The Cambodian Conundrum

Cambodia represents a case study of what can happen when U.S. drug policy and U.S. foreign policy collide.

By Nate Thayer

On April 8, 1997, Theng Bunma, Cambodia's most powerful tycoon, upset at "rude" treatment from airline personnel, marched out onto the tarmac of Cambodia's Poechenteng International Airport, pulled out a Russian K-59 automatic pistol and shot out the tires of the Royal Air Cambodge Boeing 737-400 he had just arrived on from Hong Kong.

Bunma complained that the national airline had lost his luggage and refused to adequately reimburse him: "So I said, 'If you [do not] pay me that, I will shoot your airplane — for compensation.'" He added: "If they were my employees, I would have shot them in the head."

Yet Theng Bunma is no bombastic, small-time thug: He is arguably the most powerful man in Cambodia. "In Khmer we say, 'He makes the rain. He makes the thunder,'" said a senior Cambodian official. "Everybody knows that Theng Bunma can do what he wants."

Theng Bunma intimidates every Cambodian, from noodle vendors to the prime minister. As well as, the record shows, the government of the United States.

"We have reliable reporting that he [Theng Bunma] is closely and heavily involved in drug trafficking in Cambodia," a State Department spokesman, Nicholas Burns, said in July 1997.

But that public admission by the United States government was years in coming, and came only after an overwhelming and embarrassing mountain of public evidence emerged through the press, forcing Washington to acknowledge the reality it had long tried to suppress: Cambodia has become a classic narco-state.

Theng Bunma is a poster child for the weakness of America's so-called war on drugs in narco-states like Cambodia. The record shows that the United States government has gone through years of acrobatics to turn a blind eye to Theng Bunma and his benefactors in the Cambodian government.

The U.S. dilemma is simple: Successive administrations have been reluctant to implement strict "zero tolerance" policy directives against governments that protect, abet and benefit from narcotics traffickers. U.S. law requires that they "decertify" these nations as being cooperative in fighting the drug trade, thus cutting off bilateral aid and, potentially, multilateral aid to these governments. But decertification might, officials argue, derail concomitant attempts to develop otherwise good relations with governments they are trying to nurture as "emerging democracies." So, in Cambodia, the United States has avoided the mandate on the war on drugs.

It's not that the United States isn't aware of who Bunma is. "Theng Bunma is a well-known figure, widely reported to be involved in drug trafficking," a State Department official said in December 2001. But he also noted that Cambodian "cooperation with the Drug Enforcement Administration

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remains excellent" and said the U.S. government was pleased with "the reorganization of anti-narcotics coordination" within the Cambodian government.

"Cambodia has taken a number of positive steps," the official said, citing $460,000 that the U.S. government gave in 2001 to the United Nations Drug Control Program to help Cambodian authorities combat drug trafficking.

Still, the U.S. reluctance to acknowledge the impunity with which Bunma conducts his international criminal enterprises provides a colorful case study of how organized crime, narcotics trafficking and political corruption, when left unchallenged, undermine fundamental tenets of democracy.

By 1997, Bunma represented the height of economic and political legitimacy in Cambodia. He had twice been elected president of the Cambodian Chamber of Commerce. His Cambodian diplomatic passport described him as "economic advisor" to the head of the ruling Cambodian Peoples Party. And because of his beneficence to royal charities, he held the high honorific title of "Okna," bestowed upon him by King Sihanouk.

He is also the country's single biggest taxpayer and landholder and owns its biggest newspaper. His Thai Boon Roong holding company owns banks, airlines, tobacco concessions, logging concessions, shipping fleets, hotels, casinos, and credit card concessions — among many other legitimate businesses.

With offices in Phnom Penh, Bangkok and Hong Kong, his company is the biggest single corporate entity in Cambodia. Financial records put his net worth in the billions of U.S. dollars.

But that is not the source of Theng Bunma's power. He is a narcotics trafficker. He runs a multibillion-dollar international criminal syndicate that lavishes money and gifts on Cambodia's leaders. In turn, he is given political protection by the Cambodian government to do just about anything he wants.

Booming Business

Before the 1990s, Cambodia was not involved in any significant narcotics activity. It was neither a producing country nor a transshipment route. But in 1991, the DEA began noticing — though not yet intercepting — shipments that left Cambodia and headed into a maze of fishing boats. The first drug shipment abroad ever identified as originating from Cambodia, according to international investigators, was in 1993.

"In the last two years, we have seen a dramatic increase in Cambodia being used as a heroin smuggling point," a senior Bangkok-based DEA official said in 1993. "Our intelligence is now picking up four to six shipments a year" of high-grade refined heroin with "a minimum of 300 kilograms. The largest we have detected so far is 800 kilos." (An interception of 300 kilos — 660 pounds — of heroin would rank in the top 10 drug busts from the Golden Triangle.)

Regarding Cambodian government anti-drug efforts, the DEA official scoffed: "The only thing hampering them is the weather."

The formula is simple: Criminal syndicates involved in narcotics trafficking seek out weak governments that, through the exchange of corruption money for political protection, allow them to conduct their criminal activities. Cambodia in the early 1990s was just such a case, and organized crime descended to set up shop.

Bunma came to prominence in Cambodia in the late 1980s. Though born in Cambodia, he carried fake passports and identity cards that identified him as a citizen of Thailand. And he had plenty of money for Cambodia's political leadership, including both Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen, political enemies who shared power in an uneasy alliance as the result of United Nations-sponsored democratic elections held in 1993.

In February 1994, U.S. Ambassador to Cambodia Charles Twining invited Finance Minister Sam Rainsy and another senior government official to a private luncheon at his residence. In his living room, Twining turned up the music and lowered his voice. According to Rainsy, Twining offered this warning: "Please tell Ranariddh not to get involved with Theng Bunma because we Americans have evidence that Theng Bunma is involved in drug trafficking."

Twining, when asked to confirm the conversation, said through an embassy spokesman: "We don't comment about confidential conversations with a host government."

Airplanes and Limousines

The United States had reason to worry about penetration of the highest levels of Cambodia's government. Bunma's many gifts to officials were legendary. In 1993 he paid $1.8 million for Ranariddh's personal King Air-200 plane and gave Hun Sen the Mercedes limousines that ferried him to official functions. When the government was low on funds in 1994, Bunma underwrote the state budget with several million dollars in interest-free "loans." He paid the entire salary of the Cambodian army during their 1994 dry-season offensive against the Khmer Rouge.

According to one American narcotics official, Cambodia in 1994 was a place where criminal syndicates were "using government planes, helicopters, military trucks, navy boats and soldiers to transport heroin."

It was also in February 1994 — the same month that Twining warned the Cambodian government to distance itself from Bunma — that the U.S. embassy did the opposite: Bunma was issued a U.S. visa so he could attend the Congressional Prayer Breakfast, with President Clinton as the keynote speaker.

Bunma was accompanied by Interior Minister Sin Song, a former Khmer Rouge officer who eight months earlier had led a coup attempt. The two Cambodians were given the red-carpet treatment in Washington. They asked for and were granted a meeting with U.S. officials.

Attending the meeting at the Pentagon were officials from the CIA, the State Department, the Department of Defense and other agencies. Sin Song, to the shock of the Americans, asked formally for U.S. support for another coup d'etat. Bunma identified himself as "the financier" of the effort, according to three U.S. officials at the meeting.

In July 1994 a coup was indeed launched, but it too failed. Sin Song was arrested. So were 33 Thai citizens, connected to powerful figures within Thai military circles, who had flown in from Bangkok. Their airline tickets on Cambodian International Airlines were all booked under the credit card of Bunma's Thai Boon Roong holding company, according to the head of the airline. While dozens were jailed, no action was taken against Bunma.

In August 1994, the opposition newspaper *Voice of Khmer Youth* published a front-page profile of Bunma, accusing him, among other things, of having been arrested for drug smuggling in 1972. The report said he bribed his way out of jail and fled to Thailand. Less than a week after the article appeared, men in military uniforms gunned down its editor in broad daylight on a busy Phnom Penh street. No one has ever been arrested.

A Fine Line

In March 1995, the U.S. government issued its Narcotics Control Strategy Report, in which the State Department walked a fine line regarding Bunma and Cambodia: "Involvement [in the drug trade] of some leading businessmen with access to the highest levels of government is a known concern. There are indications that some high-level businessmen who give financial support to politicians are involved in heroin smuggling." No names were included, however.

Bunma's gifts to officials were legendary. He even paid the salary of the Cambodian army.

The report, ironically, outlined the effectiveness of "public diplomacy" in the U.S. war on drugs: "It is in the drug trade's interest to remain behind the scenes working through corrupt government officials who can maintain a facade of probity and respectability. One of the best ways to routing out drug corruption is to expose it to public scrutiny. Corruption is a threat to any nation's security, for it allows criminal elements to undermine the legitimacy of the state from within."

Despite these concerns, the U.S. embassy issued Bunma another visa the following month, this time to accompany the Cambodian head of state, Chea Sim, and his official delegation to Washington. Chea Sim dined with U.S. Assistant Secretary of State Winston Lord, held talks with National Security Council officials and met — at the personal request of Amb. Twining — Sen. John McCain, R-Ariz., and Rep. Dana Rohrabacher, R-Calif., among others.

The entire Cambodian government delegation's rooms at the Willard Intercontinental Hotel in Washington during this visit were reserved for and paid in the name of Theng Bunma, according to the hotel.

Just prior to the U.S. visit, the State Department formally, but secretly, put Bunma on the visa ban list, according to department documents, but decided to issue a de facto waiver so that Bunma, described in his diplomatic passport as an "economic advisor," could accompany Chea Sim. "We did not want to create problems at the start of what was an important bilateral visit," said one embassy official.

Grounds for Exclusion

Placing Bunma on the visa blacklist, according to the U.S. government document, was based on State Department provision P2C, which cites Section 212 of the U.S. Immigration and Nationality Act: "Controlled substance traffickers ... who the consular or immigration officer knows or has reason to believe [are] or [have] been illicit traffickers....[are] excludable." Bunma was also banned from entering the United States under another State Department provision (code "00") covering other unspecified "derogatory information."

"According to our records, he [Bunma] does not hold a U.S. visa," a State Department official said in December. "No determination regarding his eligibility to enter the U.S. can be made prior to a visa application, but we would obviously take all relevant facts into account."

In June 1995, after Bunma and Chea Sim left the United States, State Department spokesman Nicholas Burns reiterated longstanding official U.S. policy toward nations that fail to move against drug traffickers: "Governments that reward corruption and that allow trafficker influence to penetrate the highest levels of authority will have difficult relations with the United States." But he was referring to events in Colombia, not Cambodia, and U.S. officials continued to avoid confronting the Cambodian authorities.

In November 1995, the *Far Eastern Economic Review* published a

cover package entitled "Cambodia: Asia's New Narco-State?" It detailed Bunma's involvement in drug trafficking and criminal syndicates. A few days later, Hun Sen, a primary beneficiary of Bunma's largesse, threatened that "a million demonstrators" might take to the streets to protest foreign interference in Cambodian affairs.

"Diplomats should stay indoors," he warned. "I cannot guarantee their safety." The United States sent a special envoy, Kent Wiedemann, to try to calm the situation. Wiedemann, then deputy assistant secretary for East Asian and Pacific affairs, emerged from a private meeting with Hun Sen commending his "commitment to human rights and democracy." The French ambassador, who had just ordered the destruction of sensitive documents because of Hun Sen's threat, reacted to Wiedemann's praise of Hun Sen by commenting: "What planet did he arrive from?"

On Jan. 7, 1996 — at the dedication of the new "Hun Sen Park" on the Mekong River in Phnom Penh, paid for by Bunma — Hun Sen announced that his government would "never abandon" Bunma, "who has helped our party." On the VIP dais were both Bunma and U.S. charge d'affaires Robert Porter.

"Our Intelligence Was Clear"

Several months later, a U.S. government regional drug conference was held in Bangkok, with attendees from State, the CIA, the DEA and other agencies. The Phnom Penh embassy official who supervised narcotics issues argued with representatives from other U.S. embassies and agencies who questioned why the U.S. embassy in Cambodia was refusing to acknowledge — let alone confront — Bunma as a drug trafficker.

"Our intelligence was clear and overwhelming that Bunma was a major player," said a U.S. government official from another embassy who

attended the conference. "We couldn't understand what the Phnom Penh embassy was doing."

The Phnom Penh embassy cited "suspicions, but no firm proof." Other American officials involved in narcotics policy were outraged.

On March 1, 1997, in its required annual report to Congress on narcotics, the State Department noted that "Cambodia made significant efforts towards taking control of the drug trafficking and transit problems" in 1996.

But according to Cambodian and Interpol records, the seizure by foreign law-enforcement authorities of drugs originating in Cambodia increased by more than 1,000 percent in 1996 over 1995.

The State Department report added that promises by the Cambodian government to crack down on officials involved in narcotics trafficking or corruption "have thus far yielded no concrete indictments or results."

Yet they again officially "waived" Cambodia from being decertified as a nation that failed to move against drug trafficking.

The FBI Investigates

Later that month a terrorist grenade attack targeting Cambodia's main opposition leader, Sam Rainsy, killed 19 and wounded more than 120 on a bright Sunday morning in a peaceful gathering outside the parliament building. Rainsy was long a vocal critic of Bunma and Hun Sen, publicly linking them to the narcotics trade.

Because an American citizen, an employee of the congressionally-funded International Republican Institute, was wounded in the attack, the FBI sent a team to Cambodia to assist in the investigation.

A State Department spokesman told me on April 14, 1997, that with regard to drug money supporting the Cambodian government, "we are actively looking into reports that corrupt elements of the military and government may be facilitating drug trafficking, but we are not in a position to comment on those reports."

"It is in the drug trade's interest to remain behind the scenes," a U.S. report noted.

By May, the FBI's preliminary findings had concluded that the terrorists were linked not only to Bunma but to Hun Sen himself. They informed U.S. Ambassador Kenneth Quinn that their investigation pointed to some of the prime minister's top aides, including the head of his personal bodyguards.

Further, the FBI told Quinn, the grenade throwers appeared to be part of a paramilitary unit of assassins who were on the payroll of both the government and Bunma and operated out of one of Bunma's hotels.

The next step, the FBI said, was to interview Hun Sen and give him a polygraph test. Quinn was not pleased at the potential diplomatic ramifications. Within days, he ordered the FBI team to leave Cambodia, citing "threats" to their safety from the Khmer Rouge. The source of the threats? Hun Sen.

"There is no question our investigation was halted by the highest levels because it was leading to Hun Sen," said one American law enforcement official directly involved.

Quinn and others in the U.S. government privately argued that Cambodia's stability was already teetering on the brink of civil war. To continue the FBI investigation to its logical conclusion would push the country over the edge, they contended. (Quinn did not respond to my request for comment.)

The departure of the FBI team from Phnom Penh didn't, of course, help calm things down. It further bolstered those in the Cambodian government who felt, correctly, that they were capable of intimidating the United States and could act with impunity without harmful diplomatic consequences.

Between the growing fractious deterioration within the Cambodian coalition government, the rising international scrutiny focused directly on Hun Sen from the high-profile grenade attack on Sam Rainsy, and the very public international calls for increased pressure to stem the influence of organized-crime syndicates and drug traffickers over the corrupt Cambodian government, the pressure mounted — and the government imploded.

A bloody coup d'etat occurred in early July 1997. The $2.8 billion U.N. peacekeeping effort, which began with the signing of the 1991 Paris Peace Accords and culminated in the 1993 elections, was now formally a failure. Civil war had returned. The winners of the election — Ranariddh and his supporters — were ousted from power and in exile; the losers — backers of Hun Sen — had full control. The Khmer Rouge, now allied with the ousted government leaders, was fighting from the jungle. And parliament, the press, opposition politics, a coalition government, and other tenets of the "emerging fragile democracy" had collapsed.

Perhaps no one was happier than Theng Bunma. In an interview shortly after the coup, he boasted of having given millions of dollars in cash and gold to Hun Sen to help finance it. "For the clash of 6 July 1997, I called Mr. Hun Sen and I talked to him. I gave him one million dollars to do

whatever to control the situation," said Bunma. "He asked me if I had the money in Cambodia. ... I said I would send one hundred kilograms of gold in a plane to Cambodia.

"I say what Hun Sen did was correct," Bunma said. "Why? One reason. Take the example of my hotel." Hun Sen "put three tanks and soldiers around to protect it."

No Formal Linkage

A few days after this interview appeared in the *Washington Post*, the U.S. government publicly stated, for the first time, that Theng Bunma was a drug trafficker. But State Department spokesman Nicholas Burns hastened to add that the United States "does not have evidence that links Hun Sen himself, personally, to these accusations of narcotics trafficking."

"We think the Cambodian government can do a lot more to purge itself of obvious corruption in the government, of obvious linkages between ... members of the government and narco-traffickers," Burns said.

Burns' careful separation of Bunma from Hun Sen was no coincidence. It allowed the State Department to avoid the conclusion that the Cambodian government itself was involved in drug trafficking. Such a conclusion would require the United States to decertify Cambodia, with all its implications — including cutting off bilateral aid and voting against loans from the IMF, the World Bank, the Asian Development Bank and other multilateral aid. That would have been the death knell for a government that derived almost half of its official annual budget in 1996 from such sources.

It was the same reason that the U.S. government refused to label the "events" of July as a coup d'etat. That also would require a U.S. cessation of aid to Hun Sen's government.

In June 1998, the Thais issued an arrest warrant for Bunma, who was charged with fraud for allegedly providing false information to obtain a Thai national identity card and passport under two different names. In 1999, criminal charges were brought against Bunma in Hong Kong for falsifying immigration documents. Later the prosecution dropped all charges after the Cambodian foreign minister, Hor Nam Hong, presented a diplomatic note citing Bunma's "top honors and ranks" to the Hong Kong court. "Mr. Theng Bunma has claimed diplomatic immunity through his lawyers. The Royal Government of Cambodia has claimed diplomatic immunity on his behalf," the court said, "The administration has carefully considered the claims and has concluded that Mr. Theng is entitled to immunity from criminal jurisdiction. In those circumstances, the prosecution decided to drop the two charges," said the Hong Kong government spokesman.

And while the Thai arrest warrants remain open, Bunma's connections in powerful circles in Thailand have prevented any movement to touch him.

On June 18, 2000, Bunma's daughter was married to a Thai army officer in a lavish ceremony in Phnom Penh. It was hardly a quiet affair..

The Thai military's supreme commander, Gen. Mongkol Ampornpisit, chartered a military plane from Bangkok full of top army officers. Hun Sen's wife was guest of honor and a witness to the engagement ceremony. Cambodia's defense minister, Gen. Tea Banh, served as the bride-to-be's sponsor. The interior minister, Sar Kheng, also attended. The *Bangkok Post* reported that "diamond jewelry and stacks of cash" were presented to the bride and groom.

A "Transit Route"

After the coup of 1997, under pressure from Congress, the United States suspended most of its bilateral aid to Cambodia. According to the State Department's Narcotics Control Strategy Report released in March 2001, "U.S.-Cambodia bilateral narcotics cooperation is hampered by restrictions on official assistance to the central government that have remained in place since the political disturbances of 1997" and "remained suspended in 2000."

"Cambodia's principal involvement in the international narcotics trade is as a transit route for Southeast Asian heroin to overseas markets, including ... the United States," the report says.

The report cites Cambodia's National Authority for Combating Drugs (NACD) as "playing a central role, provid[ing] more effective measures" and said the NACD had the potential "to become an effective policy and coordination tool for the government."

The same report also noted that in 2000 the deputy police commissioner had alleged that four senior Cambodian government officials — including the former and current heads of the NACD and a deputy commander-in-chief of the Cambodian military — had accepted bribes from narcotics traffickers.

Nevertheless, a few months later President Bush removed Cambodia from the list of "Major Drug-Producing or Transit Countries." According to the White House, "The only change to the list from the previous year is the removal of Cambodia."

"I have removed Cambodia from the Majors List," said President Bush in a prepared statement dated Nov. 1, 2001. "Cambodia was added to the Majors List in 1996 as a transit country for heroin destined for the United States. In recent years, there has been no evidence of any heroin transiting Cambodia coming to the United States."

Could it be that no one really wants to look for evidence? ■