

CAMBODIA AND THAILAND

So Much Oil, So Hard to Get

The answer to Cambodia's economic prayers lies in a 'stunning' oilfield in the Gulf of Thailand. Tapping the resource is not so easy

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RESOURCE-POOR CAMBODIA imports every drop of its oil and supplies power to only 15% of its population. So it is with more than a small twinge of yearning that the country looks offshore, to the Gulf of Thailand wherein lie oil and gas reserves that one geologist has called "the cream of the crop."

The trouble is, the "stunning acreage" that could bring Cambodia a bonanza of perhaps \$500 million a year--equal to half the country's current budget and almost as much as it receives each year in foreign aid--remains off-limits because of a dispute with Thailand. No settlement is in sight.

Even Thai officials sympathize with Cambodia's plight. "Cambodia's economic future--the resources to build its infrastructure, its housing, its roads and bridges--lie in the middle of the Gulf of Thailand in the area with overlapping claims," acknowledges Krit Ganjana-Gunjan, director-general of the Thai Foreign Ministry's directorate of treaties.

Cambodian Prime Minister Hun Sen says that joint development--giving blocks claimed by both countries to a single company to exploit and share the product--is the only way to proceed. "I informed Thailand clearly that if they would like to have clear sovereignty we cannot achieve it within the next 200 years," he told the REVIEW. "So it's better to have joint exploitation." The premier pointed to successful agreements on fishing in overlapping areas. "The Thais agree to make payments to Cambodia when they fish in that area," he said.

Oil and gas blocks are another matter. Before resolving the sovereignty issue, the two sides must determine just where their common border lies, says Krit. In 2000 Cambodia proposed that the issue of sovereignty be shelved so that joint development could begin, but Thailand rejected the proposal.

Thai Sen. Kraisak Choonahavan, chairman of the Senate's Foreign Relations Committee, says the Thais are too tough in dealing with the Cambodians. "The problem is cultural," he says, explaining that Thai Foreign Ministry officials have told him that the Cambodians should not be spoiled. "This could be an answer to Cambodia's poverty," says the senator.

If so, the answer to Cambodia's poverty depends on the location of the stone marker which identifies the southernmost point on the land border dividing the two countries.

The sea border begins at marker No. 73, travels across the highest point on Thailand's Koh Kut island, and drops south, following the median line between the coastlines of the two countries. A minor change in the position of that pivotal border post means a loss or gain of hundreds of square miles of offshore territory.

Thailand, Cambodia and Vietnam have long suspected one another of surreptitiously moving border markers. Former Thai Deputy Foreign Minister Sukhumbhand Paribatra says that when he was in charge of the border issue with Cambodia in the late 1990s to 2000, he visited marker No. 73. There, he told the local chief of police that his sole job was to protect the position of the border. "Do everything, if necessary sleep by the post, to prevent it from being moved into Thai territory," he told the police chief.

Across the line in Cambodia, there is public pressure to maintain the position of the border. Many Cambodians believe that their country's territory has shrunk because of advances made by their more powerful neighbours, Vietnam and Thailand.

The Hun Sen government, which came to power with Hanoi's help, has often been accused of giving land away to the Vietnamese, and the two countries have yet to sign an agreement delineating their border. In recent years there have been occasional public demonstrations against alleged Thai "encroachments."

According to Krit of the Thai Foreign Ministry, Cambodia has said marker No. 73 is about 100 metres south--that is, into Cambodian territory--of where it should be. But both Thailand and Cambodia accept the demarcation of their 800-kilometre land border, based on a 1907 Franco-Siamese treaty.

Determining the sea border has proven difficult because of poor maps and because ownership of water and the underlying seabed is a recent concept.

Japanese and British firms drilling on the Cambodian edge of the disputed area found gas and condensate in 1994. This encouraged other firms to bid for rights in Cambodian waters, if only to establish their presence in the area while awaiting resolution of the dispute. But it has been a long wait.

In early 1995, Thailand and Cambodia agreed to set up a working group to resolve the dispute. But by 1997 no resolution had been reached, and that year's turmoil in Cambodia and change of government in Thailand compounded the problem. An offshore area of 2,600 square kilometres is in dispute.

When in 1998 Thailand signed with Vietnam to divvy up the overlapping gas and oil blocks in the Gulf of Thailand, including those claimed by Cambodia, Hun Sen protested.

Thai Sen. Kraisaak says that the Thais have already permitted multi-national corporations to explore the area disputed between Thailand and Cambodia. "If the permission is given they can exploit it tomorrow because they know exactly where to drill."

Krit of the Thai Foreign Ministry says that Thailand is willing to unlink the land border from the sea border and deal with the sea border first because it is in Cambodia's immediate interest. But Cambodia would have to address two of Thailand's concerns: Give up Cambodia's demand to extend the sea border westward, and draw the median line closer to Cambodia's shore.

Long Visalo, the Cambodian Foreign Ministry's principal negotiator on border issues, says Cambodia cannot simply give away its sovereign rights. He complains that Thailand is delaying resolution--which it can afford to do--in order to pressure the Cambodians, who are desperate to tap the offshore blocks.

Thailand's new foreign minister, Surakiart Sathirathai, who sees business with neighbours as the path to good relations, says he is interested in joint development with Cambodia. But given the history of the territorial dispute and nationalist emotion it could be politically risky to shelve the question of ownership.

Of course, even if an agreement were reached today it would be some time before Cambodia could develop the infrastructure needed to take the gas to consumers. Ironically, until then, its only market for a long time to come would be a country with ample supply: Thailand.