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Cambodian ruling family's secret stranglehold on economy poses major risk to foreign investors and wreaks havoc on population

Report exposes corrupt family's links to international brands including Apple, Nokia and Visa

A major investigation by Global Witness has revealed how Cambodia's ruling family are pulling the strings on Cambodia's economy and amassing vast personal fortunes with extreme consequences for the population. The report, *Hostile Takeover*, sheds light on a huge network of secret deal-making and corruption that has underpinned Hun Sen's 30-year dictatorial reign of murder, torture and the imprisonment of his political opponents. (1)

Using company ownership data that the government has restricted access to (2), Global Witness shows how members of the Hun family own or part-control companies with listed capital of more than US\$ 200 million. These span most major sectors of the economy, with links to international brands such as Apple, Nokia, Visa, Unilever, Procter & Gamble, Nestlé, Durex and Honda.

This is undoubtedly just a fraction of the true value of the family's business holdings – they are said to obscure their commercial interests behind fake names and within shell companies. The Hun family includes members once implicated in a \$1 billion heroin smuggling operation, shoot-outs, a fatal hit-and-run, and land grabs that have caused mass displacements and destitution among Cambodia's rural poor.

The report should serve as a warning to foreign investors. The UK is the second largest foreign investor in Cambodia after China, for example, and the US is Cambodia's biggest trading partner, receiving a third of Cambodian exports, worth almost US\$3 billion a year.

"These revelations point to a cruel irony of Hun Sen's model of dictatorship – his family has Cambodia's economy so sewn up that Phnom Penh residents are likely to struggle to avoid lining the pockets of their oppressors multiple times a day," said Patrick Alley, Co-Founder of Global Witness. "Foreign investors, on the other hand, can and should opt out of bankrolling a regime that kills, intimidates or locks up its critics."

Hostile Takeover shows that the premier's family has been key to the longevity of his political career. They hold key posts in politics, the military, police, media, and charities - sectors that prop up Hun Sen's party through propaganda, political donations or brute force.

The domestic companies they are affiliated to have been accused of a litany of abuses, including the theft of land and natural resources, violence and intimidation against local populations and environmental devastation.

Among the most egregious examples is an agriculture company accused of using arson attacks and cobras to evict people from their homes. This has been filed as one of a huge dossier of cases at the International Criminal Court, as evidence that Cambodia's ruling elite has committed land grabbing at such scale that it amounts to crimes against humanity.

Global Witness was unable to find a single case where a member of the Hun family has been prosecuted or held to account for their part in any alleged wrongdoing.

Meanwhile, Hun Sen is proactively courting investors from overseas, promoting Cambodia as an attractive investment destination with very little regulatory red tape and a cheap labour force.

“Global Witness paints a vivid picture of the winners and losers of foreign investment in Cambodia,” said Stephen Peel, a former senior partner at private equity firm TPG Capital and member of the Global Witness board. “Doing business with companies that are owned or controlled by the country’s ruling family not only raises ethical questions, it also carries significant legal, financial and reputational risk. It is in everyone’s best interests for investors in Cambodia to carry out careful checks to ensure that their money isn’t being funnelled into Hun Sen’s campaign of oppression.” (3)

Key recommendations

Foreign governments:

- Warn home country investors about the high risks of becoming embroiled in corruption when investing in Cambodia.
- Advise home country investors to conduct stringent due diligence to ensure that they are not entering commercial relationships with business or political elites with a history of corruption allegations or their family members.

Companies and investors with/ considering investments in Cambodia:

- Conduct stringent due diligence on their investments to ascertain whether there are links to business or political elites (including all Politically Exposed Persons) with a history of corruption allegations, or their family members, be that via formal partnerships, franchising, through supply chains, exclusive distribution deals or even loose client relationships.
- Where these links exist, exit the business relationship as soon as possible. If evidence of involvement in corruption is uncovered through the due diligence process then companies and investors should self-report the findings to all relevant authorities that have legal jurisdiction.

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Editors’ notes

(1) Global Witness wrote to Prime Minister Hun Sen, 26 members of his family and 42 of the companies they are affiliated to, offering them an opportunity to respond to our allegations. Six companies replied, as well as Sok Puthyvuth, one of Hun Sen’s sons-in-law. Their responses are contained in *Hostile Takeover*.

(1) The company registration data that informed this report was originally taken from the Cambodian Ministry of Commerce's corporate registry, which the government has since restricted access to. Global Witness has used this data to create *Cambodia Corporates* - a publically accessible, fully-searchable and secure database that it is launching alongside this report. This will enable investors, journalists and citizens to find out who owns, controls or has major stakes in companies in Cambodia: www.cambodiaincorporates.globalwitness.org.

(2) For references for the statements made in this press release see the full report *Hostile Takeover: The corporate empire of Cambodia's ruling family* on the Global Witness website.