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**Internet research on the involvement of multinational companies in plantations and extractive industries and indigenous peoples in the Greater Mekong Subregion**

**DRAFT – NOT FOR QUOTATION**

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## List of abbreviations

ADB	Asian Development Bank
AIPP	Asia Indigenous Peoples Pact Foundation
APP	Asia Pulp and Paper
CIA	Central Intelligence Agency
FER	Foundation for Ecological Recovery
FOEI	Friends of the Earth International
FSC	Forest Stewardship Council
GfbV	Gesellschaft für bedrohte Völker (Society for Threatened Peoples)
GMS	Greater Mekong Subregion
ICMM	International Council on Mining and Metals
IFC	International Finance Corporation (part of the World Bank Group)
IIED	International Institute for Environment and Development
ILO	International Labour Organisation
IWGIA	International Work Group for Indigenous Affairs
NGO	Non-governmental organisation
RSPO	Roundtable for Sustainable Palm Oil
RTRS	Roundtable for Responsible Soy
SPDC	State Peace and Development Council (Burma)
ToR	Terms of Reference
WRM	World Rainforest Movement
WWF	World Wildlife Foundation

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# Chapter 1 Introduction

In February 2007 20 organisations from 6 countries in the Greater Mekong Sub region came together to brainstorm about the effects of the involvement of multinational companies in plantations and extractive industries on indigenous peoples in the Greater Mekong Subregion. In September 2007 a second workshop is planned to exchange knowledge and experiences about trends and impacts, in order to prepare a common regional strategy. Some of these organisations are partners of ICCO/Kerk In Actie. That is why ICCO's Research and Development department decided to support these activities with some Internet research.

## 1.1 Purpose

This Internet research is meant to find out more about existing research and lobby in the field of plantations and extractive industries concessions given to multinational companies and their effects on indigenous peoples in the Greater Mekong Subregion. The results of this research will be used to focus subsequent research (and lobby) on the most crucial and most neglected subject(s) or group(s). It will provide suggestions/recommendations to narrow down the work to certain (sub)sectors.

## 1.2 Definitions

### *Definition indigenous peoples*

There is no generally-accepted definition of what is understood by the term "Indigenous People". ICCO has adopted the description of the International Labour Organisation (ILO), formulated at the ILO Convention 169 (1989) as its working definition. Internationally, this is the most commonly used definition. At the Convention reference was made to:

- Tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community and whose status is regarded wholly or partially by their own customs or traditions or by special laws or regulations;
- Peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonisation or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their social, economic, cultural and political institutions. Self-identification as indigenous or tribal shall be regarded as a fundamental criterion for determining the groups to which the provision of the Convention applies.

### *Definition of plantations*

In this study plantations are defined as 'monocultures of an economically valuable species grown over a large area'<sup>1</sup>. This includes both so-called tree plantations (e.g. eucalyptus or acacia) grown for wood production or pulp and paper and crops such as palm oil, rubber or sugar cane.

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<sup>1</sup> Fast-wood Plantations, Economic Concessions and Local Livelihoods in Cambodia. NGO Forum Cambodia, 2005

### *Definition of extractive industries*

The process of obtaining oil, natural gas and minerals. A mineral is a substance that is naturally present in the earth and is not formed from animal or vegetable matter, for example gold and salt<sup>2</sup>.

### *Definition of multinational companies*

A company that operates in several different countries, especially a large and powerful company<sup>3</sup>.

## **1.3 Scope of the research**

The research will focus on the Greater Mekong Subregion (GMS) and in particular on the countries Vietnam, Laos, Cambodia, Myanmar (Burma), and Thailand.

The period covered by the research is 2000-2007, with particular attention to the last two years.

Institutionally the study restricts itself to concessions on land that is inhabited by indigenous peoples, although in practice this was not always possible, as many studies focus on local communities in general and not on indigenous peoples. In this case the impacts are mentioned and their relevance for indigenous peoples. The focus of the study is on multinational companies, not on national.

## **1.4 Research questions**

The main research questions to this internet research were:

Which organisations have already carried out research and lobby related to the effect of the involvement of multinational companies in plantations and extractive industries on indigenous peoples in the Greater Mekong Subregion? On which issues did they focus?

What are the issues that have not received much attention in research and lobby so far?

Which kinds of social and environmental impact does the involvement of multinational companies in plantations and extractive industries have on indigenous peoples?

What could be interesting issues to be addressed in (further) research and lobby from ICCO's point of view?

## **1.5 Methodology**

The methodology used were:

- Internet research
- Study of relevant documents at ICCO
- Additional information gathering from other organisations via email, such as Oxfam America

The ToR was discussed with ICCOs' representative in Cambodia and with Oxfam America's representative in the region, as well as with the Asia Indigenous Peoples Pact Foundation (AIPP), an organisation that is active in the Greater Mekong Subregion and a partner of ICCO.

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<sup>2</sup> Based on Oxford Advanced Learners' dictionary

<sup>3</sup> Based on Oxford Advanced Learners' dictionary

## **1.6 Structure of the report**

The report contains three chapters. Chapter 1 gives an introduction and background to the study.

Chapter 2 presents the research results in three sections. One on plantations, one on extractive industries and one on strategies of civil society actors.

Chapter 3 comprises conclusions and recommendations for lobby and further research.

Many reports that have been found during the Internet research can be downloaded from the Wiki prepared for this project: <http://greatmekongregion.pbwiki.com/research>

## Chapter 2 Research results

### 2.1 Introduction

This chapter is divided into two parts: Section 2.2 on Plantations and Section 2.3 on Extractive industries. Each section gives first an introduction about the subject, then discusses the impact of plantations and extractive industries on indigenous people, with a focus on the role of multinational companies. Then an overview of existing research and lobby work on the subject is given, followed by an analysis of trends. Section 2.4 discusses some strategies used by civil society actors in the field of plantations and extractive industries.

### 2.2 Plantations

Plantations have been defined as ‘monocultures of an economically valuable species grown over a large area’<sup>4</sup>. Various kinds of plantations exist in the Greater Mekong Subregion, both tree plantations and crop plantations.

#### 2.2.1 *Tree plantations*

Tree plantations, often called ‘industrial tree plantations’, are areas where trees are grown mainly for logging and as input for pulp and paper industry. In the majority of tree plantations so-called fast-growing trees are being grown, such as eucalyptus, acacia and pine. In the Mekong Subregion this seems to be mainly eucalyptus and acacia. Slow growing trees are for example teak and agarwood.

Tree plantations involve even-aged trees and often consist of just one or two species. These species can be exotic or indigenous. Industrial tree plantations are usually large-scale. Wood production on a tree plantation is generally higher than that of natural forests. While forests managed for wood production commonly yield between 1 and 3 cubic meters per hectare per year, plantations of fast-growing species commonly yield between 20 and 30 cubic meters or more per hectare annually (Wikipedia<sup>5</sup>).

#### 2.2.2 *Crop plantations*

The kinds of crops that are grown in plantations in the Mekong Subregion include among others palm oil, cassava, rubber, coffee, cashew nuts, jatropha, and castor beans. They are grown for food or, increasingly, for biofuel (e.g. palm oil, jatropha, castor beans).

Table 1 shows annual production figures of a number of selected crops that are usually grown in plantations. The table not only refers to plantations (large-scale production), but also to crops grown by smallholders. However, it gives an indication of the importance of certain crops in specific countries. Table 2 shows data for wood pulp and pulpwood production.

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<sup>4</sup> Fast-wood Plantations, Economic Concessions and Local Livelihoods in Cambodia. NGO Forum Cambodia, 2005

<sup>5</sup> <http://en.wikipedia.org/wiki/Plantation>

<b>Table 1 Annual production of specific crops in the Greater Mekong Subregion in 2006 (in tonnes)</b>					
<i>Crops</i>	<i>Cambodia</i>	<i>Laos (2005)</i>	<i>Burma</i>	<i>Thailand</i>	<i>Viet Nam</i>
Cassava	2,182,043.00	51,300.00	207,000.00	22,584,402.00	7,714,000.00
Cashewnut				25,861.00	941,600.00
Coconut	70,127.00		361,783.00	1,870,975.00	982,200.00
Natural rubber	21,389.00		40,000.00	3,156,958.00	546,100.00
Coffee, green	352.00	25,000.00	2,809.00	46,873.00	853,500.00
Palm oil	NA		NA	685,000.00	
Palm kernel	NA		NA	191,000.00	
Soybeans	98,289.00	11,100.00	120,000.00	224,504.00	258,200.00
Sugarcane	141,704.00	240,000.00	7,300,000.00	47,658,097.00	15,678,600.00
Castor oil seed	1,400.00		NA	10,593.00	5,400.00
Source: FAOSTAT <sup>6</sup>					

<b>Table 2 Annual production of wood pulp and pulpwood in the Greater Mekong Subregion in 2005 (in tonnes)</b>				
<i>Items</i>	<i>Cambodia</i>	<i>Burma</i>	<i>Thailand</i>	<i>Viet Nam</i>
Chemical Wood Pulp			857,000.00	121,000.00
Mechanical Wood Pulp				30,000.00
Other Fibre Pulp	0.00	38,600.00	74,000.00	431,800.00
Pulpwood, Round & Split (NC)			2,900,000.00	1,850,000.00
Semi-Chemical Wood Pulp		1,200.00	59,000.00	127,000.00
Source: FAOSTAT <sup>7</sup>				

<sup>6</sup> <http://faostat.fao.org/site/567/default.aspx>

<sup>7</sup> <http://faostat.fao.org/site/381/default.aspx>

Regarding Table 1, the conclusion is that most crops are grown in all countries of the Greater Mekong Subregion. Thailand and Vietnam seem to be the largest producers. Some specialisation occurs; Thailand has a high production of cassava, rubber and sugarcane, while Vietnam is one of the world's leaders in coffee and cashew nuts. Soybeans, palm oil and castor oil seed do not seem to be very important crops as regards quantities.

Regarding Table 2, the production of wood pulp is probably related to the existence of processing facilities and less to the production of wood in tree plantations. It is clear that in these processing facilities Thailand and Vietnam are prominent players. However, there also seems to be a lack of data on Laos, Cambodia and Burma.

### *2.2.3 Social and environmental impacts of plantations on indigenous people*

Plantations have had both social and environmental impacts, which together influence the livelihoods of indigenous people. Hereafter the focus is on impacts that have been found in literature about the Greater Mekong Subregion.

The following quote in an international workshop held in 2000 summarises well the general feeling among indigenous communities about plantations (FOEI/WRM, 2000):

*In Sarawak, Malaysia, the resistance by local communities against tree plantations is even greater than the resistance against logging companies; once tree plantation companies occupy the lands of these communities, they never leave.*

The concessions for plantations are usually for long terms, 50 or 70 years being the norm.

### **Social impacts**

Social impacts of plantations are usually related to the crucial importance of forests for many indigenous people.

*For forest-dependent indigenous peoples, the forest is the basis of their sustenance and subsistence forms part of their profound symbiotic relationship with the forest, for millennia, which shaped their societies, their worldviews, knowledge, cultures, spirituality and values. Hence, the evolved strict spiritual and customary laws and sophisticated land tenure, mostly under communal ownership, and resource management systems that both ensures their needs are met and that forests are protected from destruction. The maintenance of the integrity of the forests is crucial for indigenous peoples as it represents the past, present, and future aspects of how to live in mutual reciprocity among themselves and with nature. (Victoria Tauli-Corpuz and Parshuram Tamang, 2007)*

Reported social impacts include:

- Expropriation of land that is used or owned by indigenous people. This can be forest that is used for swidden agriculture, agricultural fields or common lands. Examples are castor oil plantations in eastern Burma (Christian Aid, 2007; IWGIA, 2006) and coffee plantations in Vietnam (GfbV, 2006). Sometimes local government officials or companies threaten people to sell their land (Focus on the South<sup>8</sup>).
- Confiscation of land without (or with very limited) compensation. For example this has occurred in the case of oil palm plantations in Cambodia (WRM, 2001), rubber

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<sup>8</sup> <http://www.focusweb.org/land-and-natural-resource-alienation-in-cambodia.html?Itemid=94>

plantations in Laos (IWGIA, 2006), castor oil plantations in Eastern and Southern Burma (IWGIA, 2006).

- No or less access to non-forest timber products (used by indigenous people for building materials, medicine, food), while tree plantations -because of their monoculture- hardly produce any non-timber forest products. An example is the collection of resin from trees in Cambodia, representing one third of rural households' incomes. Companies in Tumring rubber plantation felled thousands of resin trees belonging to local families (Global Witness, 2007).
- Encroachment on areas of spiritual and cultural significance to indigenous groups such as burial groves and spirit trees (Global Witness, 2007; Focus on the South<sup>9</sup>)
- Alienation from cultural traditions and belief systems. Because land plays such a crucial role for many indigenous peoples as a source of collective identity, expropriation of land and limited access to burial groves and spirit trees have serious consequences for maintaining cultural traditions among indigenous people (Lasimbang & Erni, 2007). Sometimes plantations use non-indigenous labour from other areas, which may erode local cultures (GfbV, 2006).
- In Burma the practices around plantations are worse, due to the military regime that is known for its human rights abuses. Unpaid forced labour in plantations to clear sites, cultivation of seedlings, planting saplings, etc. as well as imposition of procurement quotas are common practices (WRM, 2001; IWGIA, 2006).
- Less employment on plantation than expected/promised, for example in Cambodia on oil palm plantations (WRM, 2001). Often plantations replace forms of land use that are more labour-intensive. In addition employment in plantations is often of bad quality and temporary/seasonal (WRM/FOEI, 2000). In rubber plantations in Laos employment was only available after 5 years, when trees have grown.
- Because plantations occupy such large areas, they often monopolise local employment opportunities and fix wages with little room for negotiation. The actual contribution of labour to production costs in forestry operations may be as high as 75% in some cases. This means that most pulp plantations are very concerned about labour and, in particular, how to bring the costs down (WWF website<sup>10</sup>).

All in all, this means that there is little to no share in the benefits of plantations by indigenous people.

### **Environmental impacts**

- To create plantations whole areas are cleared of forest cover. Sometimes forests are set on fire deliberately to clear land, e.g. in Indonesia (MacKinnon, 2007).
- Plantations are often monocultures. That is, the same species of tree or crop is planted across a given area, whereas a natural forest would contain a far more diverse range of tree species.
- Both deforestation and monocropping lead to soil degradation (lower nutrient levels) and soil erosion. Because the soil lacks nourishment, it needs increasing amounts of (inorganic) fertilisers, chemical pesticides and herbicides, which lead to soil and

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<sup>9</sup> <http://www.focusweb.org/land-and-natural-resource-alienation-in-cambodia.html?Itemid=94>

<sup>10</sup>

[http://www.panda.org/about\\_wwf/what\\_we\\_do/policy/agriculture\\_environment/commodities/wood\\_pulp/environmental\\_impacts/social\\_impacts/index.cfm](http://www.panda.org/about_wwf/what_we_do/policy/agriculture_environment/commodities/wood_pulp/environmental_impacts/social_impacts/index.cfm)

water pollution. In addition, inadequate forest cover cannot effectively retain and slow down runoff. In this way heavy typhoon rains in Luang Nam Tha province in Laos caused flooding and serious damage to villages in August 2006 (IWGIA, 2006).

- No shade trees used for coffee in Vietnam, which leads to more exposure to the sun , soil erosion and soil degradation (GfbV, 2006).
- Clearing of forest for plantations has negative effects on wildlife. For example the Asian elephant, Sumatran tiger and orang-utan are under serious threat, because more and more forest is being cleared for palm oil plantations in Indonesia (MacKinnon, 2007).
- Sometimes plantations are a cover-up for illegal logging (Cambodia – Tum Ring rubber plantation, report Global Witness, 2007; Indonesia – MacKinnon, 2007). Many palm oil plantations have not been planted.
- Draining and burning peatland, sending huge amounts of carbon dioxide into the atmosphere and changing the water table. This practice is known for oil palm plantations in Indonesia (Wetlands International website<sup>11</sup>)

Tree plantations, especially fast-growing non-indigenous species like eucalyptus, pine and acacia have some particular negative impacts:

- Use of non-indigenous species: Plantations often include tree species that would not naturally occur in the area. Since the primary interest in plantations is to produce wood or pulp, the types of trees found in plantations are those that are best-suited to industrial applications. For example, pine, spruce and eucalyptus are widely planted far beyond their natural range because of their fast growth rate, tolerance of poor or degraded agricultural land and potential to produce large volumes of raw material for industrial use (Wikipedia<sup>12</sup>).
- Depletion of water resources: lowering of groundwater levels and drying up of streams due to high water intake of plantation species such as eucalyptus and pine. With the water goes the wildlife and fish that often provide an important source of protein for local communities (WRM/FOEI, 2000). In Koh Kong and other areas forested by deciduous trees, the planting of mono-culture trees such as acacia and pine destroy spawning grounds for fish in what are locally called "flooded forests" during the monsoons (Focus on the South website<sup>13</sup>).
- Use of pesticides (e.g. DDT by Oji Paper in Vietnam, Lang 2005) to remove weeds under the trees. But these 'weeds' are sometimes essential sources of medicinal and edible plants for local communities (WRM/FOEI,2000).
- Plantations are always young forests in ecological terms. Typically, trees grown in plantations are harvested after 10 to 60 years, rarely up to 120 years. This means that the forests produced by plantations do not contain the type of growth, soil or wildlife typical of old-growth natural forest ecosystems. Most conspicuous is the absence of decaying dead wood, a crucial component of natural forest ecosystems (Wikipedia<sup>14</sup>)

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<sup>11</sup> <http://www.ckpp.org/>

<sup>12</sup> <http://en.wikipedia.org/wiki/Plantation>

<sup>13</sup> <http://www.focusweb.org/land-and-natural-resource-alienation-in-cambodia.html?Itemid=94>

<sup>14</sup> <http://en.wikipedia.org/wiki/Plantation>

- Use of genetically engineered trees, example Japanese company Oji Paper in Laos, Thailand and Vietnam (Lang, 2005).

#### 2.2.4 Existing research and lobby

Annex 3 provides a list of organisations found on the Internet that are involved in some way in research and lobby related to plantations and indigenous people. Most organisations are international, but work in practice together with local organisations and individuals. The World Rainforest Movement seem to have published most material related to the GMS region.

From the Internet research it appears that existing research and lobby regarding plantations and indigenous people in the Greater Mekong Subregion is substantially biased towards **tree plantations**. Many documents found on the Internet relate to tree plantations, especially eucalyptus, acacia, and pine, grown mainly for the paper and pulp industry. There is much less attention for teakwood, agar wood or other types of slower growing varieties. It seems that many tree plantations and concessions are of the fast-growing type.

There is some limited information about **palm oil** and its impacts on indigenous people in the GMS region (Cambodia, Burma), on **rubber** (Cambodia, Laos), on **coffee** (Vietnam) and on **castor oil seed** (Burma). These impacts are not always clearly linked to multinational companies, though. In the case of Vietnam, for example, non-indigenous migrants from other areas of the country and state enterprises play an important role. In Cambodia it is a national company that is involved in rubber. In Burma it is not yet clear if multinational companies are involved in castor oil seed plantations, alongside the SPDC (the military government).

Very little was found about some important crops in the region such as:

- cassava (Thailand, Vietnam, Cambodia)
- cashew nuts (Vietnam)
- rubber (Thailand)
- sugarcane (Thailand, Vietnam, Burma).

The following are some assumptions why so little was found about these crops:

- There has been little research and lobby in this area.
- The way the Internet research was structured did not fit the local circumstances. For example it could be that the term 'indigenous groups' or 'plantation' is not used in Thailand and Vietnam.
- These crops are grown by smallholders and not very often in plantations.
- Literature is there, but in local languages.
- Conflicts with indigenous groups do not exist, because the areas where plantations are established are far from indigenous people.

Hopefully in the workshop more information on these issues will emerge from national and regional organisations.

Regarding a bias towards countries, most literature found on the Internet focuses on **Laos** and **Cambodia**, probably because of some major cases that were described and then copied by other NGOs. Much less was found on Thailand and Vietnam and very little on plantations in Burma.

It was difficult to access information from **regional and national organisations**. The only national/regional websites found that contained documents related to plantations, indigenous organisations and the GMS region were the NGO Forum in Cambodia and FER/TERRA in Thailand. Greenpeace China could be included, if one considers this a national NGO.

### 2.2.5 Important trends

Some important trends regarding plantations in the GMS region are:

- Growing demand for biofuel
- Exploitation of tree plantations as carbon sinks
- Growing demand for paper and packaging materials

**Biofuels** largely involve the production of ethanol from plants, as a substitute for fossil-based diesel fuel. Many of the current sources of biofuels are derived from food crops such as corn, sugarcane, soybean, rapeseed, castor oil seed (castor beans) and oil palm (Jhamtani & Dano, 2007). The last few years biofuels have experienced a spectacular growth. This has to do with US and EU government policies seeking to reduce greenhouse gas emissions. For example the European Union aims to cut greenhouse gas emissions by 20% in 2020, partly by demanding that 10% of vehicles be fuelled by biofuels (MacKinnon, 2007). President Bush on the other hand, stated in his State of the Nation speech in February 2006 that by 2020, 30 percent of America's cars will be running on bioethanol (Tauli-Corpuz & Tamang, 2007).

As demand rises, many developing countries see biofuels as a new export commodity. For example Burma has started with a national initiative to produce castor oil seeds on a large scale, in the meantime evicting many people from their land (ChristianAid, 2007; IWGIA, 2006). In Indonesia more and more rainforests are cut to make way for oil palm plantations that can be used for biofuel (MacKinnon, 2007).

Some tree plantations are established to be used as **CO<sub>2</sub> or carbon sinks**. What are these? Trees sequester carbon through photosynthesis, converting carbon dioxide and water into oxygen and plant matter. Hence, forests that grow in area or density will reduce atmospheric CO<sub>2</sub> levels. The concept of CO<sub>2</sub> sinks has become more widely known, because the Kyoto Protocol allows the use of carbon dioxide sinks as a form of carbon offset, which means that they mitigate greenhouse gas emissions. The Kyoto Protocol has sanctioned offsets as a way for governments and private companies to earn carbon credits which can be traded on a marketplace (Wikipedia<sup>15</sup>). Carbon offsets are sold by organisations in the North to individuals, organisations and companies to neutralise their greenhouse gas emissions, e.g. from using an airplane or a car. Very often the organisation plants trees to offset the carbon.

Many NGOs oppose the expansion of plantations for biofuels and the use of tree plantations as carbon sinks, as they are exacerbating the earlier problems related to plantations which indigenous peoples are facing. They are afraid that it will lead to greater inequalities and concentration of assets, property rights and wealth in the hands of a few companies. In addition it contradicts the basic worldviews and values of indigenous peoples who have used their resources and lands in a sustainable manner (Tauli-Corpuz & Tamang, 2007). Biofuels will lead (and have already led) to an increase in food prices (Jhamtani & Dani, 2007).

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<sup>15</sup> [http://en.wikipedia.org/wiki/Carbon\\_sink](http://en.wikipedia.org/wiki/Carbon_sink)

The impact of pulp and paper production on the world's forests is profound. About 40 percent of all commercially traded timber is used for paper production. Paper consumption is projected to grow by about 50 percent by 2010 (FSC website<sup>16</sup>). The tendency is to source paper from wood pulp, i.e. tree plantations, and not from recycled paper. For example most of the tissue products available in shops today are made of virgin fibres and not recycled content. World Wildlife Fund (WWF) assessed the five largest tissue manufacturers that make up 75% of the European market - Georgia-Pacific, Kimberly-Clark, Metsa Tissue, Procter & Gamble and SCA Tissue. They were producing alarmingly low levels of recycled products. According to WWF they were also involved in 'irresponsible plantation establishment and management' (WWF website<sup>17</sup>).

The demand for paper and packaging materials is reinforced by high economic growth rates in the region, for example in Vietnam, and in China and India.

It is important to take gaps in existing research and lobby as well as trends into account when establishing priorities for lobby and (further) research.

## 2.3 Extractive industries

Extractive industries have been defined as 'the process of obtaining oil, natural gas and minerals'<sup>18</sup>. A mineral is a substance that is naturally present in the earth and is not formed from animal or vegetable matter, for example gold and salt.

In this section a distinction will be made between oil and natural gas exploitation on the one hand and minerals mining on the other. Both kinds of activities are booming in the Greater Mekong Subregion.

### 2.3.1 Oil, gas and mining

It is worthwhile to list which metals are mined in each of the countries of the region, as the environmental impacts depend to some extent on the kind of metal and associated extraction processes. Table 3 provides an overview of the metals mined in the Greater Mekong Subregion, while Table 4 gives insight in oil and gas production and reserves.

One can conclude from these tables that the GMS region is a resource-rich region. Especially in Thailand, Vietnam and Burma mining seems to be economically important. However, mining is also booming in Laos, as investment has risen from US\$ 674,000 in 2000 to US\$ 194 million in 2005 (IWGIA, 2006). Table 3 indicates that most minerals are mined in at least three countries in the region, which show potential for collaboration in lobby and research.

Table 4 indicates that the oil and gas sector is also the most developed in Thailand, Vietnam and Burma, while it is being established in Cambodia, following the reserves found in 2005. In Laos this sector is absent. Vietnam has the largest oil reserve, Thailand contains the largest gas reserves. In Burma the energy sector is the largest recipient of foreign direct investment (IWGIA, 2006).

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<sup>16</sup> [http://www.fsc.org/en/about/case\\_studies/success\\_stories/16](http://www.fsc.org/en/about/case_studies/success_stories/16)

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[http://www.panda.org/about\\_wwf/what\\_we\\_do/forests/our\\_solutions/responsible\\_forestry/forest\\_conversion\\_agriculture/tissue\\_issue/index.cfm](http://www.panda.org/about_wwf/what_we_do/forests/our_solutions/responsible_forestry/forest_conversion_agriculture/tissue_issue/index.cfm)

<sup>18</sup> Based on Oxford Advanced Learners' dictionary

**Table 3 Major minerals mined in the Greater Mekong Subregion (in 2005)**

Country	Gold	Copper	Bauxite	Iron ore/pig iron	Manganese	Gemstones/precious stones	Phosphate rocks	Feldspar	Barytes	Coal/Lignite	Tin	Zinc	Gypsum
Cambodia	x	x	x	x	x	x	x						
Thailand	x			x	x		x	x	x	x		x	x
Laos	x	x		x		x			x	x	x		x
Vietnam		x	x		x		x	x	x	x	x	x	
Burma		x		x		x		x		x	x		x

Source: CIA Factbook; Brown, 2007

Vietnam is one of the world's leading producers of anthracite coal and important regional producer of ilmenite (titanium). Thailand is the world's fourth largest producer of feldspar and fifth largest producer of gypsum. In Laos and Cambodia the mining sector is not very much developed yet (Brown, 2007).

**Table 4 Oil and gas production and reserves in the Greater Mekong Subregion**

Country	<i>Oil production (bbl/day)</i>	<i>Proved oil reserves (bbl)</i>	<i>Gas production (cu m)</i>	<i>Proved gas reserves (cu m)</i>
Cambodia	0	Recently found (2005)	0	Recently found (2005)
Thailand	230,000 (2005 est.)	583.4 million (2005)	22.36 billion (2004 est.)	377.7 billion (2005 est.)
Laos	0	0	0	0
Vietnam	400,000 (2005 est.)	2.5 billion (2006 est.)	6.34 billion (2005 est.)	192.6 billion (2005 est.)
Burma	9,500 (2006 est.)	Less than 50 million (2005)	10.2 billion (2004 est.)	283.2 billion (2005 est.)

Source: CIA Factbook

bbl

=

barrel

### 2.3.2 *Social and environmental impacts of oil, gas and mining on indigenous people*

Drilling for oil and mining can be extremely destructive, both to the environment and to people. Hereafter the general social and environmental impacts of extractive industries are listed, drawing mainly from Oxfam America's work complemented by some other sources:

#### **Environmental impacts**

Mining:

- Mining and processing ore produce wastes that pollute water supplies and poison people and animals. In Vietnam local communities protested against four Vietnamese titanium mining companies causing depletion of water resources, water pollution and landslides related to the open craters (Henk& Mook, 2007).
- Ore smelters emit fumes—sulphur dioxide, carbon monoxide—and toxic dusts that can devastate agriculture and increase the rates of serious diseases, such as cancer and birth defects.
- All mines also have a significant demand for water, which may be scarce in rural areas, particularly at high altitudes.

Oil and gas:

- Oil exploration and drilling threaten environmentally fragile areas.
- Road construction into remote areas destroys wildlife habitat and increases traffic and migration.
- If oil is found, drilling produces waste waters and crude oil that are stored in special pits (if not injected back into the ground). If these pits are not lined, toxic material can leak into the water supply and pollute nearby rivers and lakes, killing fish and sickening livestock and people. Such toxic waste can also contaminate soil, limiting agricultural production.
- Oil wells generally burn off natural gas, polluting the air and making constant noise.
- The danger of inadvertent oil spills is ever present.

#### **Social and economic impacts**

Resettlement and encroachment on areas used and owned by indigenous people have been mentioned for extractive industries too, for example for Cambodia (IWGIA, 2006). In addition livelihoods have been destroyed, such as access to fishing grounds or non-timber forest products (Henke& Mook, 2007).

- Large projects attract economic migrants, place heavy demands on municipal services, and stress local government agencies. Sometimes this leads to conflicts between migrants and indigenous groups.
- In general, mining and petroleum projects are capital-intensive, not labour-intensive.
- Purchases by companies working in local areas are minimal, as global companies bring in supplies from other regions and even overseas.
- Although an oil or mining company sometimes invests in local school programs and other services, these benefits must be weighed against the environmental damage and negative health effects the community suffers long after the mine or oil well is abandoned and the company pulls out.
- Oil exploration is a specialised activity, and if wells are drilled, they do not require very much labour from the local work force. Community members are usually relegated to low-paying support services. In the case of Burma villagers are even forced to provide security guards without payment (IWGIA, 2006).

- The presence of mining and oil operations can have negative cultural consequences for isolated indigenous communities. The influx of mine or oil-rig employees demanding entertainment and other services changes the social structure in local areas. Some inhabitants find these changes, which can include the introduction of prostitution, bars, and discos, threaten their local culture and way of life.
- The local political and cultural leadership can often be overwhelmed by the new role it must play when a town becomes dependent on international oil or mining company social programs. And when the resources are exhausted and the companies and workers exit, communities can be left culturally and politically unstable.

### 2.3.3 Existing research and lobby

Annex 4 provides details of organisations that are active in the area of extractive industries and indigenous people (or local communities). The number of organisations is actually higher than that for plantations (Annex 3).

Some issues have been given more attention than others, notably:

- **Gas in Burma**
- **Gold in Laos**
- Gold in general, much more than other minerals

Some limited information was found about **coal mines**, mainly in Thailand, while Vietnam also has major coal (anthracite) operations<sup>19</sup>. Some information was also found about titanium mining in Vietnam (Henke & Mook, 2007).

Due to lack of time not much effort was spent to find information about important minerals such as **gypsum, salt, feldspar, phosphate rocks, zinc, tin, gemstones** and **barytes**. Hopefully national and regional organisations will provide more information on these. Alternatively more research needs to be conducted related to these minerals.

Little was found about **oil and gas in Thailand and Vietnam**, although many international companies are active here such as Chevron, BP, ExxonMobil, Shell and Nippon Oil<sup>20</sup>. Assumptions why this may be the case:

- This may have to do with the predominantly off-shore location of oil and gas operations.
- The companies have been established long time ago and have settled their conflicts with indigenous groups.
- There are not many conflicts with indigenous groups in this sub-sector.
- The way the Internet research was structured did not fit the local circumstances. For example it could be that the term ‘indigenous groups’ is not used in Thailand and Vietnam.
- There is not much research and lobby in this area.

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<sup>19</sup> [http://www.vinacomin.vn/wm/public/vinacomin\\_eg.jsp](http://www.vinacomin.vn/wm/public/vinacomin_eg.jsp)

<sup>20</sup> Official Energy Statistics of the US government:  
<http://www.eia.doe.gov/emeu/cabs/Thailand/Background.html>  
<http://www.eia.doe.gov/emeu/cabs/Vietnam/Background.html>

#### 2.3.4 Important trends

Two important trends have been observed regarding extractive industries in the GMS region:

- The growing economic importance of India and China
- ‘Greenwash’ by companies

The rapid **economic growth of India and China** leads to a growing demand for mineral resources and energy. This is providing a major push to develop the extractive industries further in the GMS region, especially in relatively less explored areas like Cambodia and Laos. Burma is for China an interesting source of minerals and energy, as a recent background paper of Earth Rights shows. The paper, entitled ‘China in Burma: The Increasing Investment of Chinese Multinational Corporations in Burma’s Hydropower, Oil & Gas, and Mining Sectors’, finds more than 26 Chinese multinational companies involved in more than 62 projects in Burma over the past decade, and includes a preliminary list of Chinese companies operating in Burma. The projects, ranging from small hydropower projects to a planned dual oil and natural gas pipeline from western Burma to Yunnan Province<sup>21</sup>.

A major gemstone specialist with insight in Burma’s economy has asserted that in the case of Burma it did not matter whether the EU and USA boycotted Burma’s products.

*To work, sanctions have to be done with the UN, and in particular, with the Association of Southeast Asian Nations (ASEAN). It is Thailand, Malaysia and Singapore, along with India and China, that are Burma’s major trading partners. Without these nations joining the US and EU, sanctions will mean nothing<sup>22</sup>.*

The growing **international computer and telecommunications business** also stimulates mining of minerals. For example the production of computers and telephones requires 35 different kinds of metals, including aluminium, lead, iron and copper<sup>23</sup>.

International mining, oil and gas companies have the tendency, much more than in plantations, to show a socially and environmentally friendly face. Almost all these companies have a sustainability report with beautiful words regarding their care for the environment and local communities. They also often carry out charity activities, sponsoring education, health and other ‘development’ projects in the countries where they operate. In some cases there is definitely true commitment, however in many case these activities seem to be used as a **smokescreen** to hide the often destructive nature of their core business. From Internet sources it is difficult to find out what is true about their claims. Research into their activities in the field is necessary in this case.

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<sup>21</sup> Link to the report: <http://www.earthrights.org/files/Reports/BACKGROUND%20China%20in%20Burma.pdf>

<sup>22</sup> [http://www.ruby-sapphire.com/burma\\_embargo.htm](http://www.ruby-sapphire.com/burma_embargo.htm)

<sup>23</sup> <http://www.rocksandminerals.com/recycle.htm>

## 2.4 Strategies for civil society actors

This section will describe some general strategies that NGOs have used to influence the policy and behaviour multinational companies. It is not an exhaustive overview, but it gives some preliminary ideas based on experiences of NGOs involved in extractive industries and plantations. Many NGOs use more than one strategy!

Seven different strategies will be briefly described hereafter. The first four strategies are more confrontational, while the last three are more geared towards seeking collaboration with private companies and develop alternatives:

1. Research and publicity on bad practices
2. Influence banks that finance private companies
3. Influence private companies by building up consumer pressure
4. Legal action against companies
5. Partnerships with individual companies
6. Roundtable around a specific commodity to work with private companies on long term improvements
7. Set up standards and certification systems for environmentally and socially acceptable practices

There is not one good or bad strategy; it depends on the circumstances and on the capabilities of the NGO, which strategy or strategies are the most appropriate.

### *2.4.1 Research and publicity on bad practices*

Many NGOs use research and publicity on bad practices of private (multinational) companies. Examples are the Word Rainforest Movement (WRM) and Global Witness. WRM publishes a lot of material on their website, in news bulletins and in reports ([www.wrm.org.uy](http://www.wrm.org.uy)). This year Global Witness published a report on logging in Cambodia that exposes corruption within the government. The report has been banned (Global Witness, 2007).

Some of the most fruitful research has been carried out together by international NGOs and local organisations. Through this kind of collaboration it is often possible that local organisations publish critical material, because they can stay anonymous, if they want, which protects them from harassment by governments and private companies. This may be useful for some countries in the GMS region.

Corpwatch ([www.corpwatch.org](http://www.corpwatch.org)), a US-based watchdog NGO, gives guidance on research of multinational companies. It has published a research guide containing six major steps: <http://www.corpwatch.org/article.php?id=945>

### *2.4.2 Influence banks that finance private companies*

Private companies usually need money to invest in plantations and extractive industries. In many cases these companies need loans or guarantees to finance their activities. Many banks, both development banks such as the Asian Development Bank (ADB) or the World Bank and commercial banks, finance the activities of multinationals in some way. NGOs try to influence the policy of these banks. In the GMS region especially the ADB, IFC, World Bank and the Japanese Development Bank seem important actors. NGOs can, for example,

influence development banks by attending multi-stakeholder meetings and participating in review and monitoring processes and committees.

One example of an NGO using this strategy is Friends of the Earth International ([www.foei.org](http://www.foei.org)). FOEI tried to influence the European Investment Bank, a development bank, not to finance the Sepon gold and copper mine in Laos: <http://www.minesandcommunities.org/Action/press232.htm>

Another example is OxfamNovib in The Netherlands ([www.oxfamnovib.nl](http://www.oxfamnovib.nl)). This year OxfamNovib published a report that showed that the four largest Dutch banks investing in companies that produce cluster bombs and in general export weapons to countries in conflict or countries that seriously ignore human rights.<sup>24</sup>

#### *2.4.3 Influence private companies by building up consumer pressure*

Most NGOs have websites and use these to inform citizens about a problem and possible solutions or steps to be taken as a consumer, as policymaker or as a company. An example is the World Wildlife Foundation that has a policy on ‘forest conversion’:

Another example are the golden rules for the extractive industries made by Oxfam America<sup>25</sup>. Oxfam urges mining companies to adopt the following standards and practices:

- Respect basic human rights outlined in international conventions and law.
- Respect the free, prior, informed consent of affected communities.
- Maintain safe working conditions.
- Respect workers’ rights and labor standards.
- Ensure that operations are not in areas of armed or militarized conflict.
- Do not force communities off their lands.
- Do not dump mine wastes in oceans, rivers, lakes, or streams.
- Ensure that projects are not located in protected areas, fragile ecosystems, or other areas of high conservation or cultural value.
- Cover all costs of closing down and cleaning up mine sites.
- Give full disclosure of all information about social and environmental effects of projects.
- Allow independent, third-party verification of all these standards.

Quite popular in the Netherlands are consumer’s programmes on television that expose the real face of companies, look behind the marketing stories, show bad company practices and compare products.

Some NGOs publish magazines in which they compare products of different companies on social and environmental criteria (e.g. <http://www.goedewaar.nl/>).

NGOs try to stay as close as possible to the reality of consumers. For example the website of Nodirty gold! details the process of producing a wedding ring<sup>26</sup>.

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<sup>24</sup> <http://www.oxfamnovib.nl/id.html?id=10139&fromlist=3876&lang=en>

<sup>25</sup> <http://www.oxfamamerica.org/newsandpublications/publications/brochures/oil-gas-mining-brochure>

<sup>26</sup> [http://www.nodirtygold.org/pubs/DirtyMetals\\_intro.pdf](http://www.nodirtygold.org/pubs/DirtyMetals_intro.pdf)

#### 2.4.4 Legal action against companies

Legal action is probably the most confrontational strategy. It is not an easy approach, as it needs quite some time and funds. An example of an NGO that took legal action against a multinational is Earth Rights ([www.earthrights.org](http://www.earthrights.org)). Earth Rights International is a US-based NGO, with offices in Washington DC and in Thailand. Together with indigenous groups Earth Rights started and won a court case in the USA against the presence of energy company Unocal in Burma. Unocal has agreed to settle the claims in Doe v. Unocal and compensate the villagers who sued the firm for complicity in forced labour, rape, and murder.

[http://www.earthrights.org/site\\_blurbs/doe\\_v\\_unocal\\_case\\_history.html](http://www.earthrights.org/site_blurbs/doe_v_unocal_case_history.html)

A film has been made on this court case, called 'Total Denial'.

<http://www.totaldenialfilm.com/>

#### 2.4.5 Partnerships with individual companies

Some NGOs collaborate with individual companies, trying to influence them through dialogue to improve management in the commodity chain. An example is World Wildlife Fund (WWF) that had a partnership with Asia Paper and Pulp (APP) in Indonesia, the largest pulp and paper producer in Asia outside Japan. The idea was to work together on a sustainability action plan to improve the company's environmental and social record. However, the plan APP produced did not address some of the WWF's basic concerns. Then the partnership fell apart. WWF kept monitoring APP closely. Because of WWF's exposure of APP's activities, some companies, like the Ricoh Group and Fuji Xerox Group, both headquartered in Japan, have stopped purchasing APP products<sup>27</sup>.

There is a substantial amount of literature emerging on this kind of NGO-private sector partnerships, including toolkits how to start. For example the Rough Guide developed by a number of Dutch universities and ICCO: <http://www.icco.nl/delivery/icco/en/doc.phtml?p=publications&action=details&index=66>

#### 2.4.6 Roundtable around a specific commodity to work with private companies on long-term improvements

Roundtables are a platform for discussion between NGOs and private companies to make a certain commodity chain more environmentally sustainable and socially equitable. There are two international roundtables around commodities so far: the Roundtable on Sustainable Palm Oil and the Roundtable for Responsible Soy.

Roundtable on Sustainable Palm Oil (RSPO -<http://www.rspo.org/>) has a focus on South East Asia, mainly Indonesia, Malaysia. The RSPO is an association created by organisations carrying out their activities in and around the entire supply chain for palm oil to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders. The RSPO held its first global meeting in 2003.

According to its website, the RSPO will work on the following tasks:

- Research and develop definitions and criteria for the sustainable production and use of palm oil;
- Undertake practical projects designed to facilitate implementation of sustainable best practices;

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[http://www.panda.org/about\\_wwf/what\\_we\\_do/forests/our\\_solutions/responsible\\_forestry/news/index.cfm?uNewsID=8381](http://www.panda.org/about_wwf/what_we_do/forests/our_solutions/responsible_forestry/news/index.cfm?uNewsID=8381)

- Develop solutions to practical problems related to the adoption and verification of best practices for plantation establishment and management, procurement, trade and logistics;
- Acquire financial resources from private and public funds to finance projects under the auspices of the Roundtable on Sustainable Palm Oil;
- Communicate the Roundtable's work to all stakeholders and to a broader public.

The Roundtable for Responsible Soy (<http://www.responsiblesoy.org>) concentrates on soy in South America. The goal of the Global Roundtable on Responsible Soy Association (RTRS) is to set up a multistakeholder and participatory process that promotes economically viable, socially equitable and environmentally sustainable production, processing and trading of soy. RTRS held its first global meeting in 2005. Indigenous people's organisations have also been involved in its meetings and activities.

#### *2.4.7 Set up standards and certification systems for environmentally and socially acceptable practices*

Some NGOs have helped to establish standards for environmentally and socially acceptable business practices. Examples are:

- ◆ Forest Stewardship Council for wood (<http://www.fsc.org/en/>)
- ◆ Fair Trade for socially sustainable production of agricultural products such as coffee, tea, chocolate, honey, fruit, rice, flowers (<http://www.fairtrade.net/> and <http://www.maxhavelaar.ch/en/> )
- ◆ Organic for environmentally sustainable production of a wide variety of agricultural products: [http://www.ifoam.org/about\\_ifoam/index.html](http://www.ifoam.org/about_ifoam/index.html)

## Chapter 3 Conclusion and recommendations

This Internet research has led to a number of conclusions that will be summarised hereafter.

There is more literature available on the Internet on plantations in the GMS region and their impacts on indigenous people, compared to extractive industries. Oxfam America has already started to fill this gap by commissioning research on extractive industries in the GMS region.

On the other hand more **international** organisations are active in the area of extractive industries than in plantations (but not specifically in the GMS region).

Given the trends described in Chapter 2 it is expected that both plantations and extractive industries in the GMS region will continue to expand.

Regarding strategies of civil society actors towards multinational companies, different strategies are possible and the most appropriate combinations need to be found, depending on the strengths of local and international actors.

Given the interest of China and India in the GMS region it may be a worthwhile approach to establish relations with civil society organisations, consumers' organisations and the media in China and India in order to pressure companies in their countries of origin.

Based on this study further research seems needed in the following areas:

- Plantations, especially cassava (Thailand, Vietnam, Cambodia), cashew nuts (Vietnam), rubber (Thailand), and sugarcane (Thailand, Vietnam, Burma)
- Plantations in Burma in general
- Government policies, subsidies etc. regarding biofuel in the GMS region
- Impact of the oil and gas exploitation on indigenous communities in Thailand and Vietnam
- Mining of gypsum, salt, feldspar, phosphate rocks, zinc, tin, gemstones and barytes in the GMS region
- Titanium and anthracite coal mines in Vietnam

However, it may appear during the workshop in September 2007 that national or regional organisations already have information on these subjects.

Hopefully this Internet research will assist in setting priorities and determining actions in the GMS region for national, regional and international actors.