Socioecological responsibility and Chinese overseas investments

The case of rubber plantation expansion in Cameroon

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Executive summary

Recently, the investment of emerging economies in African countries has grown rapidly, bringing both new opportunities for ‘South-South’ development and potential social and environmental challenges. Investment from BRICS countries may follow new partnership models that benefit national economies in novel ways. However, investments that require large-scale land concessions may result in negative effects on forest cover and biodiversity, and could also exacerbate conflicting land claims and governance shortcomings. Given the importance to local livelihoods of the ecosystem goods and services associated with forests, the expansion of investments from emerging donors in Africa’s land-based economic sectors needs to be accompanied by new research into its potential impacts.

In particular, Chinese investment in Africa has increased greatly in recent years. In Cameroon, the years following the last global financial crisis saw a boom in Chinese investments in the rubber industry, in particular in rubber estates belonging to two companies: Sud-Cameroun Hevea SA and GMG HEVECAM. These investments come from Sinochem, one of the largest Chinese state-owned multinationals, and involve the rehabilitation of some existing rubber estates, as well as expansion into new areas. Since the initial investment from China, exports of rubber from Cameroon to China increased from almost none to nearly half of total rubber exports in 2011.

We conducted research into the nature and extent of China’s investment in the Cameroonian rubber sector and assessed initial findings through the lens of socially responsible investment (SRI). This included a review of relevant literature and documentary evidence, key informant interviews with company and government officials, and focus group discussions in four villages around each of two rubber estate sites. Data on economic, environmental, social and governance dimensions of these investments were collected and summarized.

The economic policy of the Government of Cameroon has been growth oriented and promotes investment; this policy is supported by a legal framework that provides for tax, customs, financial and administrative incentives in priority sectors, including agro-industries such as rubber. Sinochem’s infusion of funds and expansion plans provide for substantial infrastructural developments, many of which are geared to provide services to an expanded workforce. If realized, these investments are likely to bring significantly more employment to the sector and increase production and export volumes.

While the planned expansions in the sector may bring new jobs, there are potential challenges associated with in-migrations of workers and families. These include increased pressure on resources such as farmland; non-timber forest products, which will also be increasingly scarce due to land conversion for rubber; and wildlife and fish resources. There is potential for conflict between current residents and new arrivals, as well as the potential spread of disease, along with a number of other socially detrimental effects. While mitigation of these effects would be part of SRI, there is no evidence to date that attention has been paid to the potential effects of demographic changes around the rubber estates on vulnerable groups, including indigenous people and women.

The proposed expansions of the Sud-Cameroun Hevea SA and GMG HEVECAM rubber plantation development projects pose visible environmental concerns. The first involves conversion into rubber plantations of some 40,000 ha of natural forest located next to a World Heritage conservation site (the Dja Wildlife Reserve), and the second involves an expansion of existing estates into 18,000 ha of adjoining land. Both areas are rich in biodiversity, including some protected species that will be affected by the conversion to monocultural plantations.

The two investment zones are subject to a number of governance challenges, particularly in relation to land allocations. First, conflict exists between legislative and customary land rights, which have already been violated. This causes particularly serious consequences to minority peoples who do not have formal legal titles to land and rely on respect of customary access rules for their subsistence. Second, logging companies with rights to the concessions now turned over for conversion to rubber have been
deprived of the resources they formerly had access to. There are indications that political connections have been used to influence land decisions, violating both customary and legal rights.

By investing in Cameroon’s existing rubber sector, Sinochem will avoid some, but not all of the risks associated with the implantation of a large-scale land-based industry in an inhabited zone of tropical forest. Because expansion is underway, demographic change and new forest losses will occur. Although mitigation plans are required, the loss of natural tropical forest, especially that directly adjacent to a World Heritage site, is bound to be controversial. In addition, land ownership questions, especially around the GMG HEVECAM sites are not resolved.

Based on our research, we make the following recommendations:

**To the Cameroonian government:**
- Set up a permanent committee in charge of monitoring new investments linked to the Macroeconomic Program (2035 Vision) to ensure that all social, ecological and economic requirements and conditions are respected by economic operators.
- Ensure publication of comprehensive information relating to new investments, including preliminary social and environmental impact analyses and subsequent monitoring reports:
  - Increase transparency by making this information available to the public.
- Conduct targeted outreach to ensure dissemination to local communities.
- Create a compensation fund to better mitigate any negative social and environmental impacts associated with investments.
- In consultation with national conservation authorities and ecological experts, reconsider the conversion of natural forest, including old-growth, post-logged and secondary forest, to monocultural rubber plantations.

**To the Chinese government and state-owned enterprises engaged in forestland investments:**
- Promote the application and enforcement of Chinese national corporate social responsibility guidelines including, but not limited to, the Guidelines for Overseas Sustainable Forest Resources Management and Utilization by Chinese Enterprises and the Guidelines for Environmental Protection in Foreign Investment and Cooperation, issued by the Ministry of Commerce.
- Develop country-specific internal corporate policies conforming to Chinese, national and international standards of corporate social responsibility.

**To the international community:**
- Through UNESCO, request that Cameroonian authorities and Chinese state-owned enterprises increase efforts to preserve forest ecosystems and biodiversity, including but not limited to the Dja Wildlife Reserve.
1 Introduction

For more than a decade, the role of countries now known as ‘emerging economies’ in foreign trade and investment in Africa has increased steadily (Goldstein et al. 2006; Ampiah and Naidu 2008; Naidu 2008; Cheru and Obi 2010; Aggarwal and Ayadi 2012). This trend may bring new prospects for the consolidation of South-South cooperation in the long term and accelerate the diversification of African markets and investments (UNCTAD 2012). It also opens Africa to opportunities for industrial upgrading (Lin 2012) and introduces new paradigms of economic development. Much has been made of the ‘no strings attached’ model of Chinese investment, which comes with fewer auxiliary conditions on state or corporate behavior (regarding labor and workers’ rights, for example), which allows more agency to African states (Moyo 2009). More recently, Brazilian investments have begun to bring interesting — albeit sometimes socially controversial — new opportunities in agriculture following a ‘development corridor’ approach in which knowledge of ecosystem management and markets from Brazil is adapted for Africa (Ekman and Macamo 2014). In this regard, the United Nations Economic Commission for Africa (UNECA) has highlighted that cooperation between Africa and emerging countries, particularly BRICS1 countries, has led to an increase in the volume of trade and investment, a diversification of sectors, a shift from traditional trade zones and a new emphasis on ‘public-private partnerships’; all this is occurring just as the economies of its traditional partners in the North are slowing down (Maury and Le Belzic 2013; UNECA 2013). These developments represent both economic opportunities, as well as social and environmental challenges, in sub-Saharan Africa countries (Hofman and Ho 2012; Leung and Zhao 2013). New investments from emerging economies in Africa have many potential effects; the impacts on prospects for the sustainable management of African forest ecosystems and the well-being of local people who rely on them for ecosystem goods and services require increased scrutiny.

Among BRICS, investment to Africa from China has been studied intensively in recent years (see, e.g. Alden 2007; Brautigam 2009; Jansson 2009; Rotberg 2009; Huang and Wilkes 2011). A number of studies have specifically targeted the forest sector (MacKenzie 2006; Cerutti et al. 2011; Putzel et al. 2011; German and Wertz-Kanounnikoff 2012; Wertz-Kanounnikoff et al. 2013). Overall, Chinese foreign direct investment flows in Africa increased steadily (about 46% per year) in the 2000s; in 2009, after the world financial crisis, they surged by over 80% (Ernst & Young 2012). Cameroon is one of the African countries experiencing a regular influx of new foreign direct investments (FDI) from China (Ernst & Young 2012). After a gradual increase until 2009, investment in Cameroon increased substantially in 2010 (Figure 1). This increase corresponds to the time when China invested in the extension of rubber cultivation in Cameroon through two subsidiaries belonging to the Chinese multinational Sinochem International Corporation. The general objective of this study is to analyze the governance of the influx of Chinese investments in rubber cultivation in Cameroon to discuss the associated social and environmental implications.

1 BRICS countries include Brazil, Russia, India, China and South Africa. In 2014, the association of BRICS countries established the New Development Bank (NDB) based in Shanghai (See e.g. Wihtol 2014).

Figure 1. Official Chinese FDI stocks in Cameroon increased substantially in 2010, to around USD 60 million.
Source: MOFCOM (2010)
2 Theoretical framework: Socially responsible investment

This study examines expansion of Chinese investment in the Cameroonian rubber sector critically through the lens of socially responsible investment (SRI). The SRI paradigm is used to select and manage financial investments while incorporating environmental, social and governance safeguards (Porter and van der Linde 1995; Mercer 2009). It has been said that SRI was originally developed in the US in the 1920s on the initiative of adherents to religious movements who rejected investments in stocks they considered unethical, without regard to the financial performance of stocks abandoned (de Brito et al. 2005; Labelle and Koyo 2012). Since then, SRI has adopted a more secular approach. In the 1970s and 1980s, SRI initiatives used the threat of divestment to target political issues including the Vietnam War, the fight against nuclear energy, South African apartheid, and human and labor rights (Lydenberg et al. 1984).

In parallel with this trend, an approach that emerged in the 1990s emphasized that social, environmental and good governance practices could affect a company’s performance and its stock market valuation (McWilliams and Siegel 2001). Proponents of SRI admit the implementation of environmental, social and governance criteria might reduce investment opportunities. However, they point out that incorporation of such criteria in investment processes yields benefits that significantly outweigh the loss or drop in the portfolio’s profitability owing to limited investment opportunities (Barnett and Robert 2006). In this regard, investors seeking to be ‘socially responsible’ believe the mainstreaming of environmental, social and governance issues in the investment process eliminates companies whose expected returns are less than those of their competitors. By maintaining markets under increasingly stringent standards, companies hope that adopting corporate social responsibility (CSR) will produce a better financial performance than competitors in the long run (McWilliams and Siegel 2001; Logsdon and Wood 2002; Dahlsrud 2008).

Thus, the SRI theory would like to respond to the notion that companies and their managers wield disproportionate power in modern society, a view upheld by some authors (Berle and Means 1932). Proponents of SRI hold that companies — because of their power — have a moral obligation to global society, which translates into social and environmental responsibilities (Frederick 1994; Barnett and Robert 2003). This paper employs SRI theory to examine the initial indications of the level of social responsibility of Chinese investment in Cameroon in rubber plantation development, currently being undertaken by the multinational state-owned enterprise, Sinochem International.

2 As already analyzed by Unwin (2002) and Hill et al. (2007), there is connection between SRI and CSR, notably on values, missions, governance and social risks, and raising awareness, etc. This paper is built on the same logic. SRI refers more to ensuring monies for finance activities are not generating undesirable social/environmental outcomes. CSR refers to the full range of activities by corporations, not only investment but also productive functions, employment, land purchases and many others.
Data were collected using several social science methodologies. In the first part, we reviewed literature on Chinese investments in Africa in general and in Cameroon in particular, as well as some laws and documents on policies aimed at promoting foreign investment in Cameroon. In the second part, we made three field visits (one week per visit) in April and May 2013, to two rubber plantation development sites. We conducted 19 interviews with 2 officials holding the rank of director and 4 officials ranking as service head in the 2 companies; 8 officials of technical ministries in each of the 2 administrative units, namely the Ministry of Agriculture and Rural Development; the Ministry of Forestry and Wildlife; the Ministry of Environment; the Ministry of State Property, Land Registry and Tenure; and the Ministry of the Economy, Planning and Regional Development. We also interviewed five senior officials of the central services of these ministries. The interviews with each of the technical ministries focused on the economic, social and environmental dimensions of rubber plantation development projects and the governance of investments.

Focus group discussions with 14 people were held with members of local communities in 4 villages near each site and with a group of 20 rubber company workers. We aimed to understand the views of each group on the activities of the companies involved in rubber plantation development. In this regard, we assessed the nature of the socioeconomic impacts of the different activities within the framework of rubber plantation development. Discussions held with local communities focused on the effects of rubber monoculture on their ancestral land, the impacts on their living standards, the mitigation measures and compensation arrangements adopted by the project promoters and the State, and their perceptions on the sustainable benefits of these investments. Lastly, participant observation during the three visits to the two sites enabled us to witness the practical application of statements made by some respondents. All the data collected in this study are analyzed based on parameters used by Dahlsrud (2008), notably: i) Environmental dimension that refers to natural environment; ii) Social dimension that refers to the relationship between business and society (local communities in this context); iii) Economic dimension that refers to macroeconomic impacts; and iv) Governance dimension that refers to the compliance of actions with the national legislation.

The first site visited was Sud-Cameroun Hevea SA, which was established in 2008. This company specializes in rubber plantation development, latex machining and secondary products. GMG International, a Singapore-based company that specializes in rubber plantation development, holds 80% of the company’s shares, while Cameroonian investors hold the other 20% (GMG Global Limited 2011). Since 2008, the Chinese multinational, Sinochem International Group, holds most of the GMG International shares (GMG Global Limited 2011; Assembe-Mvondo et al. in press). The temporary land concession granted to Sud-Cameroun Hevea SA covers an area of 45,199 ha (Figure 2). This area is divided into two blocks and was allocated as a temporary land concession by presidential decree, notably Decree No. 2008/208 of 24 July 2008 to grant 8200.30 ha in the Nlobesse zone (north) and Decree No. 2008/380 of 14 November 2008 to grant 36,998.86 ha in the Djoum, Meyomessi and Meyomessala subdivisions to Sud-Cameroun Hevea SA. This company is based in Meyomessala. The land concession will be put to various uses (Enviro Consulting Sarl 2011): 30,000 ha for rubber plantations; 500 ha for nurseries; and 375 ha for the workers’ living quarters. Some 9000 ha, or 20% of the land concession, is deemed to be unsuitable (swamps and hills) and will be used for conservation.

The second site visited belongs to GMG HEVECAM, a company established by the State of Cameroon in 1975. The company’s main activities include rubber plantation development, latex machining and secondary products. Since its privatization in 1997 for the benefit of Singaporean shareholders, 87% of the company’s capital is held by GMG International, while the State of Cameroon and its employees own 10% and 3%, respectively (Gerber 2008; Assembe-Mvondo et al. 2013). The area covered by GMG HEVECAM’s plantations is a little over 18,000 ha out of a land concession of
The rubber concession was established over a natural forest area which by 2009 had diminished to 7.5% of its original extent (Figure 3). GMG HEVECAM’s plantation extension site is divided into four separate blocks. The first block of 7000 ha is on the edge of the old Kienké Reserve, near the villages of Bissiang and Bidou 1. The second is in the old felling area of the FMU 00 003 near Bella village. The third is near the Lokoundje River close to the villages of Bipaga, Bebwambe and Londji. The fourth is north of FMU 00 003 near the villages of Elogbatindi, Mbede and Dehaene.

The privatization agreement between the State of Cameroon and GMG HEVECAM includes a rehabilitation program. In keeping with this agreement, and to mitigate the drop in yields due to the aging of the plantations bequeathed by the State, the company has begun extending or creating new rubber plantations beyond the initial concession. The new plantations are at Bissiang in Kribi sub-division and at Bella in Lokoundje subdivision. They cover an area of 18,365 ha and are divided into four blocks.

Figure 2. Temporary land concession granted to Sud-Cameroun Hevea SA. The concession covers an area of 45,199 ha in two blocks, one of which is adjacent to the Dja Wildlife Reserve.
Source: Environmental impact study of Sud-Cameroun Hevea concession.

Figure 3. Change in land cover in Hevecam concession between 1973 and 2009. After establishment, the area of natural forest in the Hevecam concession decreased to 5678.60 ha or 7.45% of its original area.
Data source: UCL/UCI Geomatics (in preparation).
4 Research findings of rubber plantation development in Cameroon

4.1 Macroeconomic dimensions
Rubber production in Cameroon dates back to the German colonial period. In fact, the first rubber plantations (the local variety, *Landolphia*) were established around 1885 (Etoga Eily 1971). However, in 1906, German colonialists introduced the rubber species (*Hevea brasiliensis*) whose yields were better than the local variety (Neba 1987; Gerber 2008). Since then, rubber and latex are some of Cameroon’s main export commodities and contribute significantly to its economy. However, the extension of plantations and the need to revive the rather modest production is consistent with Cameroon’s intention to become an “emerging country by 2035” (Republic of Cameroon 2009). Regarding the government’s action in the rubber sector, “the surface areas under cultivation by the CDC and HEVECAM will begin to be tapped in 2010, increasing rubber production by 4% on average over the 2010–2020 period” (Republic of Cameroon 2009, 109). All key assumptions on economic growth levers in Cameroon contained in the aforementioned document hinge on the modernization of the productive machinery and agro-industrial exports (Republic of Cameroon 2009). During 1999–2009, national rubber production stagnated, dropping from 58,400 to 58,200 tonnes (BEAC 2013). Thus, more recent decisions by the Cameroonian authorities, including welcoming new investors, are geared to revive rubber production through both promotion of agro-industry and smallholder plantations.

The growth-oriented macroeconomic framework outlined by public authorities emphasizes major projects that can help the country become an emerging economy. The first phase focuses on ongoing or planned projects concerning road, port and rail infrastructure, as well as industry, agro-industry, mining, water and energy sectors. The ambitious Growth and Employment Strategy Paper (GESP) was enriched by other instruments to promote private investment; in particular, this includes promotion agencies (provided for in the Investment Charter and in particular Law No. 2013/4 of 18 April 2013) to establish incentives for private investment in Cameroon. In this regard, the law seeks to encourage, promote and attract productive investments that can support sustainable economic growth and employment. In concrete terms, the law provides for tax, customs, financial, administrative and specific incentives in priority sectors such as agriculture, agro-industry and manufacturing industries. The different officials of sector ministries interviewed in this study corroborated this information.

This macroeconomic outlook promoted by Cameroonian authorities is largely consistent with GMG Global Limited’s internal development strategy following its purchase by Sinochem International Group. In fact, GMG HEVECAM officials want to increase rubber production from 32,000 tonnes to 50,000 tonnes. To achieve this goal, they want to maximize output on the current 18,000 ha and then renew old plantations whose yield is decreasing: 2800 ha have already been replanted (GMG Global Limited 2011). Examination of Cameroon's rubber export figures shows that, with Chinese investment, the share of the Chinese market reached 48% by 2011 (from none in 2008) (Figure 4). Furthermore, in 2012, this subsidiary launched a new program to extend the area under cultivation by 18,365 ha (Enviro Consulting Sarl 2011). Lastly, the establishment of a new subsidiary (Sud-Cameroun Hevea SA) in Cameroon by the same multinational, which obtained a temporary land concession of 45,000 ha, is in line with the internal development strategy/economy of scale promoted by the Sinochem International Group. At maturity, the plantations established by this subsidiary are expected to yield between 40,000 and 50,000 tonnes of latex. The huge investments made by this multinational in Africa are visible in West and Central African sub-regions. In fact, GMG Global Limited has three subsidiaries in Côte d’Ivoire that respectively own: (i) 51.2% of the shares of Tropical Rubber Côte d’Ivoire; (ii) 60% of the shares of ITCA; and (iii) 60% of shares in a new joint venture that is expected to produce 30,000 tonnes of rubber by 2025 (GMG Global Limited 2011). In the Democratic Republic of Congo (DRC), a subsidiary called GMG Investment Congo SPRL operates 10,000 ha of rubber plantations. Lastly, the purchase by GMG Global Limited of 35% of shares of the Gabonese company, SIAT, in February 2012 confirms the multinational’s dominance of the rubber sector in Africa (GMG Global Limited 2011).
The extension of plantations by GMG HEVECAM will require more than USD 48 million, including for social infrastructure similar to those in the other subsidiaries in each of the four villages (Ngo Bell 2012). In the meantime, site preparation has started up in Bissiang village and the felling, stumping, pruning and cutting of trees on 4000 ha are complete.

According to GMG International (2013), the Cameroon investments are part of the Sinochem subsidiary's global strategy targeting production in Cameroon, Cote d’Ivoire, Democratic Republic of Congo, Indonesia and Thailand. In these countries, operations largely include tapping and processing of natural rubber, while the Singapore office is engaged in its marketing.

### 4.2 Social dimensions

One of the main expected socioeconomic benefits of rubber plantation development in Cameroon is job creation. In this respect, the officials of Sud-Cameroun Hevea SA plan to provide 6750 direct jobs during the production phase (Enviro Consulting Sarl 2011), comprising 6000 farm workers, 250 tree grafters, 400 technicians and 100 administrative staff. In addition, the subsidiary also intends to generate about 3000 indirect jobs from ancillary economic activities surrounding the project sites. For its part, the extension of GMG HEVECAM plantations will generate 2500 direct jobs and bring similar ancillary opportunities around the new sites. The officials of both subsidiaries have promised to recruit primarily Cameroonian nationals in the local communities to reduce poverty (Essiane 2012; Ngo Bell 2012) and build collective social and economic service facilities in the local communities in plantation extension project sites. These include clinics, rural electrification, potable water plants, the repair and renovation of school buildings, the development of village rubber plantations, the development of petty trade for the local communities, the maintenance of roads to ease movement by the local population, and creation of buffer zones of 3 to 4 km for farming by the local communities (Enviro Consulting Sarl 2011; Ngo Bell 2012; Essiane 2012).

![Figure 4. Cameroonian exports of natural rubber latex to China vs. the rest of the world, by weight in kilograms.](image)

Prior to 2009, the year GMG was acquired by the Chinese state-owned enterprise Sinochem, Cameroon recorded no rubber exports to China. By 2011, 48% of Cameroon's recorded rubber exports were to China.

Source: United Nations COMTRADE database, DESA/UNSD (authors’ analysis).

The investments needed to establish the plantations and build the plant and infrastructure of Sud-Cameroun Hevea SA are estimated at USD 410 million (MINEPAT 2012). To this figure should be added the construction of 15 living quarters/58 houses, a hospital and health centers, schools (nursery, primary, secondary), staff cooperatives, a market, a hall, playgrounds (football, handball, lawn tennis court), buildings to house executive staff, offices and roads (Enviro Consulting Sarl 2011). Meanwhile, according to a government report, about 4000 ha of rubber have already been planted; 23 blocks comprising 8 rooms each for housing have been constructed; 50% of the medical expenses of 250 employees have been paid; a staff hall has been constructed and 2 new wells are functional (Republic of Cameroon 2013).

UNESCO (2012) estimates the cost of mitigating environmental damage by Sud-Cameroun Hevea SA's rubber plantation extension to be USD 1,530,000; all measures to mitigate the social and environmental damages by GMG HEVECAM's rubber plantation extension are estimated at USD 8,400,000 (H& B Consulting 2011).

<table>
<thead>
<tr>
<th>Company names</th>
<th>Land area allocated</th>
<th>Land already planted</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMG HEVECAM</td>
<td>18,000</td>
<td>2400 ha (2012)</td>
</tr>
<tr>
<td>Sud-Hevea</td>
<td>45,000</td>
<td>4000 ha (2012)</td>
</tr>
</tbody>
</table>

Table 1. Summary of land allocated and planted in 2012.
However, the development of rubber plantations by the two subsidiaries of Sinochem may have many negative socioeconomic impacts. In this regard, the two environmental impact assessments identified the following threats (Enviro Consulting Sarl 2011; H & B Consulting 2011): population increase in the project zones through the influx of job seekers (toward uncontrolled growth of populations with negative impacts on forest resources); lack of housing for potential employees; major decrease in farmland and reduction in non-timber forest products (NTFPs), as well as fish and wildlife resources that serve as food and medicinal stocks for local communities; increase in opportunistic diseases such as HIV-AIDS; conflicts between indigenous and non-indigenous populations; increased insecurity, higher cost of living; destruction of crops and plantations; and noise. Both subsidiaries intend to minimize these negative social impacts through actions such as recruitment of local residents; improvement and increase of social facilities (electricity, drinking water, schools and community health centers) in project zones; training and support for fish farming; support for grasscutter breeding and farming techniques; and assistance for establishment of smallholder rubber plantations and compensation for destruction of crops and property.

Neither of the two environmental impact assessment reports paid special attention to vulnerable social groups such as indigenous people and women in the two project sites. Both the reports and interviewed officials only mention the ‘presence’ of two vulnerable social groups, indicating that appropriate measures to cater to their interests will be adopted later. Moreover, in the specific case of the extension of GMG HEVECAM’s plantations, interviewed inhabitants of village 1 felt they were excluded from a company’s promise to construct social facilities. In fact, all the facilities are concentrated in the neighboring village of Bissiang; this was reportedly due to the influence exerted during consultations by the political elite (one of the two senators of this division) who hails from Bissiang village. Generally, local communities do not perceive and enjoy the social benefits connected to these projects yet. Therefore, their attitudes range from ‘wait and see’ to scepticism about their future inside such industrial plantations.

4.3 Environmental dimensions
Both the Sud-Cameroun Hevea SA and GMG HEVECAM rubber plantation development projects pose visible environmental threats. The temporary land concessions granted to Sud-Cameroun Hevea SA were formerly two permanent-production forest concessions. Identified as forest management units 09 009 and 09 014, but not yet definitively classified as permanent forest concession, they are located in the South region, Dja et Lobo division, in between Meyomessala, Meyomessi and Djoum subdivisions. The conversion of these concessions to rubber production is associated with two risk factors. First, they are located adjacent to the Dja Wildlife Reserve, which is a protected area classified as a World Heritage site (UNESCO 2012). Second, the sites feature six different vegetation formations, namely dense humid evergreen forests; dense adult secondary forests; cultivated adult secondary forests; young secondary forests; cultivated young secondary forests; and swamp and raffia forests (Sonké and Lejoly 1998; Enviro Consulting Sarl 2011). The following species are among the flora found in the zone: Batillonella toxisperma, Afrostrongylus lepidophyllus, Anthothora ferruginea, Baphia pubescens, Beilschmiedia louissii, Cryosophyllum Congolanaum, Drypetes paxii, Irvingia robur, Pericopsis elata, Lebuniodendron leptanthum, Milletia laurentii, Oldfieldia africana, Omphalocarpum procercus. The site is a habitat for varied and dense wildlife, including small and large mammals, reptiles and birds. Some are partially or fully protected species such as chimpanzees, elephants, gorillas, buffalo and panthers (Sonké and Lejoly 1998; Enviro Consulting Sarl 2011). The Dja River and its tributaries that flow through the forest stand provide a habitat for various fish species. The proximity of the rubber agro-industry to this rich stock of biodiversity will logically bring more threats from human activities, notably wildlife hunting, NTFP collection and informal logging inside the Dja Wildlife Reserve.

The plantation extension site is divided into several blocks spanning three distinct forest stands. The environmental impact assessment conducted in the different blocks shows the project area has abundant wildlife biodiversity, including amphibians, mammals, birds, cetaceans and fish (H & B Consulting 2011). More specifically, 69 bird, 18 mammal and 2 types of aquatic reptile species were identified. Concerning flora, 81 species belonging to 27 families, the most abundant of which are Fabaceae (9), Malvaceae (9), Rubiaceae (9) and Annonaceae (8), were recorded (H & B Consulting 2011).

Thus, the two projects may have serious negative impacts on the rich biodiversity listed above, particularly through the destruction of plant
cover, increased hunting and poaching, and wildlife disturbance (Enviro Consulting Sarl 2011; H & B Consulting 2011). To this first set of imminent threats should be added soil pollution by chemicals, solid waste and oils, as well as disruption of the water flow system and fishery resources (Enviro Consulting Sarl 2011; H & B Consulting 2011). UNESCO supports this view on the impact of rubber plantation development near a World Humanity Heritage site (UNESCO 2012, 21) by stating that:

“The mission considers that in the present state of its implementation, the Sud-Cameroun Hevea project also poses a new, serious and specific hazard to property, within the meaning of Section 180 b (of the World Heritage Site Regulation).”

Both environmental and social impact assessments recommend the following mitigation and compensation measures:

• Establish buffer zones and corridors for animals.
• Establish buffer zones near water courses.
• Establish a water drainage system.
• Ensure compliance with herbicide, pesticide and chemical fertilizer application standards.
• Ensure biodiversity conservation in 20% of the concession area.
• Forbid workers from engaging in hunting activities.
• Ensure the conservation of important tree species from the biological standpoint.
• Sensitize the rural population on the fight against poaching.
• Prepare a suitable solid and liquid waste management plan.
• Set up posts to control access to blocks.
• Avoid specific habitats for wildlife species when planning roads.

4.4 Governance of projects
The dominant population in Sud-Cameroun Hevea SA’s rubber plantation extension site is the Bulu tribe, which is a Bantu ethnic sub-group. However, the zone is also peopled by the indigenous Baka tribe. Thus, the site is relatively homogeneous.

Conversely, GMG HEVECAM’s rubber plantation extension site has ethnically diverse populations. The dominant population in the large block located near the villages of Bissiang and Bidou 1 is made up of the Fang tribe, which is a Bantu ethnic sub-group, while the Bagyeli Pygmies constitute the minority.

In the second block located in Bella village, the Bakoko tribe, which is a Bantu ethnic sub-group, is the dominant population. The third plot, near the Lokoundje River, is peopled by the Mabi and Batanga tribes, which are Bantu ethnic sub-groups. The population in the fourth block near Ellogbatindi village is mainly composed of the Bassa and Bakoko tribes, which are Bantu ethnic sub-groups.

It is widely known that land ownership in the tribes that make up the large Bantu ethnic group is based on patrilineal and segmental institutions (Diaw 1997). These institutions play a key role in the establishment and transfer of land rights based on blood relations. There are three types of land ownership among the Bantu (Binet 1951; Diaw and Njomkap 1998): lineage ownership, community ownership and individual ownership through wood-chopping rights. These, in turn, are based on four additional types (Diaw and Oyono 1998): collective ownership; labor-based user rights; medium- to long-term cycle; forest management based on beliefs and taboos (metaphysical belief). Traditionally, however, Pygmies do not have an ownership system of land. Rather, they have a set of rules based on the harvesting/gathering of natural resources (Diaw and Njomkap 1998). Their customary rules are based on relationships with non-community members. Thus, a person may obtain user rights over a piece of land through blood relations, marriage or mere friendship. The granting of land concessions to economic operators (like GMG HEVECAM and Sud-Cameroun Hevea SA) is in line with Ordinance No. 74-1 of 6 July 1974 to establish rules governing land tenure in Cameroon. It contradicts, however, the principles of the customary management of land spaces by Bantu and Pygmy ethnic groups, especially if their consent is not sought before their ancestral lands are taken from them.

Investments in the rubber plantation sector in Cameroon are governed by fairly disparate instruments. This type of investment is governed by Law No. 2002/4 of 19 April 2002 to institute the Investment Charter of the Republic of Cameroon. Section 17 of this law provides for three types of incentives: promotion, facilitation and support. It also institutes three investment regimes, namely the automatic, returns and approval regimes. However, the Investment Charter defines a very general framework and has little impact in terms of attractiveness. Law No. 2013/4 of 18 April 2013 to establish incentives for private investment in Cameroon completes the fairly general provisions of...
the Investment Charter. In this regard, the new law seeks to encourage, promote and attract productive investments to promote sustainable economic growth and employment. In concrete terms, the law provides for tax, customs, financial and administrative incentives, as well as specific incentives for priority sectors such as agricultural development, agro-industry and manufacturing industries. These fiscal and financial incentives will probably attract more foreign investments in the coming years in Cameroon.

For its part, Article 4 of Decree No. 76-166 of 27 April 1976 establishes the terms and conditions of management of national lands. It authorizes the granting of temporary land concessions in Cameroon to any person or entity wishing “to develop a dependency of the national domain not occupied or used” who files an application to the competent authorities. However, Article 7 clarifies that concessions of less than 50 ha are allocated by order of the Minister, while those over 50 ha are allocated by presidential decree. At the end of the interim period of the concession, an advisory committee observes development locations and draws up a written position addressed to the Senior Divisional Officer. The officer, as appropriate, may propose the extension of the duration of the temporary concession, the final allocation or the granting of a long lease (for foreign nationals). Lastly, Article 17 provides that annual revenues from the allocation of land are distributed at 40% to the State, 40% to the local community and 20% to the village (Assembe-Mvondo et al. 2013).

The 1994 Forest Law provides for national forest estates to be included in the non-permanent estate, which can be used for other purposes. Conversely, permanent forest estates may be declassified provided that a forest stand of the same nature and surface area is reclassified in the same ecological zone. Lastly, the Framework Law on Environmental Management in Cameroon requires any promoter or project owner to evaluate the direct and indirect impacts on the environment and the living standards of the local population through an environmental impact assessment (EIA). The terms and conditions for EIAs are specified in Decree No. 2005/577/PM of 23 February 2005. Another decree issued on 13 January 2013 defines the terms and conditions for environmental and social impact audits; these help assess, periodically, the impact that all or part of the company is likely to have on the environment.

Upon the arrival of Sinochem, GMG HEVECAM adopted an eight-point health, safety, and environment (HSE) policy (Assembe-Mvondo et al. 2013) to reconcile productivity and profitability objectives with social and ecological imperatives. The company then sought to improve the quality of products by obtaining an ISO 9001 certificate. Thus, this subsidiary has made efforts to comply with laws and regulations governing activities in the land and environment domain in Cameroon. In this regard, the allocation of a temporary concession and the environmental impact assessment seem to have complied with legal provisions. Similarly, the company seeks to comply with social specifications in local communities by carrying out rural electrification and building a Catholic chapel in Bissiang village.

Local officials of the Ministry of the Environment expressed several criticisms of the company. First, the allocation of four land blocks spanning three separate stands of forest do not share the same environmental and human characteristics. Logically, three separate environmental assessments were required, but the company only carried out a single assessment for all the three forest blocks. Second, trees felled along rivers were not hauled away immediately, blocking riverbeds in Bissiang village.

Considering that Sud-Cameroun Hevea SA has just launched its activities, it does not yet have an environmental and social policy. However, the company has appointed an official to pilot the environment, health and safety (EHS) department. The Environmental Monitoring Plan, approved by the Ministry of the Environment following the environmental impact assessment, calls for quarterly monitoring (Republic of Cameroon 2013). However, the allocation of a temporary concession seems not to have complied with regulations. In fact, Article 4 of Decree No. 76/166 of 27 April 1976 to establish the terms and conditions of management of national lands provides that: “Any person or entity wishing to develop a dependency of the national domain not occupied or used, must be requested …”

In the case of the temporary concession granted to Sud-Cameroun Hevea SA, the criterion of “dependency of the national domain not occupied or used” was not met because both forest concessions 1076 and 1080, which correspond to the current land concession, were granted temporarily to SFB and GEC companies for logging purposes. De facto and
*de jure*, Cameroonian authorities should not haveooted out the two logging companies to convert
the two forest stands to rubber plantations. This
legal juggling looks like what Nkot (2005) qualifies
as “the use of law for political ends in Africa.” In
other words, the decision deviates from the spirit or
impartial and impersonal interpretation of the law.

The allocation of a temporary concession to Sud-
Cameroun Hevea SA without taking into account
the criteria specified in land regulations seems to
have been motivated by the personality behind the
Cameroonian who holds 20% of the company’s
share. According to a local representative of the
Ministry of the Environment, the President of the
Republic’s family owns the company. However,
we have learned only that an influential member
of the Cameroonian political elite, whose identity
we do not know, apparently owns 20% of the
company’s shares. Still, it is likely the Cameroonian
shareholder influenced the allocation of the
temporary concession near a World Heritage site
without regard to existing land designations and
relevant regulations.
This study shows the establishment of rubber plantations by the two subsidiaries of a multinational with its majority-owned Chinese affiliate, Sinochem, is expected to enable Cameroon to double its rubber and latex production in due course. On the one hand, this investment is consistent with the government’s macroeconomic policy, which seeks to make “Cameroon an emerging country by 2035.” On the other, it is this multinational’s strategy, piloted by its headquarters, to expand its operations and control a large proportion of rubber production in a number of key African countries (Cameroon, Cote d’Ivoire, Liberia, Gabon and DRC). Thus, Cameroon seems to be the linchpin in Central Africa.

These two investments are fairly profitable in terms of creating 9000 direct jobs and promising more indirect jobs, as well as from other economic spillover effects. Obviously, over the past few years, the global demand for rubber has increased significantly and enhanced its market share. This expansion is partly due to increased consumption in emerging economies, especially China (Viswanathan 2008; UNECA 2013). Just four years ago, China’s economy was growing by 10.4% annually, but it has been hit by an overreliance on exports and investments (Moyo 2012). This illustrates how the Cameroonian domestic macroeconomic policy is driven by, and depends upon, the uncertain future of global economic demand for rubber (Yem et al. 2011; Pacheco et al. 2012). Additionally, prices of natural rubber fluctuate in international markets (Viswanathan 2008). Depreciation of the American dollar and decreased demand for rubber can also affect its price. Consequently, the macroeconomic expectations of the Cameroonian government connected to the rubber boom may lead to disappointment.

With that said, the expected benefits of rubber plantation development are already being reaped to the detriment of the loss/disappearance of a unique rich forest and fish biodiversity; mitigation measures cannot truly offset the environmental capital lost (Sonké and Lejoly 1998; Muchaal and Ngandjui 1999). Indeed, most areas covered by Chinese investment for rubber plantations are within tropical rainforest lands, rich in biodiversity and hence important for the country’s conservation commitments (e.g. Dja Wildlife Reserve). In addition to the direct damage to flora, wildlife habitats and rivers due to forest conversion (Richards 2013), the flood of thousands of migrant workers will increase pressure on wildlife through hunting for bushmeat (see e.g. Nasi et al. 2011).

Similarly, the compensation envisaged for local communities requires Cameroonian authorities and civil society to implement a genuine monitoring program to guard against the investor’s possible withdrawal from or abandonment of local actors (German et al. 2013). As recently shown by Richards (2013), such projects can lead to negative impacts on the livelihoods of local peoples and indigenous people. In the past, large industrial plantations often had negative social impacts on local vulnerable actors. Such a situation generated many social conflicts and human rights violations as have been reported (Kofele-Kale 2007; Gerber 2011), notably the expropriation of native land; forced displacement of indigenous people; and the loss of cultural heritage and agriculture.

Some villages are also frustrated (such as Bidou 1) that local communities have not yet benefited from any social facilities. Here, the political elite (senator) of the neighboring village must be blamed. Indeed, his influence on the management of the GMG subsidiary led to the hijacking of some promised social facilities, leaving his own village (Bissiang) as the sole beneficiary. If widely known, this situation could generate an open conflict between both villages (Bidou v Bissiang). In this light, instead of bringing better living conditions, development and peace among local communities, the nature of current Chinese investments could induce more trouble and conflicts in those areas.

As far as governance is concerned, levels of transparency are inconsistent across Chinese investment transactions. Transparency usually refers to the degree of openness with how actors operate and the level of information a company or government makes available to the public. In this case, the clear identity of the Cameroonian shareholders of Sud-Hevea company is not publicly...
available. This lack of transparency has led to rumors that the President of the Republic’s family owned 20% of total shares.

In another example of lack of transparency, the Establishment Agreement between GMG International and the Cameroonian government provides for tax incentives to Hevecam for 12 years, Hevecam enjoys a 50% exemption on all Cameroonian taxes (GMG Global Limited 2013). This exemption is clearly an incentive for GMG to grow in Cameroon, but is detrimental to the Cameroonian tax administration.

Transparency is understood as the ability of citizens to access, understand and monitor processes, institutions and information. In the context of these investments, the principle of transparency is obviously weak. Therefore, it would be difficult for local communities and civil society to monitor the promised benefits connected to the investments. Furthermore, the Cameroonian authorities misused and abused the legal framework in the interests of private business (Fisiy 1992; Nkot 2005). German et al. (2013) noted a similar situation elsewhere in Africa, and termed it “elite capture of the rule of law.”

Table 2. Summary of the current perception of the two investments by the local communities and indigenous people.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Dimension refers to</th>
<th>Current perceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Relationship between company and local communities</td>
<td>Uncertainty for the future of local community livelihoods</td>
</tr>
<tr>
<td>Environmental</td>
<td>Forest and related resources</td>
<td>Destruction of rich endemic biodiversity species</td>
</tr>
<tr>
<td>Governance</td>
<td>Actions prescribed by legislation</td>
<td>Unlawful, non-transparent and conflicts of interest</td>
</tr>
<tr>
<td>Economic</td>
<td>Macroeconomic impacts on the country</td>
<td>Uncertainty for the achievement of project objectives due to dependence on willingness of Chinese counterparts</td>
</tr>
</tbody>
</table>

Chinese investments in rubber development in Cameroon do not qualify as socially responsible investment (SRI) since they are destroying rich forest biodiversity stocks (UNESCO 2012). There are also some doubts whether such projects will really improve local communities and indigenous people’s livelihoods or meet the huge macroeconomic expectations of the Cameroonian authorities. In other words, on this stage, there are many more costs (socioecologic) than benefits connected to these investments.

Finally, the projects are not running according to the principles of transparency and rule of law. However, the origin of such investments in China cannot be the sole cause. Even if Tan-Mullins and Mohan (2013) have underscored the weakness of environmental protection among Chinese state-owned enterprises in Africa, an American oil palm company and French banana and oil palm companies have similar, or worse, policies (CCFD 2009; Nguiffo and Brendan 2012; Richards 2013). Therefore, the many socioeconomic and ecological threats and uncertainties are connected by the impacts of globalization where the social and ecological dimensions are secondary in comparison to economic aspects or market logic (Deininger 2011; Richards 2013; Utting and Marques 2010).

After all, many socioecological impacts identified here occur over the short and medium term. The perceptions of local communities and indigenous people may change as rubber plantations begin production. Nevertheless, as rightly said by Kaplinsky and Morris (2009), the outcomes (advantages or disadvantages) of Chinese investments will be informed by Cameroon’s future policy environment.

Based on our research, we make the following recommendations:

To the Cameroonian government:
- Set up a permanent committee in charge of monitoring new investments linked to the Macroeconomic Program (2035 Vision) to ensure that all social, ecological and economic requirements and conditions are respected by economic operators.
- Ensure publication of comprehensive information relating to new investments, including preliminary social and environmental impact analyses and subsequent monitoring reports:
  - Increase transparency by making this information available to the public.
• Conduct targeted outreach to ensure dissemination to local communities.
• Create a compensation fund to better mitigate any negative social and environmental impacts associated with investments.
• In consultation with national conservation authorities and ecological experts, reconsider the conversion of natural forest, including old-growth, post-logged and secondary forest, to monocultural rubber plantations.

To the Chinese government and state-owned enterprises engaged in forestland investments:
• Promote the application and enforcement of Chinese national corporate social responsibility guidelines, including, but not limited to, the Guidelines for Overseas Sustainable Forest Resources Management and Utilization by Chinese Enterprises and the Guidelines for Environmental Protection in Foreign Investment and Cooperation, issued by the Ministry of Commerce.
• Develop country-specific internal corporate policies conforming to Chinese, national and international standards of corporate social responsibility.

To the international community:
• Through UNESCO, request that Cameroonian authorities and Chinese state-owned enterprises increase efforts to preserve forest ecosystems and biodiversity, including but not limited to the Dja Wildlife Reserve.
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Socioecological responsibility and Chinese overseas investments

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Chinese investment in Africa has increased greatly in recent years. In Cameroon, the years following the last global financial crisis saw a boom in Chinese investments in the rubber industry, in particular in rubber estates belonging to two companies: Sud-Cameroun Hevea SA and GMG HEVECAM. These investments come from Sinochem, one of the largest Chinese state-owned multinationals, and involve the rehabilitation of existing rubber estates, as well as expansion into new areas. Since the initial investment from China, exports of rubber from Cameroon to China increased from almost none to nearly half of total rubber exports in 2011. We conducted research into the nature and extent of China’s investment in the Cameroonian rubber sector and assessed initial findings through the lens of socially responsible investments (SRI). Overall, the picture shows that the two investments are subject to a number of governance challenges, particularly in relation to land allocations.