

The Dirty Business of Sand – The Case of Cambodia Sand Dredging

This case has been written by Fazlin Abdullah and Goh Ann Tat under the guidance of Associate Professor Surya Sethi, Lee Kuan Yew School of Public Policy (LKY School), National University of Singapore and has been funded by the LKY School. The case does not reflect the views of the sponsoring organisation nor is it intended to suggest correct or incorrect handling of the situation depicted. The case is not intended to serve as a primary source of data and is meant solely for class discussion. While drawing heavily from published reports, news items and interviews with Global Witness, the case does not seek to represent their views and opinions. This case won the first prize in the Case Writing Competition 2011.

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Introduction

19th May 2010. It was just over a week since Global Witness had released the ‘Shifting Sand’ report. George Boden, spokesperson for Global Witness, called for an urgent meeting with his team.

The ‘Shifting Sand’ report alleged corrupt practices of the Cambodian government and how Singapore was buying sand unsustainably dredged from the rivers in the Koh Kong Province in Cambodia. The dredging along the rivers of Koh Kong had devastated the rich marine life and destroyed the livelihood of the poor fishermen and villagers who relied on the river for their daily sustenance (Exhibit 1).

A day after the ‘Shifting Sand’ report was released, Cambodia’s government replied in a press release that the report was “cheap and rubbish” and that the allegations were “malicious”. In a press statement, Khieu Kanharith, the spokesperson for the Cambodian government, said, “Their reports are always exaggerated far beyond the imagination and attack the Cambodian Government in order to try and bring political benefit to one of the smaller opposition parties.”¹ (Exhibit 2)

This was not the first time that the Cambodian officials had reacted in such a manner to Global Witness reports. In 2007, after Global Witness published “Cambodia’s Family Trees”, Prime Minister Hun Sen’s brother had reportedly said, “If they [Global Witness staff] come to Cambodia, I will hit them until their heads are broken.”²

The Cambodian Embassy in London had requested a public debate with Global Witness on the allegations that Cambodia’s government officials were involved in corrupt practices in the sale of its natural resources.

The Singapore government had also rejected the allegations made in report. Singapore Ministry of National Development rebutted saying that import of reclamation sand was done on a commercial basis by Jurong Town Council, a statutory board under the Ministry of Trade and Industry. All sand suppliers had to abide to source country’s procedures and ensure extraction of sand does not cause “adverse impact to the environment”³.

The release of the report had managed to get the attention of the international press. Journalists and documentary makers from all around the world had been calling the Global Witness office asking them for leads and directions. Global Witness needed to be strategic in their message and consolidate their effort so that their message reached the most effective target to effect change. They had several options:

1. To engage with the Cambodian government;
2. To involve Cambodian and Singapore NGOs and public;
3. To engage with the Singapore government;

¹ "Media Release: Not a grain of truth in sand export claims, says Cambodian Government," Royal Embassy Of Cambodia, London, 2010.

² "Government's banning of report, threat by governor's brother show lack of commitment to free expression, says Human Rights Watch," www.ifex.org, http://www.ifex.org/cambodia/2007/06/20/government_s_banning_of_report/ (accessed on 05/03/2012).

³ "Singapore sand imports take into account environmental protection laws: MND," [www.xinmsn.com](http://news.xin.msn.com/en/singapore/article.aspx?cp-documentid=4080633), 2010, <http://news.xin.msn.com/en/singapore/article.aspx?cp-documentid=4080633> (accessed on 20/03/2012).

4. To get international donors to assert pressure on the Cambodian government.

The direction Global Witness chose would make a difference in its fight to stop corruption and the degradation of the environment. The team at Global Witness needed to make a decision fast to take advantage of the wave of attention the report had generated.

Cambodia's Natural Resources

While Cambodia was a country rich in natural resources, 36% of its people still lived in poverty and 1.7 million Cambodians still struggled to ensure daily sustenance⁴.

Since its independence in 1953, Cambodia had remained politically unstable and had seen a series of wars. The turmoil had begun in 1970, when the then defence minister Lon Nol had staged a coup d'état against Prince Sihanouk. The rebellion had not lasted long but acres of farmland had been destroyed. The regime that came after that had been even more devastating. Millions of lives had been lost during the Khmer Rouge regime and most of the population was plunged into poverty, tortured, starved to death, and internally displaced.

The Khmer Rouge regime was overthrown in 1979 and what had followed was a long drawn out battle between political parties for the control of Cambodia. The political turmoil had not only been detrimental to the lives of Cambodians but also to the environment. Vast amount of illegal logging had been carried out by the political parties to fund their political struggles. Although political stability was established in 1998, with the Cambodia People's Party successfully winning a majority of the seats in the election, the loss of the forests and environmental damage was permanent⁵.

While strife initiated the illegal logging business and caused forest depletion, the stability and need for growth had led to the exploitation of other minerals. Prime Minister Hun Sen, who had won the election in 1998, had very little choice. In order to pursue economic development and to pull Cambodians out of poverty, the country needed to develop and raise income through the sale of its rich natural resources - minerals, gas, oil and sand. Sustainable use of its natural resources was identified by the World Bank as the key factor to Cambodia's development⁶. The sale of its natural resource was seen as being good for Cambodia and her people.

Was Cambodia facing the paradox of the plenty, also referred to as 'resource curse' by some? The irony of the matter was that resource rich countries often ended up poorer and had greater income disparity compared to countries which were resource poor⁷. Some of the factors that caused this phenomenon were the price fluctuation and volatility of the

⁴ "Poverty Reduction," *United Nations Development Programme*, Cambodia, 2010.

⁵ In 1970, primary rainforest cover was over 70%, in 2010 – 3.1%. 2.5 million hectares of forest was lost between 1990-2005. Rhett A. Butler, "Rainforest Loss Slow," http://news.mongabay.com/2010/1006-fao_forest_cover.html. The Food and Agriculture Organisation reported that between 2000-2005 Cambodia lost 29% of its primary forests. In 2010, primary forest was at 322,000 hectares.

⁶ "Cambodia Environment," *The World Bank*, <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPREGTOPE/NVIRONMENT/0,,contentMDK:20266319~menuPK:537827~pagePK:34004173~piPK:34003707~theSitePK:502886,00.html>.

⁷ Jeffrey D. Sachs and Andrew M. Warner, "Natural Resource Abundance and Economic Growth," *Centre for International Development and Harvard Institute for International Development*, 1997.

commodities market, the decline in competitiveness of other sectors due to lack of investment, the lack of good governance, and corruption.

George noted, "...Who benefits from the sale of the natural resources – the population or just the privileged few? Nearly 70% of the population subsists on less than \$2 a day."⁸

Corrupt practices spanning logging, mining and sand trade were identified by Global Witness as what plagued Cambodia. The 2007 report by Global Witness, titled 'Cambodia's Family Tree', not only alleged corruption, but also attempted murders and kidnappings that were involved in the illegal logging trade. In 2009, Global Witness released another report titled 'Country for Sale' which stated that Cambodia's elite, immediate and extended family members and cronies of Prime Minister Hun Sen, had moved from reaping profits from illegal logging to diversifying into mineral extraction, fisheries, petroleum and beaches. The allegations were based on a thirteen-year investigation and tracking of the activities surrounding the logging trade and the involvement of Prime Minister's Hun Sen's family members in various businesses. The process of allocating permits to extract these natural resources was not transparent and those that were awarded the permits had close ties to either the military or the government.

The Cambodian government had denied these allegations outright. The government's response had been to ban 'Cambodia's Family Trees'.

On paper, the Cambodian government had in place stringent processes, procedures and laws on sustainable practices when it came to the use of natural resources. Any extraction of minerals or projects concerning natural resources was, under Cambodian law, subject to an Environmental Impact Assessment (EIA). The sub-decree on EIA clearly stated – "An environmental impact assessment (EIA) shall be done on every project and activity, private or public, and shall be reviewed by the Ministry of Environment before being submitted to the Royal Government for decision."⁹ The government had also partnered and worked with inter-governmental organisations and multilateral institutions such as The Asian Development Bank on improving the process. However, in reality, as in the case of illegal logging, the EIA had been ineffective due to the fact that the process lacked rigor, was undermined by vague terms¹⁰, the Ministry of Environment lacked power to enforce, and government officials reportedly accepting low quality reports, and at times even recycled reports¹¹.

Global Witness in Cambodia

Global Witness, an International NGO based in London, worked on campaigns and investigations to uncover the exploitation of natural resources and the role of this exploitation in fuelling corruption, conflicts and wars. Their first campaign in Cambodia had been in 1995 when they had gone to Cambodia to investigate illegal logging that was being used by the Khmer Rouge to fund their regime and the civil war. The investigations had uncovered the practices of illegal trade of timber between the regime and Thailand. Their published report

⁸ Interview with author.

⁹ Sub-Decree on Environmental Impact Assessment Process.

¹⁰ "Environmental Impact Assessment regulations and Strategic Environmental Assessment Requirements: Practices and lessons learnt in East and Southeast Asia," *The World Bank*, April 2006.

¹¹ Jennifer C. Li, "Environmental Impact Assessments in Developing Countries: An Opportunity for Greater Environmental Security?" Working Paper No. 4, *USAID and Foundation for Environmental Security and Sustainability*, 2008.

covering the exploitation of forest resources had been immediately picked up by the international press. The report had been successful in that international pressure soon mounted on the Cambodian government to take remedial action. This had led to the closing of the overland border and the government decreeing a ban on the export of timber. Global Witness acknowledged the efforts that the Cambodian government was making to prevent illegal timber exports¹² but noted that the corruption could hamper its effectiveness in enforcing the law.

Further to this, in 1999, Global Witness had been appointed to be an independent monitor in Cambodia by the Consultative Group of the “Forest Crime Monitoring and Reporting Project”. Their role was to monitor the process to develop Cambodian government’s capacity to stop illegal logging. Global Witness had been welcomed by the Cambodian government. However, the relationship had soon soured when Global Witness published several reports alleging the patronage and corruption in the government and the government’s role in illegal logging and human rights abuses. In 2003, the government had terminated Global Witness as the independent monitor and had gone on to denounce the organisation¹³. In 2005, members of Global Witness had been denied entry into Cambodia¹⁴.

Global Witness, though, through investigators, continued its investigations and campaigns. It subsequently published several other reports. One of these reports was ‘Cambodia’s Family Trees’ that directly implicated Prime Minister Hun Sen and his family on human rights abuses, corruption and illegal logging. The other report was ‘Shifting Sand’.

The Business of Sand

Sand dredging was a familiar sight to Cambodians. Cambodia was growing fast and there was a need for sand for the construction of new houses and buildings. The sand supplied was usually from the Mekong River and for local use. Certain officials had also claimed that there was a need to dredge, in order to prevent flooding.

However, in early 2009, as Global Witness was investigating the ‘Country for Sale’ report, it received a tip from a source that there was something fishy going on in Koh Kong. Koh Kong was home to fishermen, protected mangroves, the Peam Krasop Wildlife Sanctuary, and rich marine and flora life. Both the Irrawady dolphins and dugong called the river home. The rivers that ran through the province were known for their significant aquatic ecosystem.

¹²

http://www.globalwitness.org/sites/default/files/pdfs/thai_khmer_rouge_links_and_the_illegal_trade_in_cambodian_timber.htm (accessed on 06/03/2012).

¹³ <http://www.cablegatesearch.net/cable.php?id=07PHNOMPENH820> (accessed on 06/03/2012).

¹⁴ <http://www.globalwitness.org/library/hun-sensorship-%E2%80%93-global-witness-banned-entering-cambodia> (accessed on 06/03/2012).



Figure 1: Map Source - Shifting Sand Report

Global Witness started receiving reports that the pristine and quiet rivers of Koh Kong Province namely, Sre Ambil, Ta Tai and Koh Por, had been invaded by loud sand-dredging boats and barges. Global Witness investigators had been sent to Koh Kong to probe into the claims and were baffled by the number of sand dredgers, barges and ship along the rivers and sea off Koh Kong Province.

The amount of sand that was being dredged and packed onto ships was too much for local consumption. Sand that was required for local use would not have accounted for such an extensive flotilla of barges and ships. The owners of the ships and boats were secretive and refused to answer any questions, such as where the sand was heading to or the names of the businesses. Global Witness investigators probed into the matter but could not find any substantive evidence other than realising that two of Cambodia's senator-tycoons, Ly Yong Phat and Mong Reththy¹⁵, were somehow involved. How had they managed to obtain the permission to dredge the rivers?

After the release of the 'Country for Sale' report, investigators from Global Witness returned to the area. The number of sand dredging boats, barges and ships had increased. The fishermen, villagers, boat people and eco-tourism business owners were clearly distraught this time around. The noise, oil tracks and unsustainable sand dredging had polluted the place. There was no more fish or crab and the fishermen had lost their livelihoods. The number of tourists had also dropped as the place was not the idyllic spot it once was. The

¹⁵ The 'Shifting Sand' report identified three companies involved; Mong Reththy, LYP Group, and Udom Seima. "Shifting Sand - How Singapore's Demand for Cambodian Sand Threatens Ecosystems and Undermines Good Governance," *Global Witness*, 2010.

sand dredging that had started only a few months back was destroying the lives of the fishermen and villagers.

From ship-sightings and estimates by Global Witness investigators, 796,000 tonnes of sand were believed being exported every month¹⁶. Most of the sand exported was on foreign vessels and all were reportedly heading to Singapore. Singapore needed the sand for its construction and land reclamation.

Local fishermen began to protest, vandalising dredging equipment, and 1,500 fishermen filed joint complaints to the provincial government and relevant ministries about the impact the sand dredging was having on the environment and their livelihoods¹⁷. In response, Prime Minister Hun Sen announced a ban on sand exports in 2009. The ban, however, was only for river sand and not sea sand. The announcement did not have any impact on the operations of the businesses and sand dredging along the rivers went on as usual.

The Water Resources Minister cautioned companies not to violate the ban imposed by the Prime Minister. However, it was the Ministry of Industry, Mining and Energy that had the authority to extend licences for river sand dredging. In order to coordinate the different government departments, the government setup the Committee for Sand Resources Management under the Ministry of Water Resources and Meteorology. However, this did not resolve the issue as now the Committee for Sand Resources Management was responsible for both the enforcement of export ban and yet they are also responsible for the re-issuance of export permits.

The concessions for sand dredging in the Koh Kong Province had been awarded to three companies behind closed doors. The three companies were; Mong Reththy, LYP Group and Udom Seima. Two of these companies, Mong Reththy and LYP Group belonged to powerful senators. There were no records of the process under which they had been awarded the licences. The licence¹⁸ clearly required all sand dredging companies to carry out an EIA. However, since these concessions were not granted in a transparent manner and given that at least two of the three companies had links with the government, would the EIA even be credible?

One of the owners of the three companies awarded the licence was Senator Ly Yong Phat, also known as the King of Koh Kong. He had done considerable infrastructure work such as electric cabling and water piping, improved and built roads and bridges in the Koh Kong province. His casino and hotel in the area had brought in tourists.

However, some locals were cynical of his contributions. One local mentioned, “He built that bridge over there (pointing to the bridge that went across the Koh Kong River) but why? Not for the people in the village. He built it so that people can go to his casino faster and also to make money. The locals have no other choice but to pay the toll. Every time you go on the bridge you pay more toll than the entire toll from Phnom Pehn to Sihanoukville.”¹⁹

¹⁶ Shifting Sand Report, *Global Witness*, 2010.

¹⁷ <http://www.irinnews.org/Report/89839/CAMBODIA-Sand-dredging-prompts-fishermen-s-protests> Accessed on 06/03/2012 <http://www.tourismcambodia.com/news/localnews/3323/cambodia-tatai-river-sand-dredging-operation-cause-problems.htm>

¹⁸ As sighted by author.

¹⁹ Local interviewed by author and requested to remain anonymous.

The tycoon may have contributed to some local improvements but these improvements paled in comparison to the supposed amount he received from the sale of the sand. This was in addition to the irreversible destruction caused to the river bed and marine life thereby robbing the fishermen of their livelihood.

Something had to be done fast before the environmental impact was irreversible. On May 10th 2010, Global Witness released the ‘Shifting Sand’ report hoping that by raising awareness some action might get taken.

Two days after the release of the report, the Singapore government and the Cambodian government reverted with their response that the allegations were untrue. The Cambodian government further invited Global Witness for a public debate. The international media was raring to run the story and Global Witness had to decide on which approach it should adopt in order to make an impact.

Cambodian Government

Engaging the Cambodian government was one option.

However, since the relationship with the Cambodian government was strained, Global Witness found it hard to engage with the government. As ‘saving face’ was very much the cultural norm in South East Asia, the public allegations and confrontations made by Global Witness in the past had caused the Cambodian government to be on the defensive. The Cambodian Embassy in London had responded that the report was “cheap and rubbish”. The embassy also invited Global Witness to a public debate in London. Global Witness accepted the request for the debate (Exhibit 3). However, a week after making the offer, the Cambodian Embassy withdrew.

The Cambodian ambassador to the United Kingdom had requested international donors to stop funding Global Witness and suggested that “it was time the group was disbanded.”²⁰

Global Witness had also written to the senators involved in the sand-dredging business and although Ly Yong Phat had not responded, Mong Reththy had invited Global Witness for a face to face discussion in Cambodia. For fear of their safety, the Global witness team had declined but offered instead to speak to him over the telephone. Mong Reththy never responded to the request.

Would engaging with the Cambodian government be viable considering that the government seemed to only act when there were internal or external pressures for them to do so?

Cambodian and Singapore Civil Societies

²⁰“Cambodia Warns Pressure Group: Stop Meddling in Our Affairs,” Media Release, *Royal Embassy of Cambodia*, March 7, 2010, http://www.cambodianembassy.org.uk/index_main.php?issue=9&Button=Go&wn=&smenu=&lang=cam_Relations%2FCambodia+-+Ireland+Relations+Update+2010.pdf&mcat=0&menu=1&menu1=7&menu2=&menu3=&link=0&link1=0&redmore=0&d_link=&k=2&k1=&locate= (accessed on 20/03/2012).

When Prime Minister Hun Sen had placed a ban on the export of sand, a few months after the Global Witness 'Country for Sale' report, he had clearly stated that this was in response to local protests.

There was a need to raise awareness among the people both in Cambodia and Singapore, as well as the local NGOs, on the environmental impact the sand dredging activities were causing. In view of this, the 'Shifting Sand' report had been also translated into Khmer so that locals could understand the implications and how the rich were benefitting at the expense of the poor.

How effective would empowering the people be? Global Witness had heard accounts of Cambodian protestors being harassed or paid-off. In Singapore, civil society organisations were considered "under-developed and anaemic"²¹. A peoples' movement was unlikely in Singapore.

Singapore Government

The Singapore government had always taken an environmentally sound, sustainable and green approach to building its city. The government maintained its official line: "Care for the environment is embedded strongly in our core values, and we are fully committed to championing this worthy cause together with our stakeholders to help promote environmentally sustainable development."²² Government procurement required environmental assessments to be carried out and the country had advanced policies for environmental sustainability.

A day after the report had been published, the Singapore government had published an official response to Global Witness (Exhibit 4). The response was that the sand was not directly imported by the Singapore government and was carried out by private companies. The response also stated that the sand was legally procured by the companies in Cambodia that had concessions and operated within Cambodia's laws and regulations. As long as it was not smuggled or illegally procured, Singapore would not stop the import of the sand.

Furthermore, the Singapore government maintained that all government agencies constantly reminded the contract vendors for their projects to act responsibly while delivering their projects. Checks for valid documents and licenses were constantly carried out by the government agencies and the Singapore customs investigated all imported goods for the legality of documentation and procurement.

The Ministry of National Development further stated that it was not up to Singapore to police or enforce such laws on exporters. Such responsibility lay with Cambodia. The press statement, however, did state that sand needed to be extracted in an environmentally sustainable manner.

If Singapore wanted to maintain its image as being an environmentally conscious country then could it play a more pro-active role? Singapore was going to host the World Cities Summit in June 2010. This was an opportune time for Global Witness. However, Singapore

²¹ Yayoi Tanaka, "Singapore - Subtle NGO Control by a Developmentalist Welfare State," in *NGOs and The State*, ed. Shinichi Shigetomi (Singapore: Institute of South East Asian Studies, 2002).

²² Building and Construction Authority - http://www.bca.gov.sg/AboutUs/bca_csr.html (accessed on 06/03/2012).

needed sand to expand and grow and with limited domestic resources, it had to procure sand from somewhere. Furthermore, if Singapore stopped importing from Cambodia, would it not simply lead Cambodia's sand dredging businesses to find other buyers?

International Aid Agencies

Cambodia relied heavily on foreign aid. In 2009, Cambodia had received US\$1 billion in foreign aid²³. However, foreign aid agencies had not been using their position to enforce the changes that Global Witness had recommended. Global Witness had made public statements as well as sent personal notes to donors. Global Witness had suggested that factors such as good governance, transparency, accountability and environmental protection be made pre-conditions for future aid funding.

Global Witness had urged international aid agencies to use their leverage to ensure that the people of Cambodia benefitted from the sale of its natural resources and to hold the government accountable for its actions. However, international aid agencies had been acting to the contrary. "Cambodia's natural resource wealth should be lifting its population out of poverty. Instead, international aid has propped up basic services in Cambodia for over 15 years, providing the equivalent of 50% of the government budget²⁴," said George Boden.

Some of the international aid agencies were government funded and as such; "Taxpayers rightly expect development aid to be spent on genuine poverty reduction rather than underwriting corruption and state failure,²⁵" said Gavin Hayman of Global Witness.

International aid agencies were not against having good governance practices as a condition for future funding. As a matter of fact, some agencies had such policies. However, international aid agencies had multiple programmes and projects. If they used such conditions such as environmental standards and governance on one project, it could impact their own work on other projects, such as child and women welfare, assistance to the poor and other such activities.

What should George Boden and the team at Global Witness do?

George Boden and his team had been working for almost twelve hours mulling the four options they had. They were waiting for their sources in Cambodia to call to debate these options. It must be about midnight in Cambodia, George thought, as he sipped his coffee. He knew something needed to be done but each of the options posed hurdles. The phone rang ominously and the entire team sprang to their feet simultaneously. It was another journalist inquiring about the sand dredging case. George paused and thought which angle would be the best to pitch in order for change to happen.

²³ Cambodia Received US\$1 Billion of Aid for 2009, <http://www.cambodiamirror.org/2008/12/06/cambodia-receives-us1-billion-of-aid-for-2009-saturday-6122008/> (accessed on 06/03/2012).

²⁴ "Environment at risks as Cambodia Exports Millions of Tonnes of Sand to Singapore, new Global Witness report reveals," *Global Witness*, May 10, 2010 <http://www.globalwitness.org/library/environment-risk-cambodia-exports-millions-tonnes-sand-singapore-new-global-witness-report> (accessed on 06/03/2012).

²⁵ "International Donors Must Act on Entrenched Natural Resource-Related Corruption in Cambodia," *Global Witness*, May 31, 2010, <http://www.globalwitness.org/library/international-donors-must-act-entrenched-natural-resource-related-corruption-cambodia> (accessed on 06/03/2012).

Exhibit 1

For immediate release: 11 May 2010

Environment at risk as Cambodia exports millions of tonnes of sand to Singapore, new Global Witness report reveals

Singapore's rapid expansion is driving an ecologically and socially devastating sand-dredging industry in Cambodia, according to a new report released today by Global Witness. This booming trade is being monopolised by two prominent Cambodian Senators with close ties to Prime Minister Hun Sen – despite a supposed government ban on sand exports.

The Global Witness report *Shifting Sand: how Singapore's demand for Cambodian sand threatens ecosystems and undermines good governance* reveals that:

□ Cambodian Senators Mong Reththy and Ly Yong Phat have been awarded sand extraction licences behind closed doors, gaining control of an industry worth millions of dollars – but there is no evidence of any revenues reaching Cambodia's state coffers. Both have been implicated in dubious land deals and forced evictions, and have recently been criticised for sponsoring units of Cambodia's armed forces. This points to the increasing stranglehold of Cambodia's kleptocratic elite on its natural resources, replicating a pattern of corruption, cronyism, and rights abuses previously found in the forestry sector and extractive industries. Cambodia's sand-dredging industry poses a huge risk to its coastal environment, threatening endangered species, fish stocks and local livelihoods. There is no evidence that basic environmental safeguards have been applied, with boats reportedly turning up and dredging sand, often in protected areas, with no local consultation. All this makes a mockery of the government's supposed May 2009 ban on sand-dredging.

This trade is driven by Singapore. The city state was the world's largest importer of sand in 2008. It has used sand imports to increase its landmass by 22% since the 1960s. This project has wreaked havoc on the region's coastlines, with Malaysia, Vietnam and Indonesia having all now announced bans on sand dredging for export due to environmental concerns.

"This situation highlights the continued failure of Cambodia's international donors to use their leverage to hold the small elite surrounding the Prime Minister to account," said George Boden, campaigner at Global Witness. "Cambodia's natural resource wealth should be lifting its population out of poverty.

Instead, international aid has propped up basic services in Cambodia for over 15 years, providing the equivalent of 50% of the government budget. Meanwhile, money from natural resources disappears into private bank accounts, and nearly 70% of the population subsists on less than \$2 a day."

Global Witness' investigation tracked boats being loaded with sand in Cambodia to their destinations in Singapore. It also uncovered contracts linking Singaporean companies to Cambodia's sand industry. In June this year, Singapore will host the World Cities Summit, which promotes 'sustainable and liveable cities'.

"Singapore says that the import of sand is a purely commercial activity but it also presents itself as a regional leader on environmental issues," said Boden. "The country's failure to mitigate the social and ecological cost of sand dredging represents hypocrisy on a grand

scale. If Singapore wants its environmental stance to be taken seriously, monitoring where the sand is sourced and what is being done to obtain it would be an obvious place to start.”

/ENDS

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

Exhibit 2

2010 Media Releases

Not a grain of truth in sand export claims, says Cambodian Government

May 11, 2010

The Royal Government of Cambodia has reacted angrily to malicious and misleading claims by an international trouble maker that sand-dredging operations in Cambodia are causing widespread environmental damage.

A cheap and rubbish report from Global Witness claims that Cambodia is exporting vast amounts of sand to Singapore to help the city-state dramatically increase its landmass; and that the dredging is posing a huge risk to Cambodia's coastline, threatening fish stocks, local livelihoods and endangered species. The claims has been also strongly denied and rejected by the Government of Singapore.

But Cambodian Government spokesman Khieu Kanharith said the Prime Minister of Cambodia, Samdech Hun Sen, had announced a blanket ban on sand exports last year. "There is also a ban on sand-dredging near islands and eco-tourism areas, deep water regions and in zones with large numbers of fish stock."

A small amount of dredging was permitted to serve local demand and allow the passage of ships through over-silted areas, he said.

Global Witness has also claimed that two Cambodian senators, Mong Reththy and Ly Yong Plat have secretly been awarded sand extradition licences.

But Mr Reththy has responded by openly acknowledging he has a licence to export sand. But he denied shipments had ever been made to Singapore. "For a start it's not the sort of sand that meets Singapore's standards. But in any case, I have not sold any sand, not even one kilogramme. I don't know where Global Witness gets its information from."

Pech Siyon, the Director of the Cambodian government's Department of Industry, Energy and Mines in the southwest province of Koh Kong, said sand-dredging operations in his region had stopped since the Prime Minister's ban on sand exports.

Cambodian government spokesman Khieu Kanharith dismissed the Global Witness report as politically motivated. "Their reports are always exaggerated far beyond the imagination and attack the Cambodian Government in order to try and bring political benefit to one of the smaller opposition parties," he said.

http://www.cambodianembassy.org.uk/index_main.php?issue=11&Button=Go&wn=&smenu=&lang=cam_Relations%2FCambodia+-+Ireland+Relations+Update+2010.pdf&mcat=0&menu=1&menu1=7&menu2=&menu3=&link=0&link1=0&readmore=0&d_link=&k=2&k1=&locate=

Exhibit 3



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19 May 2010

Dear Ambassador Hor Nambora,

Following your press release of the 30th of April 2010, in which you invited us to a debate in London or elsewhere, we would like to accept your offer of a public debate. We would like to suggest the date of the 17th of June 2010 to hold this debate. We suggest that the event be held at a neutral, public venue in central London. We are more than happy to provide suggestions for this venue and individuals who may be able to chair the event.

We look forward to receiving your response.

Best regards,

Simon Taylor
Director, Global Witness

Exhibit 4

Singapore Rejects Claim of Illegal Sand Imports

It does not condone the illegal export or smuggling of sand: MND Jessica Cheam, *Straits Times* 11 May 10;

THE Government has rejected a new report that suggests Singapore is importing Cambodian sand illegally and without regard for the environment.

The new report, released today by environmental group, Global Witness, claims that Cambodia's sand trade is thriving despite a recent sand export ban, and that Singapore is the primary consumer of sand exported from Cambodia.

But in a statement yesterday, the Ministry of National Development said the report 'suggests that the Singapore Government seeks to import sand without due regard to the laws or environmental impact of the source country, in this case, Cambodia'.

'This is not true. We are committed to the protection of the global environment, and we do not condone the illegal export or smuggling of sand, or any extraction of sand that is in breach of the source countries' laws and rules on environmental protection. We have not received any official notice on the ban of sand exports from Cambodia,' it added.

It said sand suppliers are private firms which buy sand from concession holders in various countries. They extract the sand after identifying locations.

The report said that despite imposing a ban on the export of sea sand, the Cambodian government's actions 'appear to have facilitated, rather than limited, dredging operations'. These activities have led to the degradation of ecosystems. Fish and crab harvests have also fallen, threatening the livelihood of local communities, it said.

It estimates the annual value of the sand trade at US\$28.7 million (S\$40 million) in Cambodia and US\$248 million in retail value in Singapore.

In 2008, the Republic was the largest global importer of sand at 14.2 million tonnes valued at US\$273 million.

Of this total, Cambodia was Singapore's No.3 sand source, providing 3.8 million tonnes or 21.5 per cent, after Vietnam at 45 per cent and Malaysia at 22 per cent, said the report, citing United Nations statistics.

At least one Singapore-registered company was named in the report as working with Cambodian dredgers to supply sand to industrial landlord JTC for its land reclamation activities.

Given Singapore's ambition to be a regional environmental leader, it is 'not doing enough to

mitigate against the negative impact of its consumption of Cambodian sand', said Global Witness campaigner George Boden.

But MND yesterday rejected this, noting that contracts by JTC - which engages suppliers for its reclamation works - stipulate that the sand vendors have to act responsibly, and it sends out 'firm reminders' to them to observe source country regulations.

JTC requires sand vendors to give a statutory declaration that they are acting responsibly. It also requires that they provide various documents and licences from source countries.

In addition, Singapore Customs has procedures to check and investigate the import of all goods, including sand, at the various checkpoints, said MND.

In its report, Global Witness also alleges some concession licences were signed and stamped by an official from Singapore's embassy in Cambodia.

'The reason for an embassy official stamping this document is unclear,' wrote Global Witness.

MND said in response that 'the embassy, like other embassies, provides notarial services for the public. Document notarisation is a simple process of checking and authorising either copies of documents tendered as replicates or verification of signatures in some cases'.

MND added that the policing and enforcement of sand extraction licences is 'ultimately the responsibility of the source country. However, Singapore will continue to play its part to ensure that sand is extracted in a legal and environmentally responsible manner'.

Singapore used to source the bulk of its sand from Indonesia before the country abruptly banned all sand exports to Singapore in early 2007, citing environmental reasons. This led to a 'sand crisis' where building activity almost ground to a halt and sand prices trebled at one point.

Singapore Contractors Association president Andrew Khng said Singapore's builders have since diversified their sand sources, ranging from Vietnam to Myanmar and China.

'Sand used in concrete is sourced by the industry from various countries. As for reclamation sand, only a small minority of contractors are in this business,' he said.

When contacted, the Building and Construction Authority said: 'Our construction industry does not import concreting sand from Cambodia.'

It added that an Act was amended in Parliament recently to license the importers of essential construction materials to ensure that such imported materials meet quality standards.