation by Global Witness); Ministry of Commerce company registration details; and ELC profile on Open Development Cambodia website <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=581&cat=0&type=0&map=elc&tier=2> (accessed 1Apr2013); Written response from HAGL to Global Witness in April 2013.
- ³⁰⁸ VRG members rubber concessions in Cambodia and Laos are verified by their website http://www.vnrubbergroup.com/en/member_list.php?id=lao-cambodia (accessed 27 March 2013); the VRG 2011 Annual Report, p7; and VRG member listing on Cambodia's Ministry of Agriculture, Forestry and Fisheries website: <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (accessed 27 March 2013); Leng Rithy 'Report on the achievements of member companies of Vietnam Rubber Group in Cambodia on agro-industrial investment in rubber plantations', Representative Office of VRG in Cambodia, 6 October 2008 (unofficial translation by Global Witness); VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness); an anonymous source working on Cambodia's rubber sector, 2013; Written response from VRG to Global Witness, 2013.
- ³⁰⁹ Ministry of Agriculture, Forestry and Fisheries ELC database profile for Krong Buk Rubber Development Co. Ltd <http://www.elc.maff.gov.kh/en/profile/21-rtk/102-rkiri-krong.html> and list of ELCs, as per June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (both last accessed 27 March 2013); Ministry of Commerce company registration details.
- ³¹⁰ Ministry of Agriculture, Forestry and Fisheries ELC database profile for Hoang Anh Mang Yang K Rubber Development <http://www.elc.maff.gov.kh/en/profile/21-rtk/78-rkiri-hongan.html> and list of ELCs, as per June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (both last accessed 27 March 2013); Ministry of Commerce company registration details.
- ³¹¹ Dong Phu company representatives confirmed with Global Witness during a meeting in August 2012 that the company owned a rubber ELC in Kratie province; VietCapital Asset Management 'Dong Phu Rubber JSC' market analysts report, 28 March 2011, <https://vninvestment.files.wordpress.com/2012/03/dpr28mar11.pdf> (last accessed 28 March 2013); Civil society source in Cambodia, 2012 and 2013.
- ³¹² Dong Nai company representatives confirmed with Global Witness during a meeting in August 2012 that the company owned a rubber ELC in Kratie province and that the size was approximately 6,372ha; Civil Society source in Cambodia, 2012 and 2013.
- ³¹³ Leng Rithy 'Report on the achievements of member companies of Vietnam Rubber Group in Cambodia on agro-industrial investment in rubber plantations', Representative Office of VRG in Cambodia, 6 October 2008 (unofficial translation by Global Witness); Ministry of Agriculture, Forestry and Fisheries ELC listing of Phu Rieng in list of ELCs, as per June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (last accessed 27 March 2013); Ministry of Commerce company registration details; Royal Government of Cambodia 'Sub-decree on Highest Honour Medal' awarded to Phu Rieng Kratie Rubber Development Co. Ltd, 16 November 2009 (unofficial translation by Global Witness).
- ³¹⁴ VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness), which includes a company called "Binh Phuoc 1 (Chu Prong)"; MAFF ELC database profile for Benh Hoeruk Kratie Rubber 1 Company Ltd, Directed by a Mr. Phan Si Binh and registered at the same address as VRG: <http://www.elc.maff.gov.kh/en/profile/18-mdk/119-munkiri-benh-hoeruk.html> (last accessed 27 March 2013); VRG Website names Vietnamese Phan Sy Binh as owner of Chu Prong Stung Streng http://www.vnrubbergroup.com/en/member_list_detail.php?id=cpstungtreng (last accessed 27 March 2013); Ministry of Commerce company registration details list Mr. Phan Sy Banh as the director and the address as the same as VRG.

- ³¹⁵ VRG website http://www.vnrubbergroup.com/en/member_list_detail.php?id=vketi (last accessed 14 March 2013); Sub-decree authorising ELC to company, ODC website, <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=317&type=0&tier=1&map=elc> (last accessed 14 March 2013); Civil society source in Cambodia, 2012 and 2013.
- ³¹⁶ Ministry of Agriculture, Forestry and Fisheries ELC listing of Dau Tieng Cambodia in list of ELCs, as per June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (last accessed 27 March 2013); VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness).
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- ³¹⁸ Ministry of Agriculture, Forestry and Fisheries ELC profile for Tan Bien <http://www.elc.maff.gov.kh/en/profile/14-ktm/38-kpt-tabien.html> and inclusion of the company in list of ELCs, as per June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (both last accessed 27 March 2013); Leng Rithy 'Report on the achievements of member companies of Vietnam Rubber Group in Cambodia on agro-industrial investment in rubber plantations', Representative Office of VRG in Cambodia, 6 October 2008 (unofficial translation by Global Witness); Ministry of Commerce company registration details; VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness)
- ³¹⁹ Viet Capital Asset Management 'Phuoc Hoa Rubber JSC' market analysts report, 28 March 2011, <http://cms.vscsc.com.vn/FileReport/20120530/PHR-20110328-HOLD.pdf> (last accessed 28 March 2013)
- ³²⁰ VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness) which includes a company named "CRCK II Kompong Thom (Chu Pah)"; The names are also joined on the VRG members website http://www.vnrubbergroup.com/en/member_list_detail.php?id=CPkompongthom (last accessed 27 March 2013); MAFF ELC database profile for CRCK states it is registered at the same address as VRG and confirms the size and location of the concession <http://www.elc.maff.gov.kh/en/profile/14-ktm/103-ktm-crck.html> (last accessed 27 March 2013); Ministry of Commerce company registration details list the address as the same as VRG.
- ³²¹ VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness) which includes a company named "CRCK II Kompong Thom (Chu Se)"; The names are also joined on the VRG members website http://www.vnrubbergroup.com/en/member_list_detail.php?id=CSKom (last accessed 27 March 2013); Ministry of Commerce company registration address is the same as VRG; Global Witness has seen two Royal Government of Cambodia sub-decrees dated 8 Jan 2010 and 21 March 2011, granting the company a total of 9,235ha within Boeng Per Wildlife Sanctuary in Kompong Thom and Siem Reap provinces (unofficial translation by Global Witness).
- ³²² VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness).
- ³²³ Bean Heak Investment Co. Ltd. Has two concessions in Cambodia, according to the Open Development Cambodia profile and attached sub-decrees, one for 4,385ha <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=174&cat=0&type=0&map=elc&tier=1> and the other concession for 5,095ha <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=175&cat=0&type=0&map=elc&tier=1> (both accessed 16 March 2013); According to this profile, the director of Bean Heak Investment Co. Ltd has the same name as the director of a VRG member company which owns a concession beside Bean Heak's concession, in Boeng Per Wildlife Sanctuary http://www.vnrubbergroup.com/en/member_list_detail.php?id=chuse (accessed 27 March 2013)
- ³²⁴ According to the Ministry of Commerce company registration details, Tay Ninh is registered at the same address as VRG; the size and location of this concession is taken from the Open Development Cambodia profile on the company <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=585&cat=0&type=0&map=elc&tier=2> (accessed 27 March 2013)
- ³²⁵ According to Caoutchouc Mekong Co. Ltd (Tan Bien II) profile on Open Development Cambodia website <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=173&type=0&tier=1&map=elc> (accessed 16 March 2013) and attached sub-decree; VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness).
- ³²⁶ MAFF ELC database profile on Kausu Eah' Leo BM JSC Ltd <http://www.elc.maff.gov.kh/en/profile/21-rtk/118-rtki-ka-lev.html> and inclusion of the company in list of ELCs, as per June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (both accessed 27 March 2013)
- ³²⁷ According to Kiri Development's Ministry of Commerce company registration details, one of its directors has the same name as the director of Hoang Anh Mang Yang K Rubber, which owns a rubber concession contiguous to Kiri Development's in Ratanakiri province; MAFF ELC database profile <http://www.elc.maff.gov.kh/en/profile/21-rtk/77-rkiri-kiri.html> and inclusion of Kiri Development in list of ELCs, as per June 2012 (unofficial translation by Global Witness); <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (both accessed 27 March 2013); According to its MAFF ELC profile, Kiri Development was previously registered at the same address as the subsidiary of HAGL, Heng Brothers.
- ³²⁸ MAFF ELC database profile for Doty Saigon – Binh Phuoc (SBK) <http://www.elc.maff.gov.kh/en/profile/16-krt/50-kratie-doty.html> and inclusion of Doty Saigon – Binh Phuoc in list of ELCs, as per June 2012 (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (both accessed 27 March 2013), according to the database the company is registered at the same address as VRG; Dau Tu Saigon – Binh Phuoc is included in the Leng Rithy 'Report on the achievements of member companies of Vietnam Rubber Group in Cambodia on agro-industrial investment in rubber plantations', Representative Office of VRG in Cambodia, 6 October 2008 (unofficial translation by Global Witness).
- ³²⁹ Dak Lak Rubber Company is included in the June 2012 list of ELCs on the MAFF ELC database website (unofficial translation by Global Witness) <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (accessed 27 March 2013); Dak Lak is also included in a report by Leng Rithy 'Report on the achievements of member companies of Vietnam Rubber Group in Cambodia on agro-industrial investment in rubber plantations', Representative Office of VRG in Cambodia, 6 October 2008 (unofficial translation by Global Witness).
- ³³⁰ According to the MAFF ELC database profile of PNT Co. Ltd, it is registered at the same address as VRG <http://www.elc.maff.gov.kh/en/profile/19-pvh/110-pvihea-pnt.html> (accessed 16 March 2013)
- ³³¹ According to the MAFF ELC database profile of Thy Nga Development and Investment Co. Ltd, Leng Rithy is its Director and it is registered at same address as VRG <http://www.elc.maff.gov.kh/en/profile/19-pvh/69-pvihea-thynga.html> (accessed 27 March 2013).
- ³³² According to the Ministry of Commerce company registration details, Rethy Granite (Cambodia) Co. Ltd is owned by Leng Rithy and registered at the same address as VRG; Rethy Granite's rubber plantation profile is included in the Open Development Cambodia Website <http://www.opendevdevelopmentcambodia.net/concessions/profile/?id=227&cat=0&type=0&map=elc&tier=1> (accessed 16th March 2013); Royal Government of Cambodia Sub-decree on Secularization of 1,646ha of land located within Boeng Per Wildlife Sanctuary, located in Preah Vihear province (unofficial translation by Global Witness); additionally Rithy Granite's name is on the VRG plaque at their main address in Phnom Penh.
- ³³³ According to the Ministry of Commerce company registration details, this company is registered at same address as VRG and the director has the same name as the director for the Viet-Lao Rubber Joint Stock Company, which has the concession in Bachieng District, Champassak, see VN Rubber Group website: http://www.vnrubbergroup.com/en/member_list_detail.php?id=vietlao (accessed 16 March 2013); the location for this concession is taken from a map seen by Global Witness, March 2013.
- ³³⁴ HAGL's ownership of the following rubber concessions in Cambodia and Laos are verified by their Interim consolidated financial statements, 30 June 2012, p31-34, http://www.rns-pdf.londonstockexchange.com/rns/1139L_-2012-8-30.pdf (accessed 14 March 2013); Written response from HAGL to Global Witness in April 2013.
- ³³⁵ HAGL 2011 Annual Report, op.cit., p5; Kenny Lazar, M, 'Dispossession, semi-proletarianization, and enclosure: primitive accumulation and the land grabs in Laos', Paper presented at the International Conference on Land Grabbing, 6-8 April 2010, p.1 http://www.future-agricultures.org/conference-resources/doc_details/1150-dispossession-semi-proletarianization-and-enclosure-primitive-accumulation-and-the-land-grab?tmpl=component (accessed 27 March 2013); EIA, 'Checkpoints: How powerful interest groups continue to undermine forest governance in Laos', 2012, p9, <http://www.eia-international.org/wp-content/uploads/EIA-Checkpoints-report.pdf> (last accessed 27 March 2013); Written confirmation by HAGL to Global Witness in April 2013.
- ³³⁶ Hoang Anh Gia Lai Joint Stock Company, Interim consolidated financial statements, 30 June 2012, p31, http://www.rns-pdf.londonstockexchange.com/rns/1139L_-2012-8-30.pdf (accessed 14 March 2013); Civil Society sources working in the sector, Vientiane, Laos, 2012 and 2013; Written confirmation by HAGL to Global Witness in April 2013.
- ³³⁷ Written confirmation by HAGL to Global Witness in April 2013; HAGL JSC, Interim Consolidated Financial Statements, 30 June 2012, p35 http://www.rns-pdf.londonstockexchange.com/rns/1139L_-2012-8-30.pdf (accessed 28 March 2013); HAGL 2011 Annual Report, p91; Baobinhdin, June 2007 <http://www.baobinhdin.com.vn/news/2007/6/43840>; Bidiphar <http://bidiphar.com/about.php> (accessed 28 March 2013); Land Issues Working Group, 'Vietnamese rubber company in Thateng District' <http://www.laolandissues.org/wp-content/uploads/2012/01/Case-Rubber-in-Sekong-NEW.pdf> (accessed 28 March 2013).
- ³³⁸ Global Witness field research and interviews with local residents, Xekong Province 2012; Civil Society sources working in the sector, Vientiane, Laos, 2012 and 2013; Written response from HAGL to Global Witness in April 2013.
- ³³⁹ VRG members rubber concessions in Cambodia and Laos are verified by their website http://www.vnrubbergroup.com/en/member_list.php?id=lao-cambodia (accessed 27 March 2013); the VRG 2011 Annual Report, p7; and VRG member listing on Cambodia's Ministry of Agriculture, Forestry and Fisheries website: <http://www.elc.maff.gov.kh/en/attachments/article/122/Company%20Name.pdf> (accessed 27 March 2013); Leng Rithy 'Report on the achievements of member companies of Vietnam Rubber Group in Cambodia on agro-industrial investment in rubber plantations', Representative Office of VRG in Cambodia, 6 October 2008 (unofficial translation by Global Witness); VRG Study Tour to Companies in the North West Region, 23 November 2012 (unofficial translation by Global Witness); an anonymous source working in Cambodia's rubber sector, 2013; VRG written response to Global Witness, April 2013.
- ³⁴⁰ The size 5,737ha is stated in VRG's 2011 Annual Report, p7, op.cit.; The concession size of 8,650ha and location was verified by civil society sources working on the sector, 2012 and 2013.

³⁴¹ Baird, *op.cit.*, p8; Obien, *op.cit.*, p6; Location of the concession was verified by civil society sources working on the sector, 2012 and 2013.

³⁴² Location verified by civil society sources working on the sector, 2013.

³⁴³ Location verified by civil society sources working in the sector, 2012 and 2013.

³⁴⁴ Relation with VRG verified by civil Society sources working in the sector, 2012 and 2013.

³⁴⁵ Global Witness believes that Dak Lak is affiliated with VRG, as outlined in the endnote above pertaining to Dak Lak and their rubber concession in Cambodia, this affiliation was confirmed by civil society groups working in the sector in Laos, 2013; National Land Management Authority, 'Summary Report: Research evaluation of economic, social, and ecological implications of the programme for commercial tree plantations: case study of rubber in the south of Laos PDR', Centre for Research and Information on Land and Natural Resources, National Land Management Authority, Office of Prime Minister, Lao PDR, Faculty of Social Sciences, Chiang Mai University, Thailand, Foundation for Ecological Recovery, Bangkok Thailand, 2009, p10-11; Baird, *op. cit.*, p8; Sumernet, 'Meeting regional and global demands for rubber, a key to poverty alleviation in Lao PDR?', Linkham Douangsavanh, Bansa Thammavong and Andrew Noble, The Sustainable Mekong Research Network (Sumernet) and Swedish International Development Cooperation Agency, p14.



Remnants of a Cambodian forest now located inside a HAGL subsidiary company's rubber concession, 2013.

Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses.

References to 'Global Witness' in this report are to Global Witness Limited, a company limited by guarantee and incorporated in England (Company No. 2871809)

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ISBN 978-0-9573228-7-5



Printed by Park Communications
which is ISO14001 and EMAS certified.



Printed on Revive 100 White Offset, containing 100% post consumer recycled fibre, which is either Process Chlorine Free (PCF) or Totally Chlorine Free (TCF).



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