

Treasury Sanctions Chinese Entity in Cambodia Under Global Magnitsky Authority

September 15, 2020

WASHINGTON – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) designated one Chinese state-owned entity, Union Development Group Co., Ltd. (UDG), for seizure and demolition of local Cambodians’ land for the construction of the Dara Sakor development project. OFAC designated this People’s Republic of China (PRC) state-owned entity pursuant to Executive Order (E.O.) 13818, which builds upon and implements the Global Magnitsky Human Rights Accountability Act, and targets perpetrators of serious human rights abuse and corruption, and their supporters. UDG conducted some of these activities through Kun Kim (Kim), a senior Cambodian general previously designated by OFAC on December 9, 2019 pursuant to E.O. 13818, for his involvement in corruption.

“After falsely registering as a Cambodian-owned entity in order to receive land for the Dara Sakor development project, UDG reverted to its true ownership and continued to operate without repercussions,” said Secretary Steven T. Mnuchin. “The United States is committed to using the full range of its authorities to target these practices wherever they occur.”

In addition, the land provided to UDG extends into Botum Sakor National Park, a protected natural area that can only be handed over by royal decree. In order to receive the land, UDG registered itself as a Cambodian-owned company, headed by a Cambodian national, but nevertheless within three years of receiving the land, UDG switched back to being a Chinese-owned and operated company without repercussion.

MALIGN CHINESE INVESTMENT IN CAMBODIA

The PRC has used UDG’s projects in Cambodia to advance ambitions to project power globally. UDG-funded activities have forced Cambodians from their land and devastated the environment, hurting the livelihoods of local communities, all under the guise of converting Cambodia into a regional logistics hub and tourist destination. As is too often the case with Beijing’s One Belt One Road initiative, these activities have disproportionately benefitted the PRC, at the expense of the Cambodian people.

Of additional concern are media reports that the Cambodian government spokesperson, Phay Siphon, said that Dara Sakor could be converted to host military assets. A permanent PRC military presence in Cambodia could threaten regional stability and undermine the prospects for the peaceful settlement of disputes, the promotion of maritime safety and security, and the freedom of navigation and overflight.

Today's action builds upon recent steps taken by the United States to demonstrate our support for a free and open Indo-Pacific, and the sovereignty of the Cambodian people. The United States is actively taking steps to deter the PRC's exploitative investments and to stand with our partners and allies in Southeast Asia.

UNION DEVELOPMENT GROUP

UDG is a PRC state-owned entity acting for or on behalf of a PRC official that, on May 9, 2008, was granted a 99-year lease with the Cambodian government for 36,000 hectares (approximately 90,000 acres) of land in the Koh Kong province of Cambodia. Following the approved lease, UDG began to develop the \$3.8 billion Dara Sakor project, ostensibly to be used as a tourism development. The size of the development is in violation of Cambodian law, which limits land concessions to 10,000 hectares.

Additionally, UDG, through Kim, used Cambodian military forces to intimidate local villagers and to clear out land necessary for UDG to build the Dara Sakor project. Kim was instrumental in the UDG development and reaped significant financial benefit from his relationships with UDG. Specifically, with the assistance of Cambodian military forces provided through Kim, UDG prevented local villagers from planting rice paddy fields on the disputed land and was also accused of burning down the houses of villagers with whom it had conflicts, and of using private security and Cambodian military forces to control the movements of local villagers. Both the United Nations Office of the High Commissioner for Human Rights and Cambodia's Council of Ministers asked UDG to stop using Cambodian military forces to take land from the Cambodian people. Cambodia's Council of Ministers issued a directive ordering UDG to stop destroying villagers' property; however, UDG ignored the directive and continued the destruction.

UDG is designated for being a person acting for or on behalf of a current or former government official, who is responsible for or complicit in, or has directly or indirectly engaged in corruption, including the misappropriation of state assets, the expropriation of

private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the entity above, and of any entities that are owned, directly or indirectly, 50 percent or more by it, individually, or with other blocked persons, that are in the United States or in the possession or control of U.S. persons, are blocked and must be reported to OFAC. Unless authorized by a general or specific license issued by OFAC or otherwise exempt, OFAC's regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person or the receipt of any contribution or provision of funds, goods or services from any such person.

GLOBAL MAGNITSKY

Building upon the Global Magnitsky Human Rights Accountability Act, the President signed E.O. 13818 on December 20, 2017, in which the President found that the prevalence of human rights abuse and corruption that have their source, in whole or in substantial part, outside the United States, had reached such scope and gravity that it threatens the stability of international political and economic systems. Human rights abuse and corruption undermine the values that form an essential foundation of stable, secure, and functioning societies; have devastating impacts on individuals; weaken democratic institutions; degrade the rule of law; perpetuate violent conflicts; facilitate the activities of dangerous persons; and undermine economic markets. The United States seeks to impose tangible and significant consequences on those who commit serious human rights abuse or engage in corruption, as well as to protect the financial system of the United States from abuse by these same persons.

[View identifying information on the entity designated today.](#)

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