



Cambodia on brink of oil and mining corruption disaster; donor governments fail to act

Global Witness report calls for immediate moratorium on both sectors until basic governance structures are in place

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A corrupt elite has captured the country's emerging oil and mineral sectors while Cambodia's international donors turn a blind eye, a new report from anti-graft NGO Global Witness claims today.

Cambodia – one of the world's poorest countries – could eventually earn enough from its oil, gas and minerals to become independent of foreign development aid. The report, *Country for Sale*, exposes for the first time how this future is being jeopardised by high-level corruption, nepotism and patronage in the allocation and management of these critical public assets.

Country for Sale details how rights to exploit oil and mineral resources have been allocated behind closed doors by a small number of powerbrokers surrounding the prime minister and other senior officials. The beneficiaries of many of these deals are members of the ruling elite or their family members. Meanwhile, the findings suggest that millions of dollars paid by oil and mining companies to secure access to these resources may be missing from the national accounts.

“The Cambodian government does not have a process for allocating resources outside of patronage,” said Global Witness Campaigns Director, Gavin Hayman. “The same political elite that pillaged the country's timber resources has now gained control of its mineral and petroleum wealth. Unless this is changed, there is a real risk that the opportunity to lift a whole generation out of poverty will be squandered.”

In December 2008, donors pledged US\$1 billion in development aid, yet failed to use this opportunity to demand new governance measures for the industries.

Private sector companies also have a role to play in improving the governance of Cambodia's extractive industries. So far over 75 companies are working in Cambodia's extractive sectors, including some internationally known operators such as Chevron and BHP Billiton. *Country for Sale* documents how many of these companies have already paid significant upfront sums to the government. Very few of them have disclosed these payments.

“Companies need to come clean on what they have paid to the government to secure access to these natural resources, or risk becoming complicit in a corrupt system,” said Hayman.

Country for Sale can be downloaded from <http://www.globalwitness.org>

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Notes to Editors

(1) Global Witness exposes the corrupt exploitation of natural resources and international trade systems to drive campaigns that end impunity, resource-linked conflict, and human rights and environmental abuses. Global Witness was co-nominated for the 2003 Nobel Peace Prize for its leading work on ‘conflict diamonds’ and awarded the 2007 Commitment to Development Ideas in Action Award, sponsored jointly by Washington DC based Center for Global Development and Foreign Policy magazine.

(2) Global Witness’ last report on Cambodia, Cambodia’s Family Trees, showed how a small group of individuals surrounding the prime minister and other senior public officials have exploited the country’s forests for their personal profit. The report can be downloaded from http://www.globalwitness.org/media_library_detail.php/546/en/cambodias_family_trees

(3) Global Witness wrote to both Chevron and BHP Billiton in October 2008 to ask them to reveal any payments made to the Cambodian government or government officials. At the time of publication, Chevron had not responded. BHP Billiton however, did reply to say that BHP Billiton, Mitsubishi and the Cambodian Government have established a joint social development fund. The total contribution of BHP and Mitsubishi is to be US\$2.5 million. BHP’s response stated: “BHP Billiton has never made a payment to a Cambodian Government official or representative and we reject any assertion that the payment under the minerals exploration agreement is, or the amounts contributed to the Social Development Projects Fund are, ‘tea money’.” BHP also shared how much had been paid to the Cambodian government, adding: “In accordance with the terms of a minerals exploration agreement with the Cambodian government which granted BHP Billiton and Mitsubishi the right to explore for bauxite an amount of US\$1 million was formally paid to the Cambodian government in September 2006.”

(4) Cambodia’s donors are:

Australia
Belgium
Canada
China
Denmark
Finland
France
Germany
Ireland
Japan
Sweden
United Kingdom
United States
United Nations
European Commission
Asian Development Bank
International Monetary Fund
The World Bank Group