NARRATOR
This is Hong Kong.

And this is Sam Say, a retired steel broker who’s made his fortune in HK

Earth Report travels with him to Laos as he searches for new investment opportunities in the country of his birth

Sam’s already gambled 4 million dollars on a coffee farm. He wants to bring Laos coffee, once championed by the French as the best in the world, to the fashionable cafes of Hong Kong.

Sam’s not the only one betting on Laos

Foreign investment into Laos has quadrupled to 4.3 billion dollars last year –most of it going into the commercial exploitation of resources.

But Laos is one of the last bio-diversity hot spots in South East Asia boasting the highest number of large mammals in the region and over 50% of the world’s vascular plant species.

The question is, will it all be further threatened as this cash turns the land into capital.

Sam Say is a Laos refugee.

Sam

Our family left Laos in 1977 as refugees, so we ended up in a camp in Thailand for two years.

…. we lost everything we owned. So Laos was not in my heart at all for a long, long time.

At times in the past I struggle because coming from Hong Kong - also in Canada and the US - and coming back to a very, very poor farming community in Laos, I've also come to accept that I am a ...citizen of the world

NARRATOR
Sam, like many refugees fled the communist takeover in 1975.

His journey back to Laos is not only a matter of the heart –but of the head too.

Laos is resource rich –but grindingly poor. The size of the UK with only has six million people every second child in the rural areas is chronically malnourished.

Now that his coffee business is set, Sam’s looking for other ways to invest in his homeland.

Sam

At this stage of my life, an investment has to be ethical, it has to consider more than just making a profit. It’s about investing in people. And making it better for people. And also to promote biodiversity so that the environment will be well cared for.
NARRATOR
As Sam drives to his coffee plantation he passes through a 250 hectare single crop plantation- of well over 100,000 rubber trees

Sam
These large plantations of rubber you can keep driving all day, this is how large they are… From a commercial point of view these plantations, they are impressive, they’ve done very well, they’re well managed but again they are: single crop

NARRATOR
This land would once have been covered in natural forest -rich in biodiversity.

Since the 1980’s, logging and converting land to single crops such as rubber has slashed forest cover here by 15%. In the last 5 years it has accelerated as foreign investment floods into the country

Sam
Looking at the large- scale mono-cropping plantation model, what I am fearing is that we will lose the biodiversity of this country, and also a way of life for our people.

What we are seeing here are about 1,000 hectares of mono cropping of coffee. And it’s chemical dependent for pesticides and chemicals so this is one of the major concerns when people come in and invest big money and do mono crop and just inject a lot of chemicals into the soil.

NARRATOR
Development is happening apace all across the country.

The Laos Government is transforming the capital, Vientiane, refashioning the riverfront.

But its policy on land use and the sale of concessions is complicated.

As Acting Head of the Government’s National Land Management Authority, Chanthaviphone Inthavong has a struggle on his hands.

Chanthaviphone Inthavong, National Land Management Authority
There are already more than one thousand and thirty projects already approved by the government in the country for investment into tree plantation or agro forestry plantation, including rubber … But most of these projects It’s just land speculation.

The government has to slow down or stop the new approval of new concessions, because we found that there is already too many but the concession has been issued without the proper land-use zoning plan

NARRATOR
But for the foreign investors it’s just too lucrative and… the government needs the money.

SYNC Chanthaviphone Inthavong
If you have money you are welcome to invest in the land development of the country

...if you are big investor you’ve got a special lane, a fast lane that’s why it seem that foreign investment get more privilege than the Laos.

Sam
...this is coffee country.

...from a steel trading commodity background I know nothing absolutely nothing about farming, so the internet was a great tool to learn the very basics at the very beginning. Connecting with consultants who know about farming and organic farming.

NARRATOR
Sam has 67 hectares. 130,000 coffee trees.

But his farm is like a college. He’s already taught over 200 farm neighbours to grow organic coffee. Yields are up and biodiversity protected.

Sam
The soil is very workable… with our population base we really don’t need to do large scale farming, but to focus on quality and higher prices...

NARRATOR
It’s a small farm. Sam will have to triple the normal coffee yield per hectare.

He needs 100 tons to break even.

He’s relying on organic farming to increase productivity and replicate biodiversity. He produces his own fertilizer and plants shade trees and cover crops to nourish the soil.

Even that’s not enough...

He can’t grow enough coffee himself.

He trains other local farmers to grow coffee his way to get the amount of coffee he needs.

NARRATOR
If the plan works, in three years Sam will get his 100 tons.

Sam
Anything above that it’s going to be pure profit going forward

So if we can do 200 tons we can probably generate 1.5 million US per year profit.

There are friends who are interested in what we are doing. And interested in purposeful investment in the country of Laos.

So I’m heading up to the north in Laos to see, to explore, what are available and what people are doing up there.
And hopefully to learn from existing models that we can perhaps apply here as well

**NARRATOR**
On Sam’s trip north, to Luang Namtha Province near the Chinese border, he travels with the expert botanists and small agri-business specialist, Dr Sounthone.

Sam wants to see how farmers there are turning their land into capital and if it meets his criteria for investment.

But it’s a tricky area for the foreign investor.. a place where anything can happen…

**Sounthone**
…Our transportation, yeah?

**NARRATOR**
On the way - a surprise that delights the botanist. He spots a plant he doesn’t recognise

**Sounthone**
“Medicinal plant”

“I’m trying to look at the inside, if its white or red … I think this could be a medicinal plant…OK…”

**NARRATOR**
Talking to a local confirms Sounthone’s suspicion that it’s a medicinal plant.

Its wood is boiled then used as a cure for stomach-ache.

This is one of thousands of undocumented species in Laos. Many here cherish such rich biodiversity.

**Sam**: is this a new species?

**Sounthone**: this is for me, it's a new species, and for my institute also,

**NARRATOR**
Sam & Southane arrive in Houei Xai in Bokeo Province. It’s the Golden Triangle where Laos meets Thailand, meets Burma …Investment is flooding in, bringing Chinese casinos, tourists, cash.

The Golden triangle once notorious for its role in the opium trade has now become the wild west of investment … and for many here, it’s… rubber

Farmers and investors are betting that demand from China’s motor industry will outstrip supply.

So rubber is being planted here at one of the fastest rates in Asia –a lot of it illegally.

It’s a sight that upsets Sounthone.
Sounthane
As a botanist I have seen most of Laos, and I don’t think the country manages its biodiversity properly.

This is because many people ignore the biodiversity policy set out by the government.

…This slope is steep between 35-40 degrees…it’s too steep for planting rubber. This is contrary to the land use classification… and illegal.

NARRATOR
But not everyone is planting illegally. Investors such as the Laos China Japan Trading Corp. in Houei Xai have been working with local officials to identify small landholders to invest in.

NARRATOR
One of the partners 78 year old Antonio was trained in his teens as a kamikaze pilot. Luckily they ran out of planes before he could fly.

Zhu Xueming, Laos China Japan Trading Corp.
After 11 years and nearly 800,000 dollars of investment we have 31 villages – that’s nearly 2,000 families – all contracting to plant rubber with us.

NARRATOR
Every farmer gives only a part of his land over to rubber. It’s an alternative to the big mono-crop plantations and biodiversity is preserved --

Zhu
… if everything goes well, when the rubber trees are in full production, I need one year to get my money back.

NARRATOR
The company provide farmers with rubber saplings and technical help, and buy the rubber latex when it’s tapped. The farmers supply the land and labour.

The split is 70/30, in favour of the farmer.

On paper, a good deal… or is it - growing rubber is tough.

It takes seven years for rubber trees to mature and the seedlings demand non-stop backbreaking weeding.

The farmers will have to work nights collecting the rubber when the trees start producing latex.

They have to be up at 3am to tap the rubber when it’s cool enough for the latex to flow.

If they manage all that, they could earn $12-1400 US dollars per hectare per year – that’s over twice what rice pays.
But some farmers aren’t so happy with rubber.

Meet Thong. He is a contract farmer for Zhu… and is unhappy at the way things are going. He’s gambling one of his five hectares on rubber. The remaining four provide food for his family.

Everything on his breakfast table - the snails, forest rat, mushrooms and bamboo – is from the forest.

**Thong Siyomsayavong**

My decision to plant was encouraged by the government and the company…

They told us of the benefits of rubber and compared it to the success in China and that we had to find ways to improve our livelihood.

Based on the way things are I’m not very happy. It depends on your land –and mine’s not that good.

The trees are not growing very quickly… I’m not satisfied and I’m not sure that it’s worth my time or the hard work.

**NARRATOR**

Zhu, in turn, has problems with Thong: he’s not sure Lao farmers will actually get up early to tap the rubber.

**Zhu**

I feel that the financial motivation of $6,000 a year is probably the only thing to get people up at 3am and working until 8am and finish the day’s work.

**NARRATOR**

The investors have investment problems as well. They must raise $2m for a processing plant to turn the latex into rubber.

**Zhu**

…we are actually contracted to purchase the liquid latex in the contract with the farmers so having a processing plant is vital. If we don’t have the processing plant we would not be able to fulfil the buying of the latex.

…That means my return on my investment would be zero. Also if the farmers do not tap their latex their own investment is zero as well as they have put in the sweat equity and the land. So basically, everything is linked together.

**Sam**

If I was to look at this model, and to invest financially, and for only financial return – the answer is no. The risk is just too many, there are too many moving parts to manage. But if it is for social impact, then I want to see it succeed so that the farmers become successful, the company become successful, if it is becoming successful then it would be a model the government can push forward, that contract farming would work.
**NARRATOR**
Between working an upland rice field and thatching roofs, Chanporn[CHAN PORN], Tong’s wife, has her own take on gambling one hectare of the family land.

**Chanporn Siyomsayavong, Rubber Farmer**
I don’t know what the risks are in planting rubber.

If it doesn’t yield latex then we just dump it or wait 30/40 years and sell the lumber.

**NARRATOR**
Tong hopes it won’t come to that.

**Thong Siyomsayavong**
if the company is not lying and the trees produce and the price of latex is high... if everything they promised is real then our livelihood will be good.

**NARRATOR**
It’ll be 4 years before anyone knows if their rubber gamble pays off.

Sam and Sounthone continue their journey east along route three to Ban Nam Peng in Oudomxay Province.

Southone’s wants to show Sam a project he set up 10 years ago and see whether its still working

If it is then it’s another possible way how Laos can develop and keep its bio-diversity

**Sam:** how long have you not been to the village?

**Southone:** nearly five years...

**Sam:** you think they will recognize you today?

**Southone:** hummm, I am thinking that many people will come back calling my name? “oh southon you are coming, you are back again, we are very happy to receive you.”

**NARRATOR**
Fifteen years ago, Ban Nam Pheng was poverty-stricken, its people didn’t have enough to eat.

And yet they were sitting on what -for them- would turn out to be a gold mine.

The village had over 400 hectares of prime bamboo forest, a valuable resource if you know how to market the shoots.

The government sent in Sounthone to help develop a business.

And today the village is thriving. They have electricity, a good school- many motorbikes.
Sam: so we're here?

Sounthone: Yeah…we arrive at the Nam Peng Village.

NARRATOR
Before Sounthone arrived, villagers bartered the bamboo shoots for cloth or a few sweets.

They had no concept of selling by the kilo— they didn’t even have scales.

Sounthone
They were using a bartering system. They didn’t have the skill to weigh the bamboo. I brought them weighing scales and taught them how to set a single price and sell it as a collective.

NARRATOR
Today they sell their produce for a good price to a Chinese distributor.

Sounthone
I’ve seen some old friends of mine …

NARRATOR
Mr. Toui is the former village head.

NARRATOR
Bitter Bamboo shoots are highly sought after by the Chinese for their bitter taste.

The villagers only harvest the shoots four months of the year. The rest of the year they close the forest.

Bitter Bamboo is good business. It doesn’t need fertilizer, new shoots grow on their own so there’s no replanting and harvesting is easy. And it grows alongside other forest products like mushrooms and cardamom.

Marketed it’s useful extra income. One hectare can produce about $200 a year.

Sam: this one’s a tasty one, right?

Woman: Yeah yeah this one is sweet.

Sam: Can you eat it raw.

Woman: Yes, yes you can eat it raw.”

Sam: “This is so good. And this is raw and absolutely tasty. Refreshing. And I can eat this for lunch.

Sounthone: I was lost for half a day and had to eat this for lunch.
Woman: It’s even tastier if you dip it in salsa...

NARRATOR
For Sounthone, Ban Nam Pheng is a success and it’s still working well.
They don’t need rubber or foreign investment.

Toui
if a company wants to plant rubber in this entire place I would not allow it because I want to preserve the bitter bamboo forest

… the forest is our life, we depend on it, we have to protect it, it’s our life you don’t want to destroy it.

Chanthaviphone Inthavong, National Land management authority
The gov is committed to have poverty alleviation by the year 2020,
If we properly utilize our land and natural resources, including the biodiversity properly, we can really definitely help to improve our people livelihood as well as the macro-economic

Sounthone
To get out of poverty there is no evidence that large scale mono cropping can do it with certainty.
Whereas integrated farming at the family level like this village can yield results within a year.

Sam
I don’t think this village needs investment. They are doing well on their own.

I think we can do something for them. We can actually try to brand the village. When people hear about Ban Ne Peng, or Village Ne Peng they will directly know that it’s for bitter bamboo, that its first class, there’s a great possibility we can help them design, brand & promote it

NARRATOR
The journey is over for Sounthone. Sam still has to keep his promise and return to Hong Kong to brand and market the bitter bamboo

Sam
I think a lot of times we are tempted to measure up to what international measurement is in terms of growth, economically.
I think we also have to be mindful that we are a very different country so I think there must be a balance between driving GDP growth, and also losing what we have, which is much better then what developed countries may or may not have... so I think we have to find a balance there.