



ព្រះរាជាណាចក្រកម្ពុជា

ក្រុមប្រឹក្សាអភិវឌ្ឍន៍កម្ពុជា

Council for the Development of Cambodia

ព្រះរាជាណាចក្រកម្ពុជា
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Press Statement

As the investment promotion agency in charge of promoting both foreign and domestic investments, the Council for the Development of Cambodia (CDC) voices great disappointment with the announcement by the United States Department of the Treasury regarding its decision to impose sanctions on Union Development Group Co., Ltd (UDG) that invested in the development of a resort in Botumsakor and Kirisakor districts, Koh Kong province, for alleged reasons that do not reflect the facts. In response to the decision by the US Department of the Treasury to sanction the UDG, the CDC wishes to clarify the following allegations.

Allegation that UDG is a Chinese State-owned entity. According to the documents filed with the CDC, the UDG is a foreign company registered at the Ministry of Commerce of Cambodia with registration number INV.1323 E/2008 with 100% of shares held by Tianjin Union Investment Development Group Co., Ltd registered in China. Tianjin Union Investment Development Group Co., Ltd is a private-owned enterprise established in 1995 in the city of Tianjin, China, which specializes in real estate development. Before its investment in Cambodia, Tianjin Union Investment Development Group Co., Ltd had been successfully operating its real estate development business on Hainan Island of China. The UDG filed application to the CDC to invest in a coastal resort development project on January 25th 2008. After thorough examination, inspection, and discussions through a series of one-stop meetings, the CDC finalized the due diligence and requested the final decision from the Royal Government of Cambodia to grant the company permission to invest. The CDC, hence, issued the final registration certificate No. 1533/08 C.I.B dated June 17th 2008 to the Company.

Allegation that the allocation of land over 10,000 hectares to UDG for development exceeded the limit of land concession permitted by law. Indeed, the Land Law states that land awarded under Economic Land Concession cannot exceed 10,000 hectares. However, the UDG project does not fall under the economic land concession scheme, thus, the 10,000 hectares limit does not apply. Consequently, the lease of the development site to the UDG respects all Cambodian laws and regulations. The Royal Government of Cambodia followed a rigorous due process regarding the lease of the site.

Allegation that UDG has forced people from their land. The location of the UDG investment is part of the Botum Sakor National Park which is a state public property. According to Cambodian law; land in the National Park cannot be owned or used by any person. Nevertheless, there were several people who illegally settled in the area granted to UDG. In consideration of those illegal settlers, the land lease agreement had undergone the most careful review and was submitted to multiple inter-ministerial meetings for approval in order to develop an appropriate mechanism and

procedures for their resettlement to avoid forced evictions. After the lease agreement signature, an inter-ministerial working group was set up to serve as a coordination mechanism. This inter-ministerial working group collected data and examined all implications before submitting a report requesting the Royal Government's consideration and final decision. The settlement was carried out on a voluntary basis and in accordance with all terms of the lease agreement.

Allegation that the development has devastated the environment. In the process of implementing the investment project, UDG must comply with the Master Plan, the Development Schedule and the report on Environmental Impact Assessment (EIA) approved by the Ministry of Environment. The Master Plan and the Development Schedule to be implemented by UDG was duly reviewed, discussed and approved by inter-ministerial meetings attended by representatives of all relevant ministries-institutions after rigorous analysis and evaluation. In addition, upon receiving the investment approval, UDG continues to be required to provide detailed development activity reports on its investment project in accordance with the Master Plan to the CDC for ongoing review, monitoring and evaluation to ensure that the project implementation is in compliance with applicable laws and regulations. In addition, the Inter-Ministerial Committee has set up a program to conduct site inspections to monitor the implementation of the project every six months.

Allegation that the UDG's investment project could be used as a military base. The Kingdom of Cambodia Constitution forbids all foreign military base in Cambodian territory. The Royal Government of Cambodia has repeatedly rejected reports that Cambodia could accept any foreign military to be stationed on its territory. Consequently, Cambodia welcomes all fact-finding mission from the United States or any other country to validate the facts and put an end to all allegations, false accusations and rumors. To be noted that on February 12th 2019 and on April 3rd 2019, representatives of several embassies, including military attachés, did visit the Dara Sakor Development Site.

Over and above, the Council for the Development of Cambodia is glad to assess that the UDG's investment project attracted more companies to invest in the same location through sub-leasing, in accordance with the lease agreement. Therefore, the Council for the Development of Cambodia is of the view that the US Department of the Treasury 's sanctions will not only cause damages to the UDG, but could also seriously affect the livelihood of blameless local people and the business and investment climate of the Kingdom of Cambodia as a whole.

CDC strives to attract and welcome investments from all over the world for them to contribute to the development of a country that has endeavored to rebuild itself from scratch until being recognized as a country that has achieved record growth rate over the past two decades.

Considering the above clarifications, the Council for the Development of Cambodia pleads the US Department of the Treasury to reconsider its decision to impose sanctions on the UDG.

Phnom Penh, September 20th 2020

