

Nate Thayer: Cambodia corruption

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Chinese City of Dreams By Nate Thayer

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THE Cambodian government has finally rejected a massive project to create a Chinese-controlled city, "a new Hong Kong", in the heart of Cambodia after more than a year of official support that almost saw the project approved.

The project called for an investment of more than \$1 billion by Chinese-controlled companies in exchange for Cambodian authorities turning over a 20 sq km plot of land adjacent to Phnom Penh and agreeing to allow 200,000 ethnic Chinese to immigrate to inhabit and develop the land.

The scheme would have effectively created the fourth biggest city in Cambodia and some Cambodian official supporters say it was designed to replace Phnom Penh as the commercial capital.

Cambodian government officials say that the plan is not yet dead. More subtle revised versions of the bold initiative may be submitted for approval which include promises of large-scale investment in return for rights of immigration of overseas Chinese.

The Cambodia-China City Company (CTGC) was created by the Overseas Construction Company of the China Non-Ferrous Metal Company, of Beijing, which is "managed" by Wu Chheang Chang, son in law of Chinese paramount leader Deng Xiaoping, according to Cambodian government and company documents obtained by the Post.

The contract between the government and the two companies called for the "development right for 20 square km as a joint capital of the Cambodia-China City and shall provide favorable policies including the right of residence of 200,000 immigrants who shall organize, build, and live in the Cambodia-China city."

Since March of 1993, the contract received the approval of at least eight Cambodian government bodies, including the National Investment Committee, the office of the Council of Ministers, and the governor of Kandal Province, which

adjoins Phnom Penh municipality.

The huge project would have been located in Kandal Steung district, immediately adjacent to Phnom Penh city.

On March 15 the Kandal provincial governor requested the Cambodian Development Council - a powerful board headed by Prime Minister Norodom Ranariddh that oversees all investment policy in Cambodia - to approve the project "to reconstruct and develop Cambodia, bring Chinese and overseas Chinese throughout the world to Cambodia, and invest in the building of a Cambodia-China City in Kandal Steung district."

The contract specifically called for Chinese citizens - representatives of the CNFC - to assume the political authority of deputy governor of the city.

Cambodian government officials who supported the project say that the idea was "to create a new city of Phnom Penh. Rather than restoring and rehabilitating Phnom Penh, create a new Phnom Penh - a new Hong Kong in Cambodia." Indeed, government sources say that the overseas Chinese the project had in mind were primarily Hong Kong residents fearful of a looming 1997.

While there were vague references to what kind of investment the new city would entail, the proposals were remarkably lacking in detail about the purpose of the massive project beyond the right to the huge plot of land - nearly as big as Phnom Penh itself - and the granting of a legal right of immigration of 200,000 ethnic Chinese.

On June 25, Co-Prime Minister Prince Norodom Ranariddh requested that the Cambodian Development Council "examine and give [an] opinion immediately on the project" and reminded the CDC that the "company has made the above proposal once already, recently in Beijing."

The reference to Beijing, according to senior Cambodian government officials, was regarding a message from King Sihanouk - who is convalescing there - that the government should examine the proposal seriously.

On June 28, Keat Chhon, the deputy head of the CDC and the Minister of State for Reconstruction and Development, replied to Prime Minister Ranariddh. He said that "the proposal to establish a Cambodia-China City involves the use of 20 sq km of land for a period of 70 years, permission for 200,000 Chinese immigrants to live together on this land together with the use of \$1,000 million of capital to develop this area. I believe that this is not a mere ordinary investment problem but rather a national political issue because it involves 200,000 immigrants. In addition 20 sq km is an extremely large piece of land.

"If foreigners live together there it may become a foreign city in the middle of

Cambodia. It is my opinion that dealing with this issue exceeds the competence of the CDC. Therefore, I suggest that this problem be submitted to the Council of Ministers to examine and decide," he told the Prime Minister.

In July, the Council of Ministers - headed by the two Prime Ministers and vested with the authority to approve any such project-rejected the proposal based on concerns over massive foreign immigration.

But in many ways Cambodia presents an ideal place for such a move, and Cambodian government sources say that this proposal and others on a smaller scale are not dead yet.

Historically referred to by China "as the rice bowl of Asia", Cambodia is rich in untapped resources, sparsely populated, bordered by booming Thailand and Vietnam, and blessed with the Mekong River and the Sihanoukville deep water port to the south.

Cambodia's nine million people over 181,000 square km is ripe for immigrants compared to neighboring Vietnam and Thailand's populations of 80 and 60 million respectively.

But Cambodia suffers from an almost non-existent skilled labor force after two decades of warfare and economic devastation.

Some Cambodian official planners say that Phnom Penh's infrastructure is in such poor condition that it would be cheaper to build a whole new capital from scratch-and they see an ethnic Chinese controlled capital as the quickest and most promising means for seeing economic development in the country.

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